



SANMINA

## FINANCIAL NEWS

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### SANMINA REPORTS FIRST QUARTER FISCAL 2018 RESULTS

San Jose, CA – January 29, 2018. Sanmina Corporation (“Sanmina” or the “Company”) (NASDAQ: SANM), a leading integrated manufacturing solutions company, today reported financial results for the first fiscal quarter ended December 30, 2017.

#### First Quarter Fiscal 2018 Summary

- **Revenue of \$1.74 billion**
- **GAAP operating margin of 0.8 percent**
- **GAAP loss per share of \$2.16**
- **Non-GAAP<sup>(1)</sup> operating margin of 2.7 percent**
- **Non-GAAP<sup>(1)</sup> diluted earnings per share of \$0.48**

Revenue for the first quarter was \$1.74 billion, compared to \$1.76 billion in the prior quarter and \$1.72 billion for the same period of fiscal 2017.

GAAP operating income in the first quarter was \$13.8 million or 0.8 percent of revenue, compared to \$58.7 million or 3.4 percent of revenue for the first quarter fiscal 2017. GAAP net loss in the first quarter was \$154.9 million, compared to GAAP net income of \$44.9 million for the same period a year ago. GAAP loss per share was \$2.16, compared to GAAP diluted earnings per share of \$0.58 in the first quarter of fiscal 2017. *(The first quarter of 2018 GAAP loss per share includes a non-cash tax charge of \$2.27 per share as a result of the U.S. Tax Cuts & Jobs Act)*

Non-GAAP operating income in the first quarter was \$47.5 million or 2.7 percent of revenue, compared to \$71.7 million or 4.2 percent of revenue in the first quarter fiscal 2017. Non-GAAP net income in the first quarter was \$36.5 million, compared to \$57.7 million in the same period a year ago. Non-GAAP diluted earnings per share for the quarter was \$0.48, compared to \$0.75 for the same period a year ago.

“As I mentioned in our preliminary announcement last week, we are disappointed with our actual results for the first quarter and expectations for the first half of fiscal 2018,” stated Bob Eulau, Chief Executive Officer of Sanmina Corporation. “Based on new programs moving to volume production, a solid pipeline of new business and the current forecasts from our customers we are confident the second half of fiscal 2018 will be stronger.”

“I am excited about the opportunities ahead and the unique value Sanmina brings to its customers. We have a dedicated and experienced team that is focused on operational excellence, driving improvements and optimizing our cost structure as we continue to execute on our strategy,” concluded Eulau.

#### Balance Sheet Summary

- **Ending cash and cash equivalents were \$404.9 million**
- **Cash flow from operations was \$8.4 million**
- **Inventory turns were 6.1x**
- **Cash cycle days were 46.1 days**

## Second Quarter Fiscal 2018 Outlook

The following forecast is for the second fiscal quarter ending March 31, 2018. These statements are forward-looking and actual results may differ materially.

- Revenue between \$1.60 billion to \$1.70 billion
- GAAP diluted earnings per share between \$0.20 to \$0.30, including stock-based compensation expense of \$0.17 and amortization of intangible assets and restructuring costs of \$0.03
- Non-GAAP diluted earnings per share between \$0.40 to \$0.50

## Company Conference Call Information

Sanmina will hold a conference call to review its financial results for the first quarter on Monday, January 29, 2018 at 5:00 p.m. ET (2:00 p.m. PT). The access numbers are: domestic 877-273-6760 and international 706-634-6605. The conference will also be webcast live over the Internet. You can log on to the live webcast at [www.sanmina.com](http://www.sanmina.com). Additional information in the form of a slide presentation is available on Sanmina's website at [www.sanmina.com](http://www.sanmina.com). A replay of the conference call will be available for 48-hours. The access numbers are: domestic 855-859-2056 and international 404-537-3406, access code is 5278659.

- <sup>(1)</sup> In the commentary set forth above and/or in the financial statements included in this earnings release, we present the following non-GAAP financial measures: operating income, operating margin, net income and diluted earnings per share. In computing each of these non-GAAP financial measures, we 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 charges associated with distressed customers, litigation settlements, gains and losses on sales of assets and redemptions of debt, deferred tax and discrete tax items to the extent material in the applicable period. See Schedule 1 below for more information regarding our use of non-GAAP financial measures, including the economic substance behind each exclusion, the manner in which management uses non-GAAP measures to conduct and evaluate the business, the material limitations associated with using such measures and the manner in which management compensates for such limitations. A reconciliation of the non-GAAP results contained in this release to their most directly comparable GAAP measures is included in the financial statements contained in this release.

## About Sanmina

Sanmina Corporation is a leading integrated manufacturing solutions provider serving the fastest growing segments of the global Electronics Manufacturing Services (EMS) market. Recognized as a technology leader, Sanmina provides end-to-end manufacturing solutions, delivering superior quality and support to Original Equipment Manufacturers (OEMs) primarily in the communications networks, storage, industrial, defense, medical, energy and industries that include embedded computing technologies such as point of sale devices, casino gaming and automotive. Sanmina has facilities strategically located in key regions throughout the world. More information about the Company is available at [www.sanmina.com](http://www.sanmina.com).

## Sanmina Safe Harbor Statement

Certain statements contained in this press release, including the Company's outlook for the second quarter of fiscal 2018 and expectations for the second half of fiscal 2018, 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; risks arising from our international operations; competition that could cause us to lose sales; consolidation among our customers and suppliers that could adversely affect our business; and the other factors set forth in the Company's annual and quarterly reports filed with the Securities Exchange Commission ("SEC").

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 earnings 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.

**Sanmina Contact**

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**Sanmina Corporation**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(GAAP)

	December 30, 2017	September 30, 2017
	(Unaudited)	
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 404,914	\$ 406,661
Accounts receivable, net	1,121,800	1,110,334
Inventories	1,079,638	1,051,669
Prepaid expenses and other current assets	46,345	47,586
Total current assets	2,652,697	2,616,250
Property, plant and equipment, net	635,000	640,275
Deferred tax assets	356,660	476,554
Other	114,223	114,284
Total assets	\$ 3,758,580	\$ 3,847,363
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,260,432	\$ 1,280,106
Accrued liabilities	121,001	116,582
Accrued payroll and related benefits	111,806	130,939
Short-term debt	169,416	88,416
Total current liabilities	1,662,655	1,616,043
Long-term liabilities:		
Long-term debt	392,195	391,447
Other	202,142	192,189
Total long-term liabilities	594,337	583,636
Stockholders' equity	1,501,588	1,647,684
Total liabilities and stockholders' equity	\$ 3,758,580	\$ 3,847,363

**Sanmina Corporation**  
**Condensed Consolidated Statements of Income**  
(in thousands, except per share amounts)  
**(GAAP)**  
**(Unaudited)**

	Three Months Ended	
	Dec. 30, 2017	Dec. 31, 2016
Net sales	\$ 1,744,800	\$ 1,719,977
Cost of sales	1,635,334	1,587,815
Gross profit	109,466	132,162
Operating expenses:		
Selling, general and administrative	63,603	65,140
Research and development	7,615	8,171
Amortization of intangible assets	918	918
Restructuring costs	23,542	728
Gain on sales of long-lived assets	-	(1,451)
Total operating expenses	95,678	73,506
Operating income	13,788	58,656
Interest income	285	201
Interest expense	(6,214)	(5,267)
Other income, net	3,230	1,257
Interest and other, net	(2,699)	(3,809)
Income before income taxes	11,089	54,847
Provision for income taxes	165,999	9,983
Net income (loss)	\$ (154,910)	\$ 44,864
Basic income per share	\$ (2.16)	\$ 0.61
Diluted income per share	\$ (2.16)	\$ 0.58
Weighted-average shares used in computing per share amounts:		
Basic	71,605	73,554
Diluted	71,605	77,175

**Sanmina Corporation**  
**Reconciliation of GAAP to Non-GAAP Measures**  
(in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended	
	Dec. 30, 2017	Dec. 31, 2016
GAAP Operating Income	\$ 13,788	\$ 58,656
<i>GAAP operating margin</i>	<i>0.8%</i>	<i>3.4%</i>
Adjustments:		
Stock compensation expense (1)	8,642	11,977
Amortization of intangible assets	1,820	1,820
Distressed customer charges (2)	(333)	-
Restructuring costs	23,542	728
Gain on sales of long-lived assets	-	(1,451)
<b>Non-GAAP Operating Income</b>	<b>\$ 47,459</b>	<b>\$ 71,730</b>
<b><i>Non-GAAP operating margin</i></b>	<b><i>2.7%</i></b>	<b><i>4.2%</i></b>
GAAP Net Income (Loss)	\$ (154,910)	\$ 44,864
Adjustments:		
Operating income adjustments (see above), net of tax	26,480	8,268
Litigation settlements, net of tax (3)	(217)	-
Adjustments for deferred tax and discrete tax items	165,115	4,601
<b>Non-GAAP Net Income</b>	<b>\$ 36,468</b>	<b>\$ 57,733</b>
<b>GAAP Net Income (Loss) Per Share:</b>		
<b>Basic</b>	<b>\$ (2.16)</b>	<b>\$ 0.61</b>
<b>Diluted</b>	<b>\$ (2.16)</b>	<b>\$ 0.58</b>
<b>Non-GAAP Net Income Per Share:</b>		
<b>Basic</b>	<b>\$ 0.51</b>	<b>\$ 0.78</b>
<b>Diluted</b>	<b>\$ 0.48</b>	<b>\$ 0.75</b>
<b>Weighted-average shares used in computing GAAP per share amounts:</b>		
<b>Basic</b>	<b>71,605</b>	<b>73,554</b>
<b>Diluted</b>	<b>71,605</b>	<b>77,175</b>
<b>Weighted-average shares used in computing non-GAAP per share amounts:</b>		
<b>Basic</b>	<b>71,605</b>	<b>73,554</b>
<b>Diluted</b>	<b>75,485</b>	<b>77,175</b>

(1) Stock compensation expense was as follows:

	Three Months Ended	
	Dec. 30, 2017	Dec. 31, 2016
Cost of sales	\$ 2,448	\$ 2,863
Selling, general and administrative	6,164	8,840
Research and development	30	274
Total	<b>\$ 8,642</b>	<b>\$ 11,977</b>

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

(3) Represents cash received in connection with certain litigation settlements, net of tax

## Schedule I

The commentary and financial information above includes non-GAAP measures of operating income, operating margin, net income and earnings per share. Management excludes from these measures stock-based compensation, restructuring, acquisition and integration expenses, impairment charges, amortization charges and other infrequent items, to the extent material or which we consider to be of a non-operational nature in the applicable period, and as more fully described below.

Management excludes these items principally because such charges are not directly related to the Company's ongoing core business operations. We use such non-GAAP measures in order to (1) make more meaningful period-to-period comparisons of Company's operations, both internally and externally, (2) guide management in assessing the performance of the business, internally allocating resources and making decisions in furtherance of Company's strategic plan, (3) provide investors with a better understanding of how management plans and measures the business and (4) provide investors with a better understanding of the ongoing, core business. The material limitations to management's approach include the fact that the charges and expenses excluded are nonetheless charges required to be recognized under GAAP and, in some cases, consume cash which reduces the Company's liquidity. Management compensates for these limitations primarily by reviewing GAAP results to obtain a complete picture of the Company's performance and by including a reconciliation of non-GAAP results back to GAAP in its earnings releases.

Additional information regarding the economic substance of each exclusion, management's use of the resultant non-GAAP measures, the material limitations of management's approach and management's methods for compensating for such limitations is provided below.

*Stock-based Compensation Expense*, which consists of non-cash charges for the estimated fair value of stock options and unvested restricted stock units granted to employees, is excluded in order to permit more meaningful period-to-period comparisons of the Company's results since the Company grants different amounts and value of equity awards in each quarter. In addition, given the fact that competitors grant different amounts and types of equity award and may use different option valuation assumptions, excluding stock-based compensation permits more accurate comparisons of the Company's core results with those of its competitors.

*Restructuring, Acquisition and Integration Expenses*, which consist of severance, lease termination, exit costs and other charges primarily related to closing and consolidating manufacturing facilities and those associated with the acquisition and integration of acquired businesses, are excluded because such charges (1) can be driven by the timing of acquisitions which are difficult to predict, (2) are not directly related to ongoing business results and (3) do not reflect expected future operating expenses. In addition, given the fact that the Company's competitors complete acquisitions and adopt restructuring plans at different times and in different amounts than the Company, excluding these charges permits more accurate comparisons of the Company's core results with those of its competitors. Items excluded by the Company may be different from those excluded by the Company's competitors and restructuring and integration expenses include both cash and non-cash expenses. Cash expenses reduce the Company's liquidity. Therefore, management also reviews GAAP results including these amounts.

*Impairment Charges*, which consist of non-cash charges, are excluded because such charges are non-recurring and do not reduce the Company's liquidity. In addition, given the fact that the Company's competitors may record impairment charges at different times, excluding these charges permits more accurate comparisons of the Company's core results with those of its competitors.

*Amortization Charges*, which consist of non-cash charges impacted by the timing and magnitude of acquisitions of businesses or assets, are also excluded because such charges do not reduce the Company's liquidity. In addition, such charges can be driven by the timing of acquisitions, which is difficult to predict. Excluding these charges permits more accurate comparisons of the Company's core results with those of its competitors because the Company's competitors complete acquisitions at different times and for different amounts than the Company.

*Other Infrequent Items*, which consist of other infrequent or unusual items (including charges associated with distressed customers, litigation settlements and gains and losses on sales of assets and redemptions of debt), to the extent material or non-operational in nature, are excluded because such items are typically non-recurring, difficult to predict or not directly related to the Company's ongoing core operations. However, items excluded by the Company may be different from those excluded by the Company's competitors. In addition, these expenses include both cash and non-cash expenses. Cash expenses reduce the Company's liquidity. Management compensates for these limitations by reviewing GAAP results including these amounts.

*Adjustments for Taxes*, which consist of the tax effects of the various adjustments that we include in our non-GAAP measures, and adjustments related to deferred tax and discrete tax items. Including these adjustments permits more accurate comparisons of the Company's core results with those of its competitors.