SANMINA

Third Quarter Fiscal 2014 Financial Results



Communications • Computing & Storage • Medical Systems • Defense & Aerospace • Multimedia • Clean Technology • Industrial • Automotive

Quarter Ended June 28, 2014

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Safe Harbor Statement

Certain statements made during this presentation, including the Company's outlook for the fourth quarter and expectations regarding fiscal 2014, 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 changes to or a deterioration in the markets for the Company's customers' products; competition that could adversely impact the Company's pricing and therefore result in a reduction of revenues and margin; dependence on a relatively small number of customers, the loss or reduction in business from any of which could significantly reduce our revenue and net income; any failure of the Company's Components, Products and Services business to meet expectations; 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 may refer to certain non-GAAP financial information for historical periods. The corresponding GAAP financial information and a reconciliation of the non-GAAP results disclosed during this presentation to their more directly comparable GAAP measures is included on pages 17 and 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, the 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.

Non-GAAP Financial Results Compared to Outlook

	Q3'14 (A)	Q3'14 Outlook WAS
Revenue:	$1.60B	$1.50 - $1.60B
Diluted earnings per share:	$0.53	$0.45 - $0.49

Financial Results
(Unaudited)

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($ in millions, except per share data)	Three Month Periods Q3'14	Q2'14	Q3'13
GAAP:			
Revenue	$1,605	$1,477	$1,489
Net income	$21	$21	$19
Diluted earnings per share	$0.24	$0.24	$0.22
Non-GAAP[(1)]:			
Gross profit	$129	$121	$116
Operating expense	$68	$68	$66
Operating income	$61	$53	$50
Other expense	$7	$7	$9
Taxes	$8	$8	$7
Net income	$45	$38	$34
Diluted earnings per share	$0.53	$0.44	$0.40

[(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 intangible assets, amortization expense and other infrequent or unusual items, to the extent material or which we consider to be of a non-operational nature in the applicable period. Please refer to "Reconciliation of Non-GAAP Measures" on slides 17 and 18 of this presentation.

Numbers may not foot due to rounding.

Non-GAAP P&L Metrics

($ in Millions)

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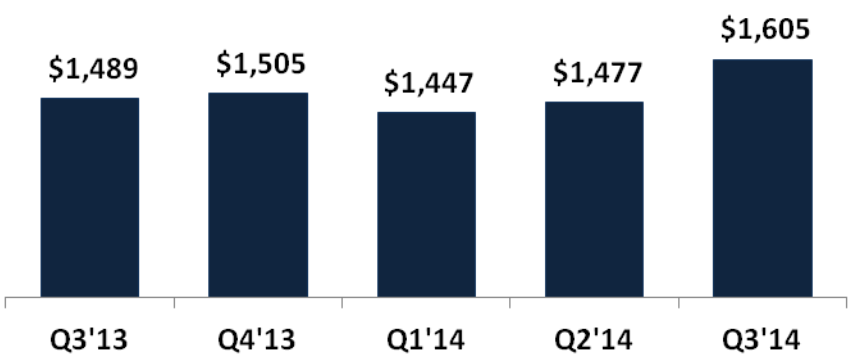
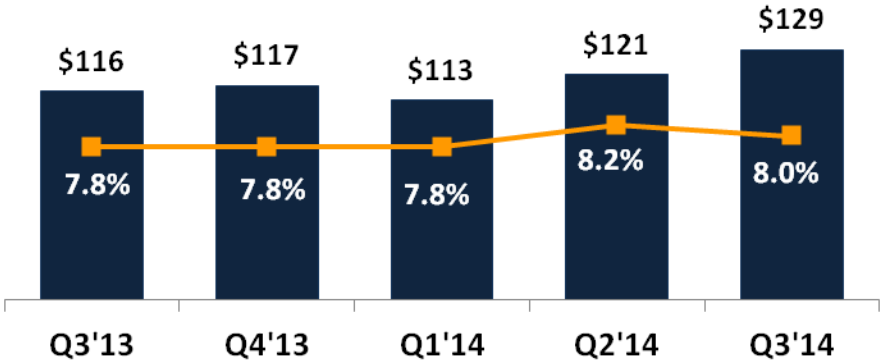
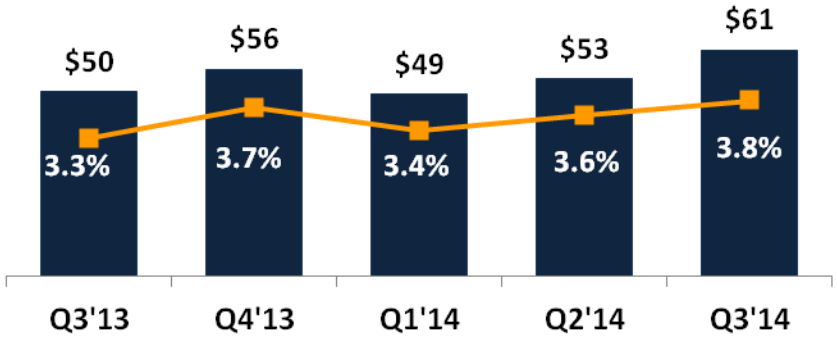
Revenue



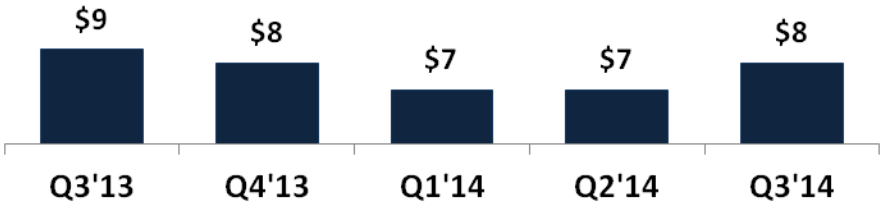
Gross Profit / Margin



Operating Income / Margin



Net Interest Expense



Q3'14 includes $1 million of additional interest incurred related to the redemption and refinancing of the 7% Senior Notes due 2019.

Segment Reporting – Revenue and Non-GAAP Gross Margin*
($ in Millions)

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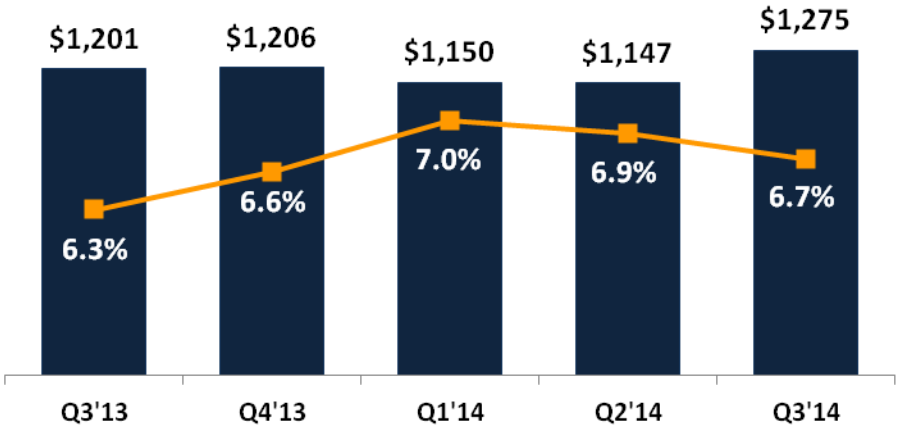
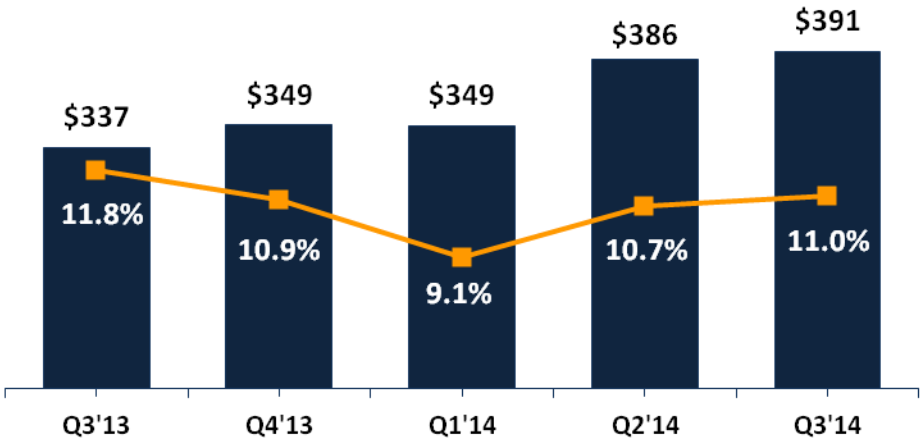
Integrated Manufacturing Solutions



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 revenue and gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP and exclude the same GAAP items that are excluded from the calculation of non-GAAP 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.

Summary Balance Sheet

($ in Millions)

	6/28/14	3/29/14	6/29/13
Cash and cash equivalents	$552	$391	$416
Accounts receivable, net	$973	$953	$899
Inventories	$880	$800	$797
Property, plant and equipment, net	$564	$546	$544
Other assets	$321	$330	$323
Total assets	$3,290	$3,020	$2,979
Accounts payable	$1,083	$918	$899
Short-term debt	$164	$86	$114
Long-term debt	$537	$557	$561
Other liabilities	$374	$356	$366
Total stockholders' equity	$1,132	$1,104	$1,039
Total liabilities and stockholders' equity	$3,290	$3,020	$2,979

Balance Sheet Metrics
($ in Millions)

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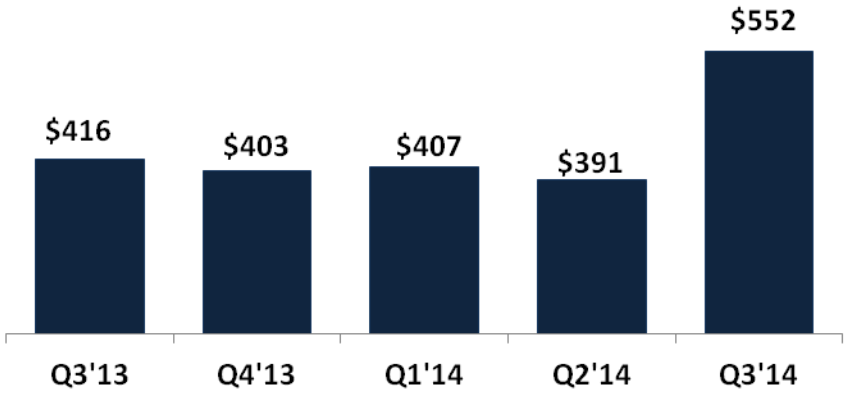
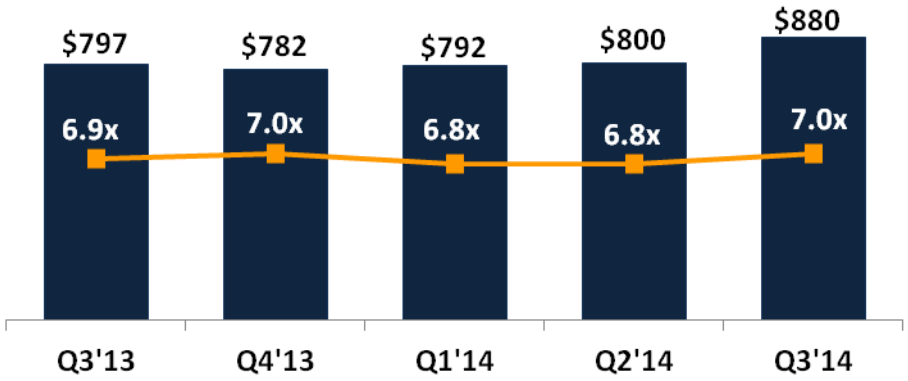
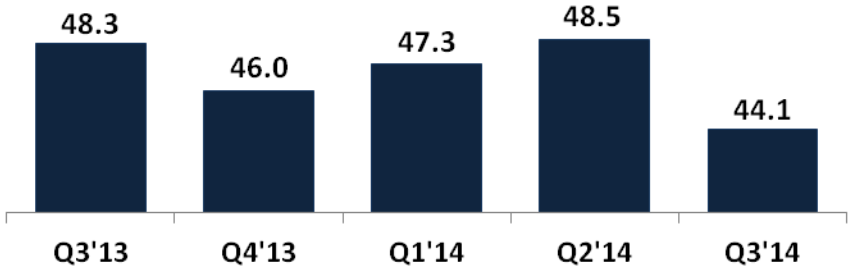
Cash and Cash Equivalents



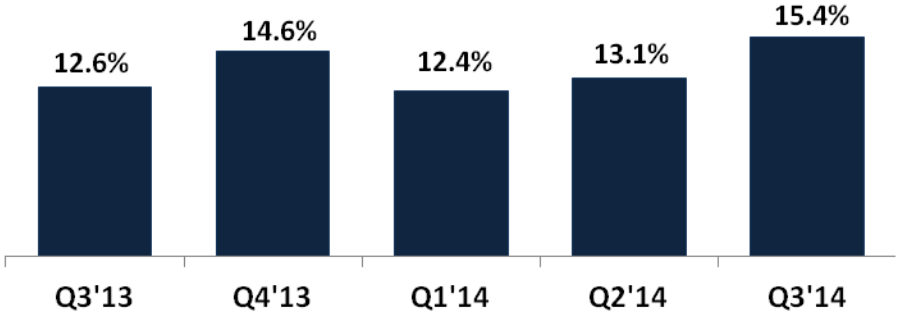
Inventory $ / Turns



Cash Cycle Days



ROIC



Q4'14 Outlook[1]

The following outlook is for the fourth fiscal quarter ending September 27, 2014. These statements are forward-looking and actual results may differ materially.

Revenue:	**$1.60 - $1.65B**
Non-GAAP EPS:	**$0.50 - $0.55**

[1] The above identified outlook for the quarter ending September 27, 2014 is on a non-GAAP basis. The comparable GAAP earnings per share amount is not accessible without unreasonable effort due to inherent difficulties in predicting certain expenses and gains affecting GAAP earnings or loss, such as the amount and timing of Sanmina's restructuring costs, if any, that would be included in GAAP earnings.

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CEO Remarks



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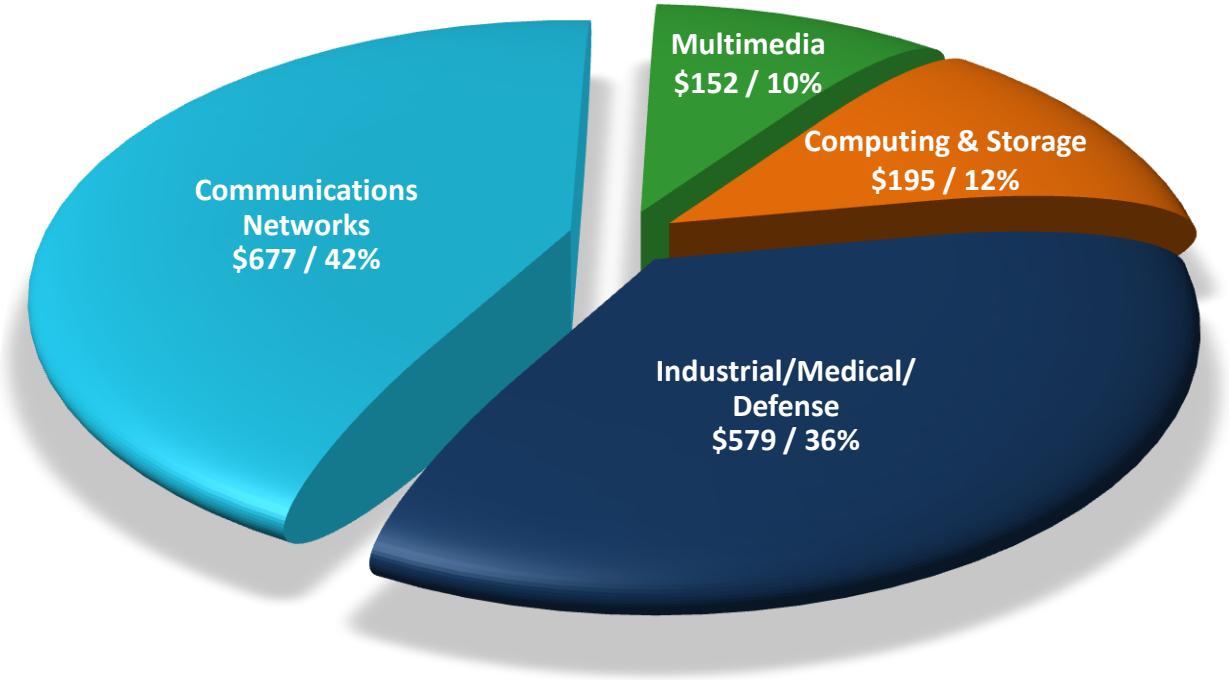
Q3'14 Revenue Breakdown By End-Market

($ in Millions)



	Communications Networks (Networking, Wireline & Wireless Infrastructure)	Industrial/Medical/Defense (Industrial equipment, MRI and CT machines, aerospace and defense and clean-tech)	Computing and Storage (High-end enterprise servers and storage)	Multimedia (Gaming equipment, set-top boxes, cinematography and automotive electronics)
Sequential	↑ 5.6%	↑ 15.1%	↑ 5.7%	↑ 3.6%

Numbers may not foot due to rounding.

Q3 FY'14 Top 10 Customers – 51% of Revenue

Q4'14 End-Market Outlook

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Collaborative Design and Engineering | Interconnect Systems | Mechanical Systems | Optical / RF Solutions | Integrated Manufacturing Solutions | Products and Services | Direct Order Fulfillment and Logistics

	Q4'14
Communications Networks (Networking, Wireline & Wireless Infrastructure)	↑
Industrial/Medical/Defense (Industrial equipment, MRI and CT machines, aerospace & defense and clean-tech)	↑
Computing & Storage (High-end enterprise servers and storage)	↑
Multimedia (Gaming equipment, set-top boxes, cinematography and automotive electronics)	FLAT



Summary

- Q3’14: Solid results
- Overall demand is stable and remains positive
- Continue to diversify our business
- Focused on Sanmina’s core strengths “Competitive Advantage”

Predictable and Sustainable Results

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Consolidated Financial Statements
Reconciliation of Non-GAAP to GAAP Results



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Quarter Ended June 28, 2014

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GAAP Condensed Consolidated Balance Sheet

($ in thousands)	June 28, 2014 (Unaudited)	September 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 552,013	$ 402,875
Accounts receivable, net	973,051	944,816
Inventories	880,267	781,560
Prepaid expenses and other current assets	98,970	75,337
Total current assets	2,504,301	2,204,588
Property, plant and equipment, net	564,219	540,151
Other	221,585	251,109
Total assets	$ 3,290,105	$ 2,995,848
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,082,986	$ 956,488
Accrued liabilities	110,643	109,363
Accrued payroll and related benefits	130,791	118,572
Short-term debt	163,732	22,301
Total current liabilities	1,488,152	1,206,724
Long-term liabilities:		
Long-term debt	536,722	562,512
Other	133,091	135,048
Total long-term liabilities	669,813	697,560
Stockholders' equity	1,132,140	1,091,564
Total liabilities and stockholders' equity	$ 3,290,105	$ 2,995,848

GAAP Condensed Consolidated Statement of Operations
(Unaudited)

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($ in thousands)	Three Months Ended		Nine Months Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net sales	$ 1,604,727	$ 1,489,214	$ 4,528,937	$ 4,411,801
Cost of sales	1,477,814	1,374,963	4,172,272	4,100,318
Gross profit	126,913	114,251	356,665	311,483
Operating expenses:				
Selling, general and administrative	63,029	62,120	184,543	180,942
Research and development	7,829	6,761	24,563	18,176
Amortization of intangible assets	425	474	1,373	1,422
Restructuring and integration costs	2,302	9,391	8,571	20,263
Asset impairments	-	-	-	1,100
Gain on sales of long-lived assets	-	(176)	(530)	(23,361)
Total operating expenses	73,585	78,570	218,520	198,542
Operating income	53,328	35,681	138,145	112,941
Interest income	210	391	1,190	835
Interest expense	(8,439)	(8,944)	(23,394)	(32,444)
Other expense, net	(6,101)	(38)	(4,597)	(16,437)
Interest and other, net	(14,330)	(8,591)	(26,801)	(48,046)
Income before income taxes	38,998	27,090	111,344	64,895
Provision for income taxes	18,277	8,352	46,682	24,345
Net income	$ 20,721	$ 18,738	$ 64,662	$ 40,550
Basic income per share	$ 0.25	$ 0.23	$ 0.78	$ 0.49
Diluted income per share	$ 0.24	$ 0.22	$ 0.75	$ 0.48
Weighted-average shares used in computing per share amounts:				
Basic	82,467	83,082	82,988	82,515
Diluted	86,235	85,602	86,597	84,819

Reconciliation of Non-GAAP to GAAP Measures
(Unaudited)

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($ in thousands, except per share data)	Three Month Periods			Nine Month Periods	
	Q3'14	Q2'14	Q3'13	FY14	FY13
GAAP Gross Profit	$ 126,913	$ 118,967	$ 114,251	$ 356,665	$ 311,483
GAAP gross margin	*7.9%*	*8.1%*	*7.7%*	*7.9%*	*7.1%*
Adjustments					
Stock compensation expense (1)	1,298	1,364	1,471	3,864	4,102
Amortization of intangible assets	649	777	-	1,426	-
Contingency item that may be recovered (3)	-	124	-	124	-
Distressed customer charges (2)	-	(290)	-	383	3,341
Non-GAAP Gross Profit	**$ 128,860**	**$ 120,942**	**$ 115,722**	**$ 362,462**	**$ 318,926**
Non-GAAP gross margin	***8.0%***	***8.2%***	***7.8%***	***8.0%***	***7.2%***
GAAP Operating Expenses	$ 73,585	$ 73,670	$ 78,570	$ 218,520	$ 198,542
Adjustments					
Stock compensation expense (1)	(2,940)	(3,393)	(2,897)	(9,406)	(9,274)
Amortization of intangible assets	(425)	(474)	(474)	(1,373)	(1,422)
Distressed customer charges (2)	-	-	-	-	(2,071)
Restructuring and integration costs	(2,302)	(2,565)	(9,391)	(8,571)	(20,263)
Gain on sales of long-lived assets	-	530	176	530	23,361
Asset impairments	-	-	-	-	(1,100)
Non-GAAP Operating Expenses	**$ 67,918**	**$ 67,768**	**$ 65,984**	**$ 199,700**	**$ 187,773**
GAAP Operating Income	$ 53,328	$ 45,297	$ 35,681	$ 138,145	$ 112,941
GAAP operating margin	*3.3%*	*3.1%*	*2.4%*	*3.1%*	*2.6%*
Adjustments					
Stock compensation expense (1)	4,238	4,757	4,368	13,270	13,376
Amortization of intangible assets	1,074	1,251	474	2,799	1,422
Distressed customer charges (2)	-	(290)	-	383	5,412
Restructuring, acquisition and integration costs	2,302	2,565	9,391	8,571	20,263
Contingency item that may be recovered (3)	-	124	-	124	-
Gain on sales of long-lived assets	-	(530)	(176)	(530)	(23,361)
Asset impairments	-	-	-	-	1,100
Non-GAAP Operating Income	**$ 60,942**	**$ 53,174**	**$ 49,738**	**$ 162,762**	**$ 131,153**
Non-GAAP operating margin	***3.8%***	***3.6%***	***3.3%***	***3.6%***	***3.0%***
GAAP Interest and Other, net	$ (14,330)	$ (6,682)	$ (8,591)	$ (26,801)	$ (48,046)
Adjustments					
Loss on dedesignation of interest rate swap (5)	-	-	-	-	14,903
Loss on repurchases of debt (4)	8,192	-	-	8,192	1,401
Litigation settlements (6)	(1,310)	(261)	-	(1,571)	-
Non-GAAP Interest and Other, net	**$ (7,448)**	**$ (6,943)**	**$ (8,591)**	**$ (20,180)**	**$ (31,742)**

Reconciliation of Non-GAAP to GAAP Measures *(Continued)*
(Unaudited)

($ in thousands, except per share data)	Three Month Periods Q3'14	Q2'14	Q3'13	Nine Month Periods FY14	FY13
GAAP Provision for Income Taxes	$ 18,277	$ 17,775	$ 8,352	$ 46,682	$ 24,345
Adjustments					
Nonrecurring tax items	(10,074)	(9,823)	(1,186)	(23,156)	(8,439)
Non-GAAP Provision for Income Taxes	**$ 8,203**	**$ 7,952**	**$ 7,166**	**$ 23,526**	**$ 15,906**
GAAP Net Income	$ 20,721	$ 20,840	$ 18,738	$ 64,662	$ 40,550
Adjustments:					
Operating income adjustments (see above)	7,614	7,877	14,057	24,617	18,212
Loss on repurchases of debt (4)	8,192	-	-	8,192	1,401
Litigation settlements (6)	(1,310)	(261)	-	(1,571)	-
Loss on dedesignation of interest rate swap (5)	-	-	-	-	14,903
Nonrecurring tax items	10,074	9,823	1,186	23,156	8,439
Non-GAAP Net Income	**$ 45,291**	**$ 38,279**	**$ 33,981**	**$ 119,056**	**$ 83,505**
GAAP Net Income Per Share:					
Basic	**$ 0.25**	**$ 0.25**	**$ 0.23**	**$ 0.78**	**$ 0.49**
Diluted	**$ 0.24**	**$ 0.24**	**$ 0.22**	**$ 0.75**	**$ 0.48**
Non-GAAP Net Income Per Share:					
Basic	**$ 0.55**	**$ 0.46**	**$ 0.41**	**$ 1.43**	**$ 1.01**
Diluted	**$ 0.53**	**$ 0.44**	**$ 0.40**	**$ 1.37**	**$ 0.98**
Weighted-average shares used in computing per share amounts:					
Basic	82,467	82,728	83,082	82,988	82,515
Diluted	86,235	86,144	85,602	86,597	84,819

(1) Stock compensation expense was as follows:

	Three Month Periods Q3'14	Q2'14	Q3'13	Nine Month Periods FY14	FY13
Cost of sales	$ 1,298	$ 1,364	$ 1,471	$ 3,864	$ 4,102
Selling, general and administrative	2,916	3,382	2,876	9,369	9,175
Research and development	24	11	21	37	99
Total	$ 4,238	$ 4,757	$ 4,368	$ 13,270	$ 13,376

(2) Relates to inventory and bad debt reserves / recoveries associated with distressed customers.

(3) Represents a non-recurring contingency that the Company may resolve favorably in future periods. However, there can be no assurance of the exact amount or timing of this recovery.

(4) Represents a loss, including write-off of unamortized debt issuance costs, on debt redeemed or repurchased prior to maturity.

(5) Represents a non-cash loss resulting from dedesignation of an interest rate swap.

(6) Represents cash received in connection with a litigation settlement.

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