



SANMINA

First Quarter Fiscal 2016 Results



Communications Networks • Industrial • Medical Systems • Defense & Aerospace • Embedded Computing & Storage

Quarter Ended January 2, 2016

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Safe Harbor Statement



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Certain statements made during this presentation, including the Company's outlook for the second quarter, 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; credit problems experienced by our customers; 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"). 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



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	Q1'16 (A)	Q1'16 Outlook <u>WAS</u>
Revenue:	\$1.53B	\$1.55 - \$1.60B
Diluted earnings per share:	\$0.58	\$0.56 - \$0.60

Financial Results

(Unaudited)



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Three Month Periods

(\$ in millions, except per share data)	Q1'16	Q4'15	Q1'15
GAAP:			
Revenue	\$1,535	\$1,637	\$1,671
Net income	\$27	\$315	\$23
Diluted earnings per share ⁽¹⁾	\$0.33	\$3.78	\$0.26
Non-GAAP⁽²⁾:			
Gross profit	\$126	\$128	\$132
Operating expense	\$65	\$67	\$64
Operating income	\$61	\$62	\$68
Other expense	\$6	\$6	\$5
Taxes	\$8	\$8	\$10
Net income	\$47	\$48	\$53
Diluted earnings per share	\$0.58	\$0.57	\$0.61

⁽¹⁾Fourth quarter 2015 GAAP diluted earnings per share includes a non-recurring tax benefit of \$3.45.

⁽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 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.

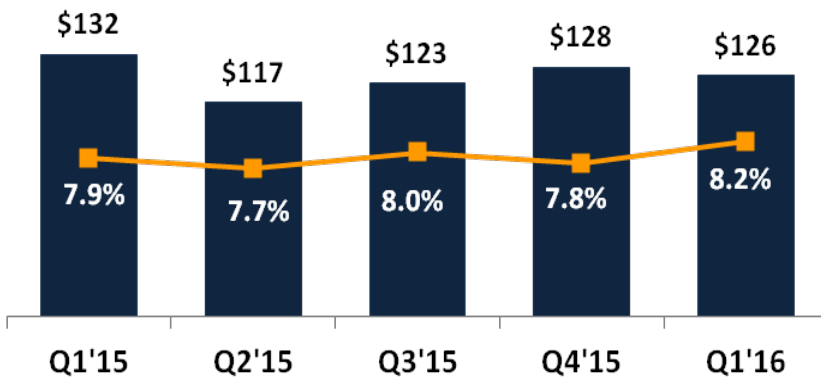
Non-GAAP P&L Metrics

(\$ in Millions)

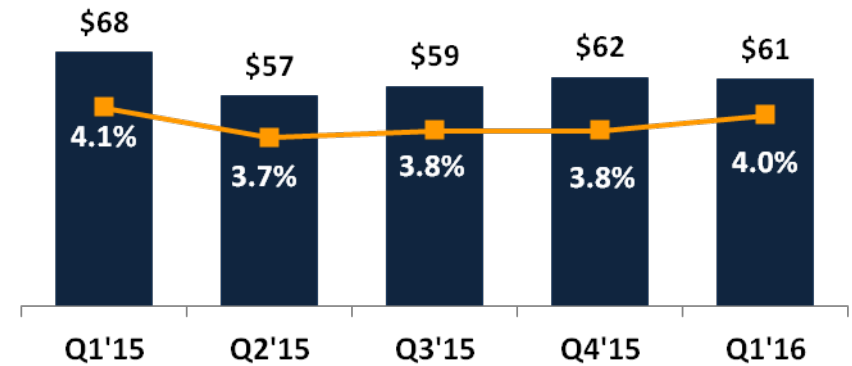


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Gross Profit / Margin



Operating Income / Margin



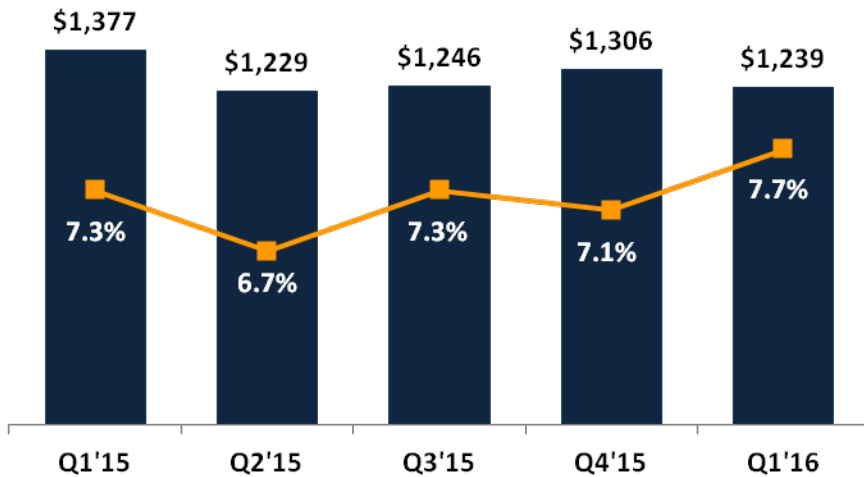
Segment Reporting - Revenue and Non-GAAP Gross Margin*

(\$ in Millions)



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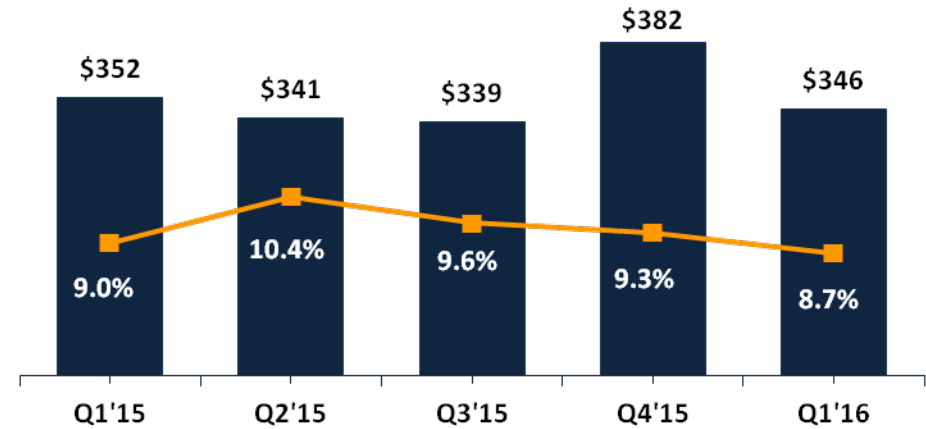
Integrated Manufacturing Solutions



Integrated Manufacturing Solutions

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

Components, Products and Services



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 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.

Summary Balance Sheet

(\$ in Millions)



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	1/2/16	10/3/15
Cash and cash equivalents	\$398	\$412
Accounts receivable, net	\$930	\$937
Inventories	\$896	\$919
Property, plant and equipment, net	\$586	\$591
Deferred tax assets	\$485	\$497
Other assets	\$135	\$137
Total assets	<u>\$3,431</u>	<u>\$3,493</u>
Accounts payable	\$1,014	\$1,035
Short-term debt	\$89	\$113
Long-term debt	\$424	\$424
Other liabilities	\$376	\$400
Total stockholders' equity	<u>\$1,527</u>	<u>\$1,520</u>
Total liabilities and stockholders' equity	<u>\$3,431</u>	<u>\$3,493</u>

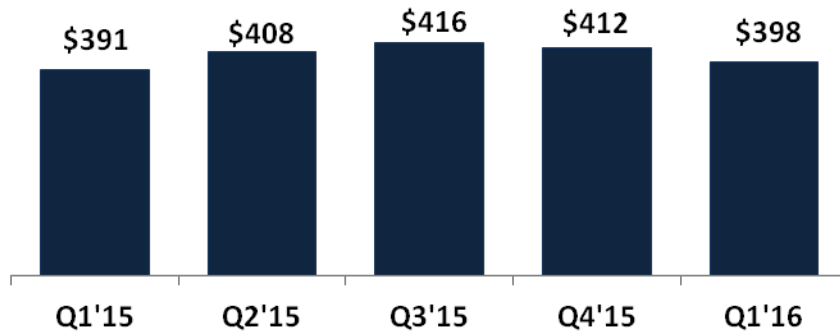
Balance Sheet Metrics

(\$ in Millions)

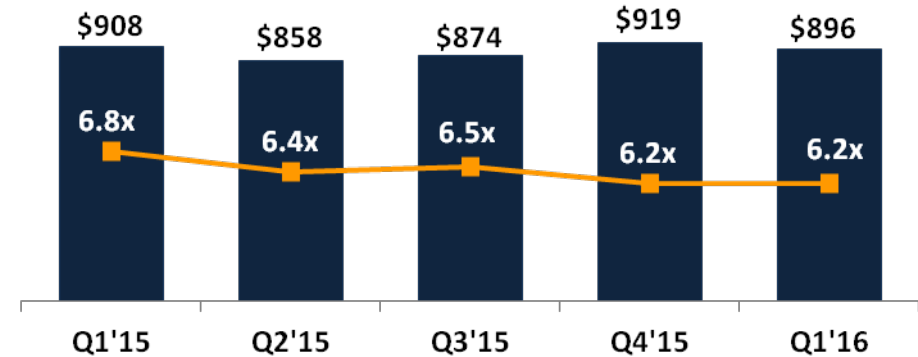


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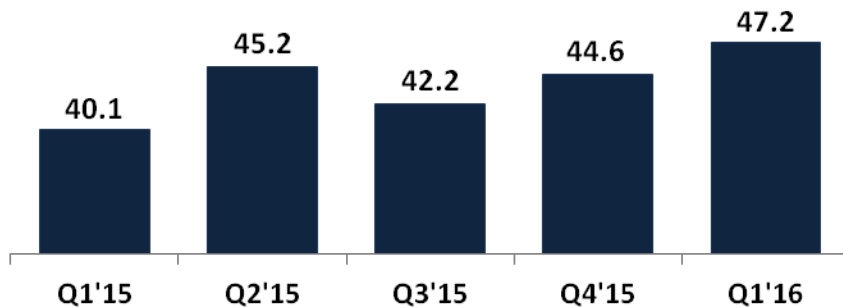
Cash and Cash Equivalents



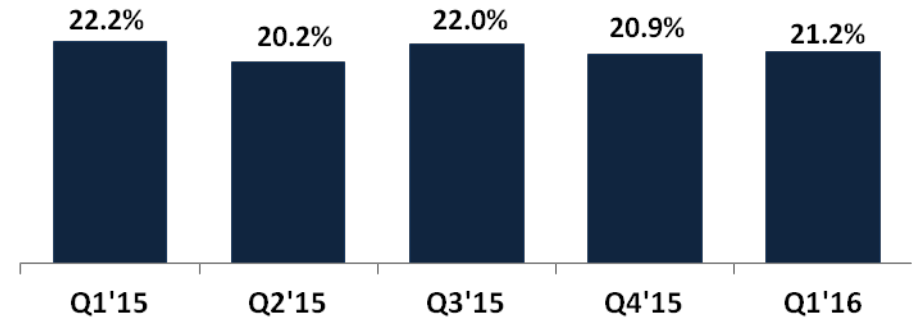
Inventory \$ / Turns



Cash Cycle Days



Pre-Tax ROIC



Q2'16 Outlook⁽¹⁾



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The following outlook is for the second fiscal quarter ending April 2, 2016. These statements are forward-looking and actual results may differ materially.

Revenue:	\$1.55 - \$1.65B
Non-GAAP EPS:	\$0.55 - \$0.59

⁽¹⁾ Outlook for the quarter ending April 2, 2016 is provided only on a non-GAAP basis. The comparable GAAP earnings or loss per share amount is not determinable 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



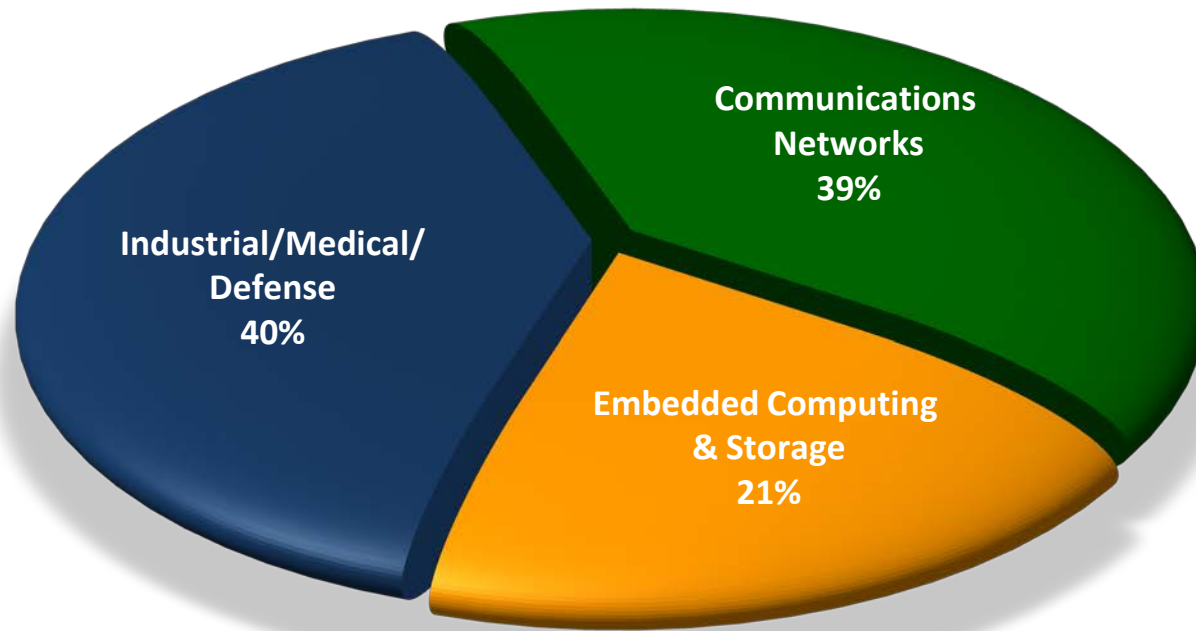
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Q1'16 Revenue Breakdown By End-Market



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Industrial/Medical/Defense
(Industrial equipment, energy, oil and gas, medical equipment and aerospace & defense)

Communications Networks
(Networking, optical & wireless infrastructure)

Embedded Computing & Storage
(Casino gaming equipment, set-top boxes, cinematography, point-of-sale equipment, automotive electronics and storage systems)

Sequential

↓ 7.5%

↓ 3.4%

↓ 8.9%

Numbers may not foot due to rounding.

Q1 FY'16 Top 10 Customers - 48.2% of Revenue

Q2'16 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

Industrial/Medical/Defense

(Industrial equipment, energy, oil and gas and medical equipment, aerospace & defense)



Communications Networks

(Networking, optical & wireless infrastructure)

FLAT

Embedded Computing & Storage

(Casino gaming equipment, set-top boxes, cinematography, point-of-sale equipment, automotive electronics and storage systems)



- Q1'16:
 - Good results in a challenging environment
 - Solid margin improvement on a sequential basis
- Q2'16:
 - Demand is stable
 - Growth driven by new programs
 - Continue to generate cash
- Rest of FY'16:
 - Continue to diversify with customers and end-markets

Continue to Create Shareholder Value



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Consolidated Financial Statements Reconciliation of GAAP vs. Non-GAAP



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Quarter Ended January 2, 2016

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GAAP Condensed Consolidated Balance Sheet



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(\$ in thousands)	January 2, 2016 <u>(Unaudited)</u>	October 3, 2015 <u></u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 398,447	\$ 412,253
Accounts receivable, net	930,460	936,952
Inventories	896,123	918,728
Prepaid expenses and other current assets	55,409	55,047
Total current assets	<u>2,280,439</u>	<u>2,322,980</u>
Property, plant and equipment, net	585,771	590,844
Deferred tax assets	484,987	497,605
Other	80,029	81,835
Total assets	<u>\$ 3,431,226</u>	<u>\$ 3,493,264</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,014,031	\$ 1,035,323
Accrued liabilities	105,118	111,416
Accrued payroll and related benefits	103,306	120,402
Short-term debt	89,416	113,416
Total current liabilities	<u>1,311,871</u>	<u>1,380,557</u>
Long-term liabilities:		
Long-term debt	424,100	423,949
Other	168,001	168,287
Total long-term liabilities	<u>592,101</u>	<u>592,236</u>
Stockholders' equity	<u>1,527,254</u>	<u>1,520,471</u>
Total liabilities and stockholders' equity	<u>\$ 3,431,226</u>	<u>\$ 3,493,264</u>

GAAP Condensed Consolidated Statement of Operations

(Unaudited)



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	Three Months Ended	
	Jan. 2, 2016	Dec. 27, 2014
(\$ in thousands, except per share data)		
Net sales	\$ 1,534,714	\$ 1,671,162
Cost of sales	1,411,076	1,544,816
Gross profit	123,638	126,346
Operating expenses:		
Selling, general and administrative	57,693	59,418
Research and development	9,647	8,069
Amortization of intangible assets	692	425
Restructuring costs	553	3,000
Asset impairments	1,000	1,954
Total operating expenses	69,585	72,866
Operating income	54,053	53,480
Interest income	148	289
Interest expense	(5,878)	(6,437)
Other income (expense), net	(218)	(1,528)
Interest and other, net	(5,948)	(7,676)
Income before income taxes	48,105	45,804
Provision for income taxes	20,967	23,148
Net income	\$ 27,138	\$ 22,656
Basic income per share	\$ 0.35	\$ 0.27
Diluted income per share	\$ 0.33	\$ 0.26
Weighted-average shares used in computing per share amounts:		
Basic	77,921	82,548
Diluted	81,205	86,682

Reconciliation of Non-GAAP Measures

(Unaudited)



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(\$ in thousands, except per share data)	Three Month Periods		
	Q1'16	Q4'15	Q1'15
GAAP Gross Profit	\$ 123,638	\$ 121,685	\$ 126,346
<i>GAAP gross margin</i>	8.1%	7.4%	7.6%
Adjustments			
Stock compensation expense (1)	1,405	2,132	1,576
Amortization of intangible assets	668	856	610
Distressed customer charges (2)	-	3,706	3,942
Non-GAAP Gross Profit	\$ 125,711	\$ 128,379	\$ 132,474
<i>Non-GAAP gross margin</i>	8.2%	7.8%	7.9%
GAAP Operating Expenses	\$ 69,585	\$ 68,999	\$ 72,866
Adjustments			
Stock compensation expense (1)	(2,647)	(3,043)	(4,141)
Amortization of intangible assets	(692)	(890)	(425)
Distressed customer charges (2)	-	(2,471)	840
Restructuring costs	(553)	(1,232)	(3,000)
Gain on sales of long-lived assets	-	6,850	-
Asset impairments	(1,000)	(1,500)	(1,954)
Non-GAAP Operating Expenses	\$ 64,693	\$ 66,713	\$ 64,186
GAAP Operating Income	\$ 54,053	\$ 52,686	\$ 53,480
<i>GAAP operating margin</i>	3.5%	3.2%	3.2%
Adjustments			
Stock compensation expense (1)	4,052	5,175	5,717
Amortization of intangible assets	1,360	1,746	1,035
Distressed customer charges (2)	-	6,177	3,102
Restructuring costs	553	1,232	3,000
Gain on sales of long-lived assets	-	(6,850)	-
Asset impairments	1,000	1,500	1,954
Non-GAAP Operating Income	\$ 61,018	\$ 61,666	\$ 68,288
<i>Non-GAAP operating margin</i>	4.0%	3.8%	4.1%

Reconciliation of Non-GAAP Measures

(Unaudited) - Continued



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	Three Month Periods		
	Q1'16	Q4'15	Q1'15
(\$ in thousands, except per share data)			
GAAP Interest and Other, net	\$ (5,948)	\$ (5,943)	\$ (7,676)
Adjustments			
Loss on extinguishment of debt (3)	-	-	2,913
Litigation settlements (4)	-	-	(273)
Non-GAAP Interest and Other, net	\$ (5,948)	\$ (5,943)	\$ (5,036)
GAAP Provision for (Benefit from) Income Taxes	\$ 20,967	\$ (268,639)	\$ 23,148
Adjustments			
Deferred and non-recurring tax adjustments	(12,707)	276,664	(13,028)
Non-GAAP Provision for Income Taxes	\$ 8,260	\$ 8,025	\$ 10,120
GAAP Net Income	\$ 27,138	\$ 315,382	\$ 22,656
Adjustments:			
Operating income adjustments (see above)	6,965	8,980	14,808
Loss on extinguishment of debt (3)	-	-	2,913
Litigation settlements (4)	-	-	(273)
Deferred and non-recurring tax adjustments	12,707	(276,664)	13,028
Non-GAAP Net Income	\$ 46,810	\$ 47,698	\$ 53,132
GAAP Net Income Per Share:			
Basic	\$ 0.35	\$ 3.95	\$ 0.27
Diluted	\$ 0.33	\$ 3.78	\$ 0.26
Non-GAAP Net Income Per Share:			
Basic	\$ 0.60	\$ 0.60	\$ 0.64
Diluted	\$ 0.58	\$ 0.57	\$ 0.61
Weighted-average shares used in computing per share amounts:			
Basic	77,921	79,853	82,548
Diluted	81,205	83,352	86,682

(1) Stock compensation expense was as follows:

	Three Month Periods		
	Q1'16	Q4'15	Q1'15
Cost of sales	\$ 1,405	\$ 2,132	\$ 1,576
Selling, general and administrative	2,566	2,987	4,103
Research and development	81	56	38
Total	<u>\$ 4,052</u>	<u>\$ 5,175</u>	<u>\$ 5,717</u>

- (2) Relates to inventory and bad debt reserves associated with distressed customers.
- (3) Represents a loss, including write-off of unamortized debt issuance costs, on debt redeemed, repurchased or otherwise extinguished prior to maturity.
- (4) Represents cash received in connection with certain litigation settlements.

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