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# Third Quarter Fiscal 2016 Results



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

## Quarter Ended July 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 fourth 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 page 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, 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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	Q3'16 (A)	Q3'16 Outlook <u>WAS</u>
Revenue:	\$1.67B	\$1.625 - \$1.675B
Diluted earnings per share:	\$0.63	\$0.61 - \$0.65

# Financial Results

(Unaudited)



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## Three Month Periods

(\$ in millions, except per share data)	Q3'16	Q2'16	Q3'15
<b>GAAP:</b>			
Revenue	\$1,669	\$1,611	\$1,539
Gross profit	\$127	\$137	\$121
Operating expense	\$72	\$76	\$73
Operating income	\$55	\$61	\$47
Other expense	\$5	\$6	\$7
Taxes	\$20	\$25	\$16
Net income	\$30	\$30	\$24
Diluted earnings per share	\$0.38	\$0.39	\$0.29
<b>Non-GAAP<sup>(1)</sup>:</b>			
Gross profit	\$129	\$132	\$123
Operating expense	\$68	\$67	\$64
Operating income	\$62	\$65	\$59
Other expense	\$5	\$7	\$6
Taxes	\$9	\$9	\$8
Net income	\$48	\$49	\$45
Diluted earnings per share	\$0.63	\$0.63	\$0.53

<sup>(1)</sup>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 charges associated with distressed customers, litigation settlements, gains on sales of assets and redemptions of debt, discrete tax events and deferred tax changes, to the extent material in the applicable period. Please refer to "Reconciliation of Non-GAAP Measures" on slide 17 of this presentation.

Numbers may not foot due to rounding.

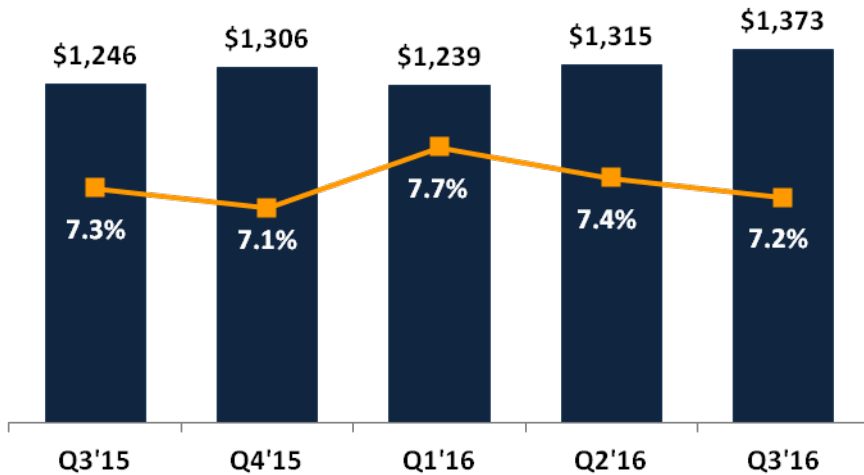
# Segment Reporting - Revenue and Non-GAAP Gross Margin\*

(\$ in Millions)



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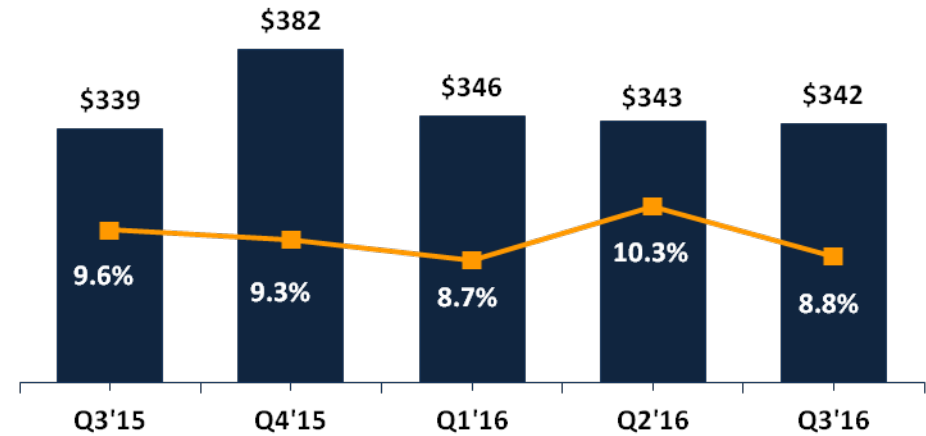
## Integrated Manufacturing Solutions



### 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.

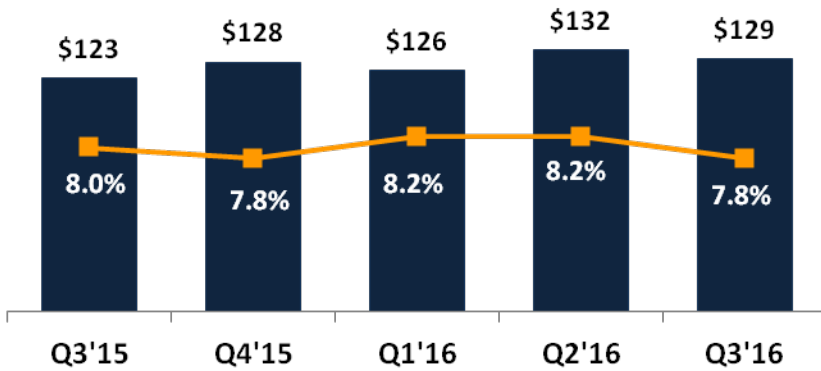
# Non-GAAP P&L Metrics

(\$ in Millions)

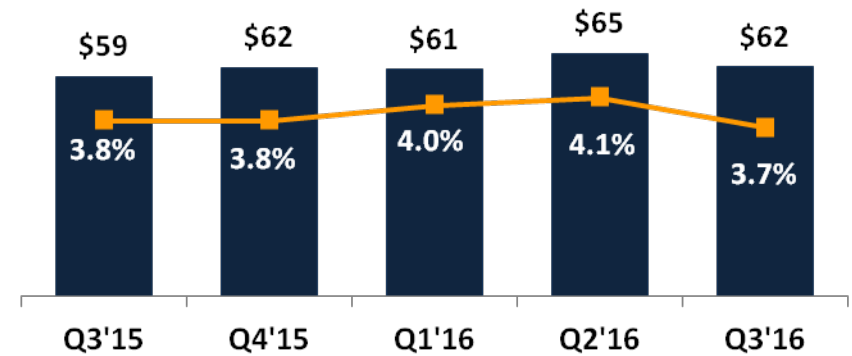


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### Gross Profit / Margin



### Operating Income / Margin



# Summary Balance Sheet

(\$ in Millions)



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	7/2/16	4/2/16	6/27/15
Cash and cash equivalents	\$410	\$407	\$416
Accounts receivable, net	1,000	999	934
Inventories	913	923	874
Property, plant and equipment, net	616	612	565
Deferred tax assets	465	476	231
Other assets	174	182	137
Total assets	<u>\$3,578</u>	<u>\$3,598</u>	<u>\$3,157</u>
Accounts payable	\$1,111	\$1,104	\$1,090
Short-term debt	83	136	8
Long-term debt	434	438	424
Other liabilities	419	425	375
Total stockholders' equity	<u>1,531</u>	<u>1,495</u>	<u>1,259</u>
Total liabilities and stockholders' equity	<u>\$3,578</u>	<u>\$3,598</u>	<u>\$3,157</u>

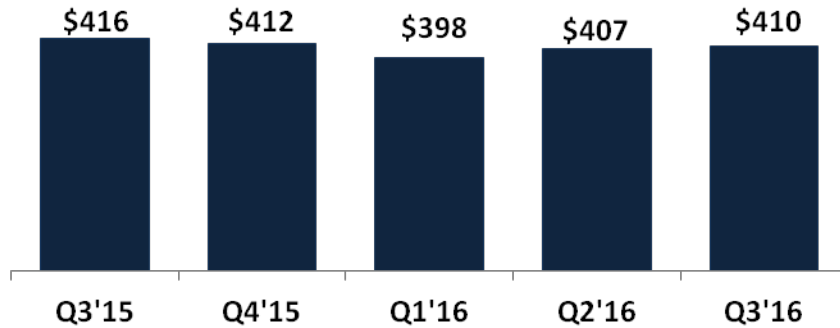
# Balance Sheet Metrics

(\$ in Millions)

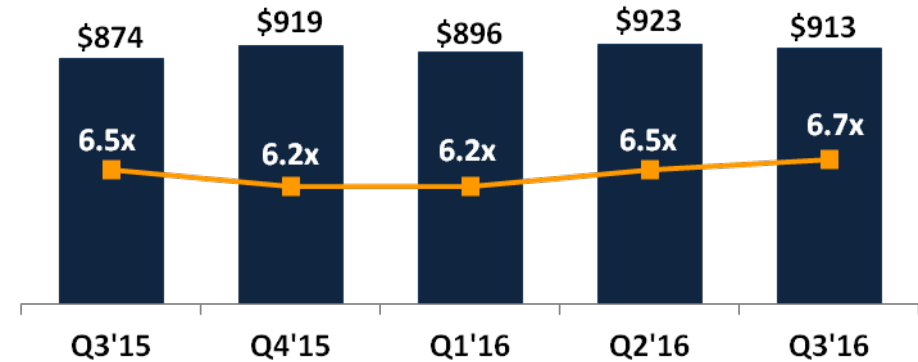


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### Cash and Cash Equivalents

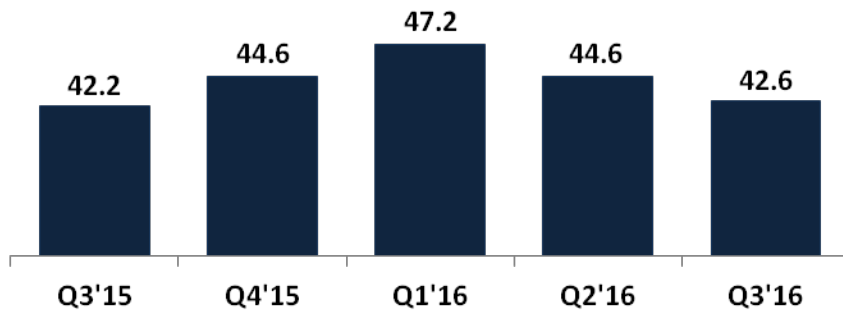


### Inventory \$ / Turns

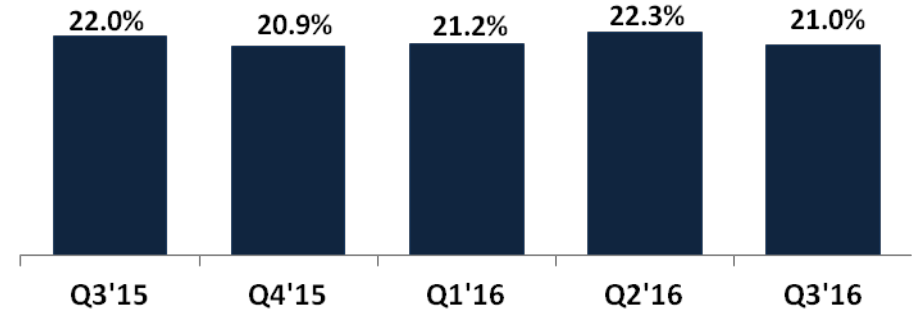


Inventory turns (annualized) are calculated as the ratio of four times cost of sales for the quarter to average inventory).

### Cash Cycle Days



### Pre-Tax ROIC



Cash cycle days is calculated as days inventory on hand (ratio of average inventory for the quarter to average daily 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 cost of sales for the quarter to average accounts payable).



# Q4'16 Outlook<sup>(1)</sup>



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The following outlook is for the fourth fiscal quarter ending October 1, 2016. These statements are forward-looking and actual results may differ materially.

Revenue:	\$1.675 - \$1.725B
Non-GAAP EPS:	\$0.64 - \$0.68

<sup>(1)</sup> Outlook for the quarter ending October 1, 2016 is provided only on a non-GAAP basis. The comparable GAAP earnings or loss per share amount is not determinable due to inherent uncertainties associated with forecasting the timing and amount of acquisitions, restructuring activities, asset impairments and the incurrence of discrete tax events and deferred tax charges.



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## CEO Remarks



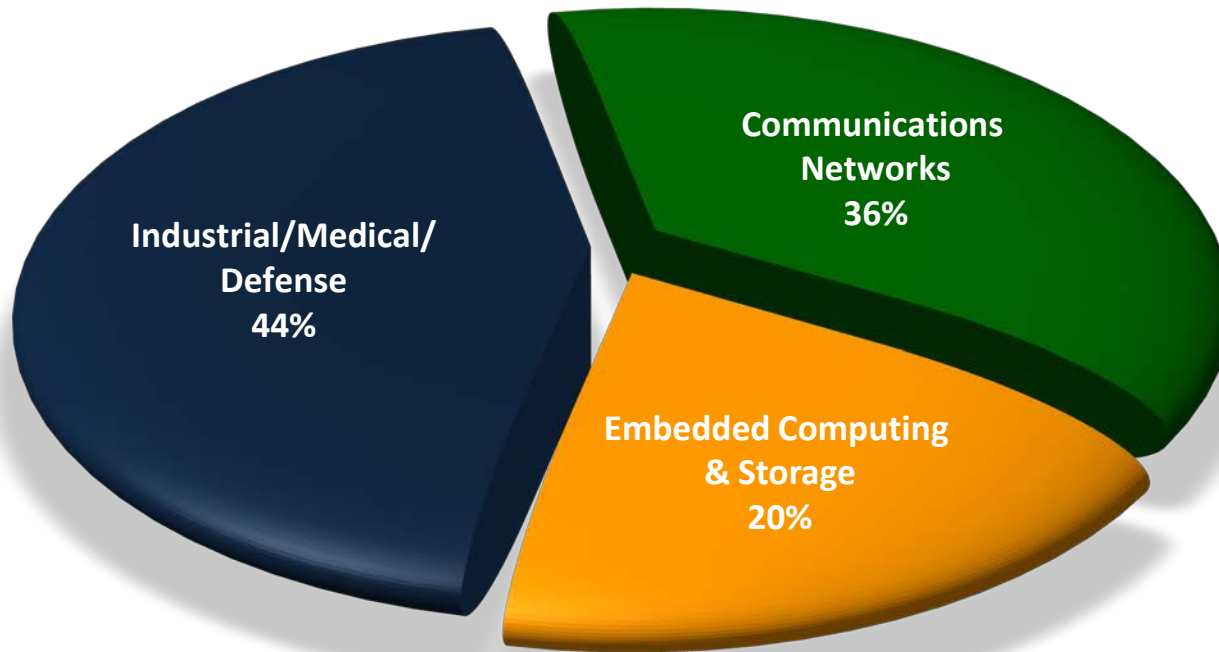
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# Q3'16 Revenue Breakdown By End-Market



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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

↑6.6%

↑4.1%

↓3.1%

Numbers may not foot due to rounding.

## Q3 FY'16 Top 10 Customers - 52.8% of Revenue

# Q4'16 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)



## Embedded Computing & Storage

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



- Q3'16:
  - Results were in line with outlook
  - Revenue was up Q/Q and Y/Y
  - New programs ramping in the quarter
- Q4'16:
  - We see stable demand
  - Growth driven by the ramp of new programs
- CY'16:
  - Focused company
  - Continue to drive profitable growth and shareholder value

**Investing in talent and technologies that enhance  
our value proposition to our customers**



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# Consolidated Financial Statements Reconciliation of GAAP vs. Non-GAAP



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## Quarter Ended July 2, 2016

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# GAAP Condensed Consolidated Balance Sheet



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(in thousands)	July 2, 2016	October 3, 2015
	(Unaudited)	
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 409,620	\$ 412,253
Accounts receivable, net	999,838	936,952
Inventories	913,110	918,728
Prepaid expenses and other current assets	58,388	55,047
Total current assets	<u>2,380,956</u>	<u>2,322,980</u>
Property, plant and equipment, net	616,243	590,844
Deferred tax assets	465,189	497,605
Other	115,998	81,835
Total assets	<u>\$ 3,578,386</u>	<u>\$ 3,493,264</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 1,111,445	\$ 1,035,323
Accrued liabilities	136,276	111,416
Accrued payroll and related benefits	116,794	120,402
Short-term debt	83,416	113,416
Total current liabilities	<u>1,447,931</u>	<u>1,380,557</u>
Long-term liabilities:		
Long-term debt	434,129	423,949
Other	165,709	168,287
Total long-term liabilities	<u>599,838</u>	<u>592,236</u>
Stockholders' equity	1,530,617	1,520,471
Total liabilities and stockholders' equity	<u>\$ 3,578,386</u>	<u>\$ 3,493,264</u>

# GAAP Condensed Consolidated Statement of Operations



(Unaudited)

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	Three Months Ended		Nine Months Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
(in thousands, except per share data)				
Net sales	\$ 1,669,474	\$ 1,539,271	\$ 4,815,362	\$ 4,737,963
Cost of sales	1,542,813	1,418,709	4,428,351	4,375,792
Gross profit	126,661	120,562	387,011	362,171
Operating expenses:				
Selling, general and administrative	61,982	59,736	183,169	176,177
Research and development	9,444	8,339	29,088	23,967
Amortization of intangible assets	918	314	2,528	1,164
Restructuring costs	(266)	7,711	1,491	12,451
Asset impairments	-	-	1,000	1,954
Gain on sales of long-lived assets	-	(2,821)	-	(3,957)
Total operating expenses	72,078	73,279	217,276	211,756
Operating income	54,583	47,283	169,735	150,415
Interest income	177	273	484	827
Interest expense	(6,410)	(6,017)	(18,641)	(18,651)
Other income (expense), net	1,138	(1,248)	1,409	(3,141)
Interest and other, net	(5,095)	(6,992)	(16,748)	(20,965)
Income before income taxes	49,488	40,291	152,987	129,450
Provision for income taxes	19,954	15,816	65,954	67,571
Net income	\$ 29,534	\$ 24,475	\$ 87,033	\$ 61,879
Basic income per share	\$ 0.40	\$ 0.30	\$ 1.15	\$ 0.75
Diluted income per share	\$ 0.38	\$ 0.29	\$ 1.10	\$ 0.72
Weighted-average shares used in computing per share amounts:				
Basic	73,620	81,700	75,609	82,357
Diluted	76,992	85,493	78,872	86,308



# Reconciliation of Non-GAAP Measures (Unaudited)



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(\$ in thousands, except per share data)	Three Month Periods			Nine Month Periods	
	Q3'16	Q2'16	Q3'15	FY16	FY15
<b>GAAP Gross Profit</b>	\$ 126,661	\$ 136,712	\$ 120,562	\$ 387,011	\$ 362,171
<i>GAAP gross margin</i>	7.6%	8.5%	7.8%	8.0%	7.6%
<b>Adjustments</b>					
Stock compensation expense (1)	1,542	1,932	1,412	4,879	4,479
Amortization of intangible assets	1,202	1,202	460	3,072	1,530
Reversal of contingent consideration accrual (2)	-	(7,558)	-	(7,558)	-
Distressed customer charges (3)	-	-	1,000	-	4,942
<b>Non-GAAP Gross Profit</b>	<b>\$ 129,405</b>	<b>\$ 132,288</b>	<b>\$ 123,434</b>	<b>\$ 387,404</b>	<b>\$ 373,122</b>
<i>Non-GAAP gross margin</i>	7.8%	8.2%	8.0%	8.0%	7.9%
<b>GAAP Operating Expenses</b>	\$ 72,078	\$ 75,613	\$ 73,279	\$ 217,276	\$ 211,756
<b>Adjustments</b>					
Stock compensation expense (1)	(3,880)	(6,553)	(2,861)	(13,080)	(10,999)
Amortization of intangible assets	(918)	(918)	(314)	(2,528)	(1,164)
Distressed customer charges (3)	-	-	(700)	-	140
Restructuring costs	266	(1,204)	(7,711)	(1,491)	(12,451)
Gain on sales of long-lived assets	-	-	2,552	-	3,748
Asset impairments	-	-	-	(1,000)	(1,954)
<b>Non-GAAP Operating Expenses</b>	<b>\$ 67,546</b>	<b>\$ 66,938</b>	<b>\$ 64,245</b>	<b>\$ 199,177</b>	<b>\$ 189,076</b>
<b>GAAP Operating Income</b>	\$ 54,583	\$ 61,099	\$ 47,283	\$ 169,735	\$ 150,415
<i>GAAP operating margin</i>	3.3%	3.8%	3.1%	3.5%	3.2%
<b>Adjustments</b>					
Stock compensation expense (1)	5,422	8,485	4,273	17,959	15,478
Amortization of intangible assets	2,120	2,120	774	5,600	2,694
Reversal of contingent consideration accrual (2)	-	(7,558)	-	(7,558)	-
Distressed customer charges (3)	-	-	1,700	-	4,802
Restructuring costs	(266)	1,204	7,711	1,491	12,451
Gain on sales of long-lived assets	-	-	(2,552)	-	(3,748)
Asset impairments	-	-	-	1,000	1,954
<b>Non-GAAP Operating Income</b>	<b>\$ 61,859</b>	<b>\$ 65,350</b>	<b>\$ 59,189</b>	<b>\$ 188,227</b>	<b>\$ 184,046</b>
<i>Non-GAAP operating margin</i>	3.7%	4.1%	3.8%	3.9%	3.9%
<b>GAAP Interest and Other, net</b>	\$ (5,095)	\$ (5,705)	\$ (6,992)	\$ (16,748)	\$ (20,965)
<b>Adjustments</b>					
Loss on extinguishment of debt (4)	-	-	847	-	3,760
Bargain purchase gain (5)	-	(1,642)	-	(1,642)	-
Litigation settlements (6)	-	-	-	-	(273)
<b>Non-GAAP Interest and Other, net</b>	<b>\$ (5,095)</b>	<b>\$ (7,347)</b>	<b>\$ (6,145)</b>	<b>\$ (18,390)</b>	<b>\$ (17,478)</b>
<b>GAAP Provision for Income Taxes</b>	\$ 19,954	\$ 25,033	\$ 15,816	\$ 65,954	\$ 67,571
<b>Adjustments</b>					
Deferred and non-recurring tax adjustments	(11,439)	(16,332)	(7,860)	(40,478)	(42,586)
<b>Non-GAAP Provision for Income Taxes</b>	<b>\$ 8,515</b>	<b>\$ 8,701</b>	<b>\$ 7,956</b>	<b>\$ 25,476</b>	<b>\$ 24,985</b>
<b>GAAP Net Income</b>	\$ 29,534	\$ 30,361	\$ 24,475	\$ 87,033	\$ 61,879
<b>Adjustments:</b>					
Operating income adjustments (see above)	7,276	4,251	11,906	18,492	33,631
Loss on extinguishment of debt (4)	-	-	847	-	3,760
Bargain purchase gain (5)	-	(1,642)	-	(1,642)	-
Litigation settlements (6)	-	-	-	-	(273)
Deferred and non-recurring tax adjustments	11,439	16,332	7,860	40,478	42,586
<b>Non-GAAP Net Income</b>	<b>\$ 48,249</b>	<b>\$ 49,302</b>	<b>\$ 45,088</b>	<b>\$ 144,361</b>	<b>\$ 141,583</b>
<b>GAAP Net Income Per Share:</b>					
Basic	\$ 0.40	\$ 0.40	\$ 0.30	\$ 1.15	\$ 0.75
Diluted	\$ 0.38	\$ 0.39	\$ 0.29	\$ 1.10	\$ 0.72
<b>Non-GAAP Net Income Per Share:</b>					
Basic	\$ 0.66	\$ 0.65	\$ 0.55	\$ 1.91	\$ 1.72
Diluted	\$ 0.63	\$ 0.63	\$ 0.53	\$ 1.83	\$ 1.64

Weighted-average shares used in computing per share amounts:

	Q3'16	Q2'16	Q3'15	FY16	FY15
Basic	73,620	75,477	81,700	75,609	82,357
Diluted	76,992	78,525	85,493	78,872	86,308

(1) Stock compensation expense was as follows:

	Three Month Periods			Nine Month Periods	
	Q3'16	Q2'16	Q3'15	FY16	FY15
Cost of sales	\$ 1,542	\$ 1,932	\$ 1,412	\$ 4,879	\$ 4,479
Selling, general and administrative	3,669	6,422	2,810	12,657	10,872
Research and development	211	131	51	423	127
Total	\$ 5,422	\$ 8,485	\$ 4,273	\$ 17,959	\$ 15,478

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

(3) Relates to inventory and bad debt reserves associated with distressed customers.

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

(5) Represents a bargain purchase gain recorded in connection with an acquisition.

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

# Condensed Consolidated Cash Flow



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	Three Month Periods		Nine Month Periods	
	Q3'16	Q3'15	FY16	FY15
GAAP Net Income	\$ 29,534	\$ 24,475	\$ 87,033	\$ 61,879
Depreciation and amortization	28,785	24,658	82,228	74,189
Other, net*	16,495	8,858	50,634	43,334
Change in net working capital	6,659	54,683	66,887	(3,172)
Cash provided by operating activities	<u>81,473</u>	<u>112,674</u>	<u>286,782</u>	<u>176,230</u>
Purchases of property & equipment, net	(22,606)	(16,684)	(80,287)	(61,177)
Cash paid for acquisitions, net	-	-	(58,878)	-
Cash used in investing activities	<u>(22,606)</u>	<u>(16,684)</u>	<u>(139,165)</u>	<u>(61,177)</u>
Payments for share repurchases, net	(1,359)	(46,445)	(99,567)	(53,069)
Net borrowing activities	(56,430)	(40,182)	(52,396)	(112,395)
Cash used in financing activities	<u>(57,789)</u>	<u>(86,627)</u>	<u>(151,963)</u>	<u>(165,464)</u>
Effect of exchange rate changes:	<u>1,223</u>	<u>(609)</u>	<u>1,713</u>	<u>275</u>
Net change in cash & cash equivalents	<u>\$ 2,301</u>	<u>\$ 8,754</u>	<u>\$ (2,633)</u>	<u>\$ (50,136)</u>
Free cash flow:				
Cash provided by operating activities	\$ 81,473	\$ 112,674	\$ 286,782	\$ 176,230
Purchases of property & equipment, net	(22,606)	(16,684)	(80,287)	(61,177)
	<u>\$ 58,867</u>	<u>\$ 95,990</u>	<u>\$ 206,495</u>	<u>\$ 115,053</u>

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

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