



SANMINA

Fourth Quarter Fiscal 2016 Results



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

Quarter Ended October 1, 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 first quarter fiscal year 2017, 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; 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 21 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.

Financial Results Compared to Outlook



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	Q4'16 (A)	Q4'16 Outlook
Revenue:	\$1.67B	\$1.675 - \$1.725B
Non-GAAP Diluted earnings per share:	\$0.72	\$0.64 - \$0.68

Financial Results

(Unaudited)



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(\$ in millions, except per share data)	Three Month Periods			Twelve Month Periods	
	Q4'16	Q3'16	Q4'15	FY'16	FY'15
GAAP:					
Revenue	\$1,666	\$1,669	\$1,637	\$6,481	\$6,375
Gross profit	\$127	\$127	\$122	\$514	\$484
Operating expense	\$72	\$72	\$69	\$289	\$281
Operating income	\$55	\$55	\$53	\$225	\$203
Other expense	\$3	\$5	\$6	\$20	\$27
Taxes	(\$49)	\$20	(\$269)	\$17	(\$201)
Net income	\$101	\$30	\$315	\$188	\$377
Diluted earnings per share ⁽¹⁾	\$1.30	\$0.38	\$3.78	\$2.38	\$4.41
Non-GAAP⁽²⁾:					
Revenue	\$1,666	\$1,669	\$1,637	\$6,481	\$6,375
Gross profit	\$132	\$129	\$128	\$519	\$502
Operating expense	\$62	\$68	\$67	\$262	\$256
Operating income	\$69	\$62	\$62	\$257	\$246
Other expense	\$4	\$5	\$6	\$23	\$23
Taxes	\$9	\$9	\$8	\$35	\$33
Net income	\$56	\$48	\$48	\$200	\$189
Diluted earnings per share	\$0.72	\$0.63	\$0.57	\$2.54	\$2.21

⁽¹⁾In the fourth quarter of 2015 and 2016, the Company released valuation allowances attributable to certain U.S. and foreign deferred tax assets. As a result of these releases, fourth quarter and full year 2016 GAAP diluted earnings per share include a tax benefit of \$1.24 and \$1.22 per share, respectively, and fourth quarter and full year 2015 GAAP diluted earnings per share include a tax benefit of \$3.45 and \$3.37 per share, respectively.

⁽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 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 21 of this presentation.

Numbers may not foot due to rounding.

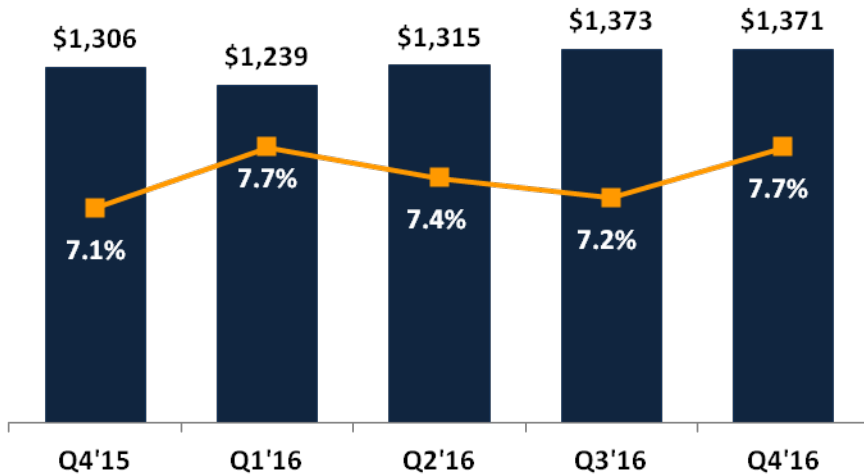
Segment Reporting - Revenue and Non-GAAP Gross Margin*

Q-Q (\$ in Millions)



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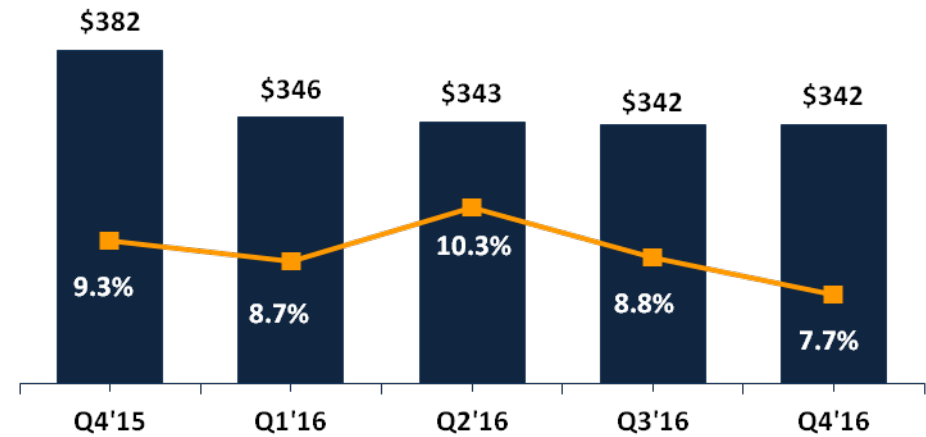
Integrated Manufacturing Solutions



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 21.

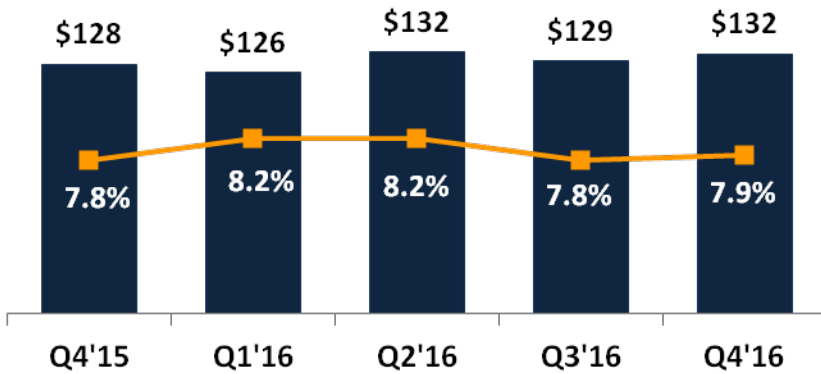
Non-GAAP P&L Metrics Q-Q

(\$ in Millions)

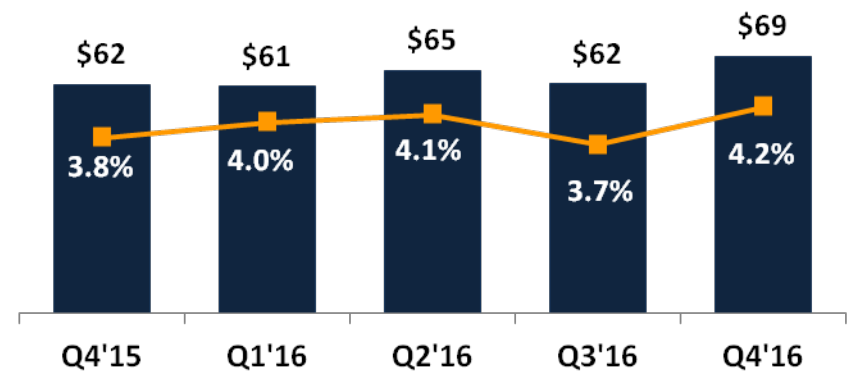


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Gross Profit / Margin



Operating Income / Margin



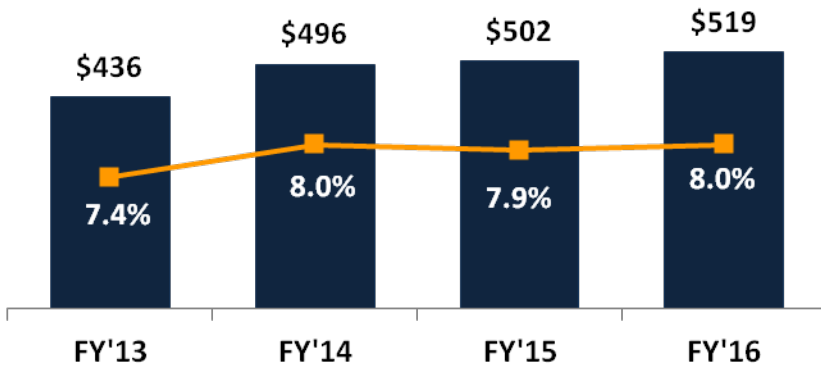
Non-GAAP P&L Metrics Y-Y

(\$ in Millions)

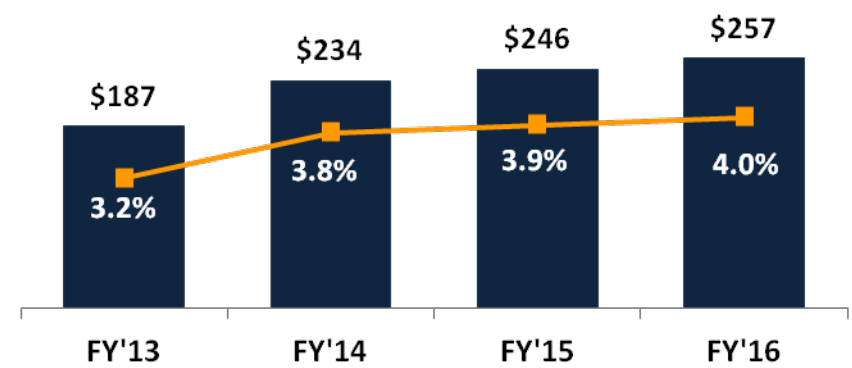


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Gross Profit / Margin



Operating Income / Margin



Summary Balance Sheet

(\$ in Millions)



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	10/1/16	7/2/16	10/3/15
Cash and cash equivalents	\$398	\$410	\$412
Accounts receivable, net	\$974	1,000	\$937
Inventories	\$946	913	\$919
Property, plant and equipment, net	\$618	616	\$591
Deferred tax assets	\$514	465	\$497
Other assets	\$175	174	\$137
Total assets	\$3,625	\$3,578	\$3,493
Accounts payable	\$1,121	\$1,111	\$1,035
Short-term debt	\$28	83	\$113
Long-term debt	\$434	434	\$424
Other liabilities	\$432	419	\$400
Total stockholders' equity	\$1,610	1,531	\$1,520
Total liabilities and stockholders' equity	\$3,625	\$3,578	\$3,493

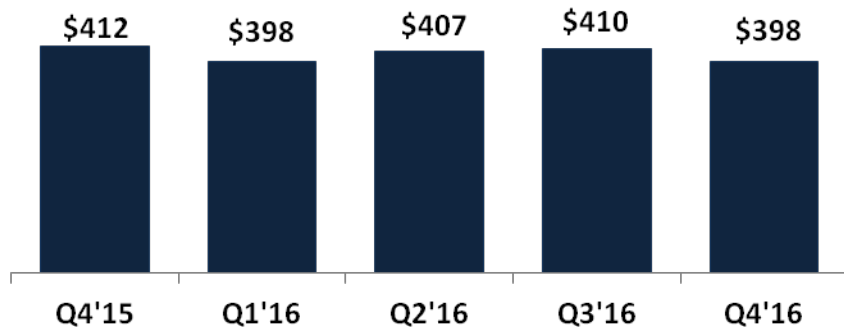
Balance Sheet Metrics

(\$ in Millions)

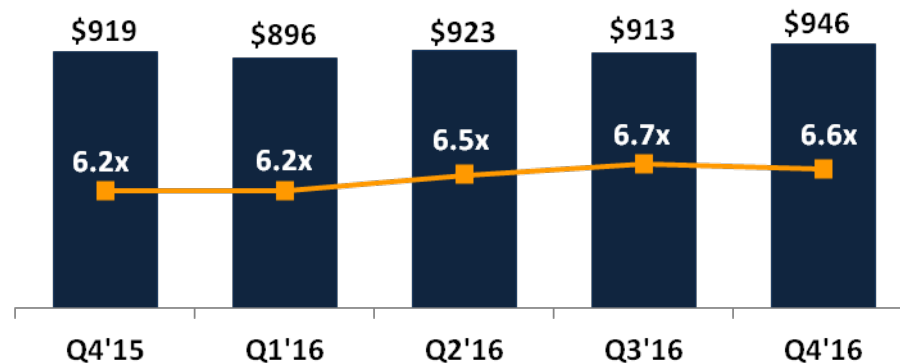


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Cash and Cash Equivalents

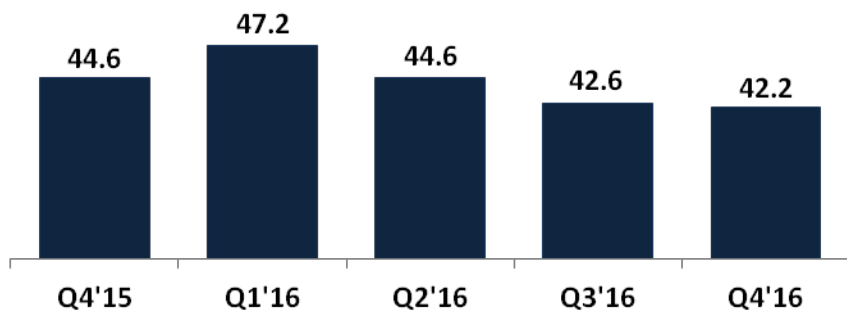


Inventory \$ / Turns

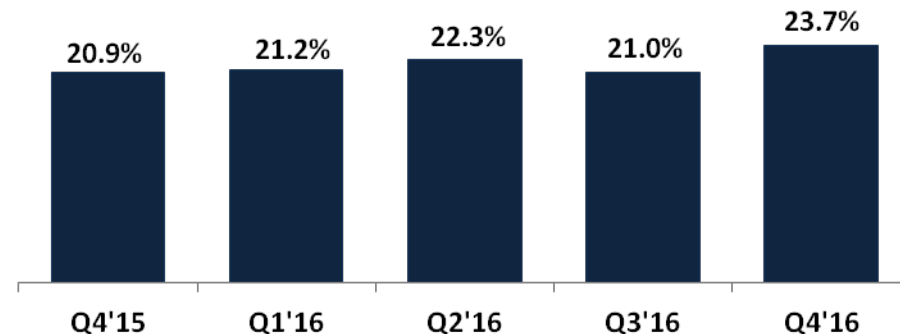


Inventory turns (annualized) are calculated as the ratio of four times cost of sales for the quarter to average inventory).

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).

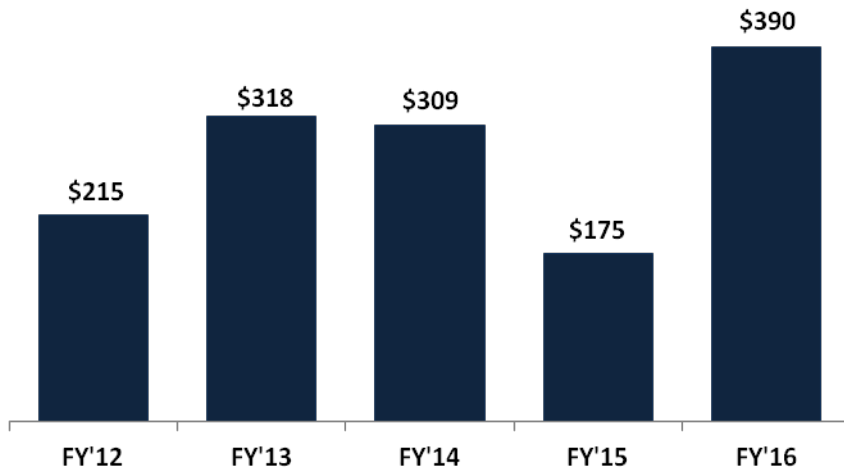
Cash Utilization

(\$ in Millions)

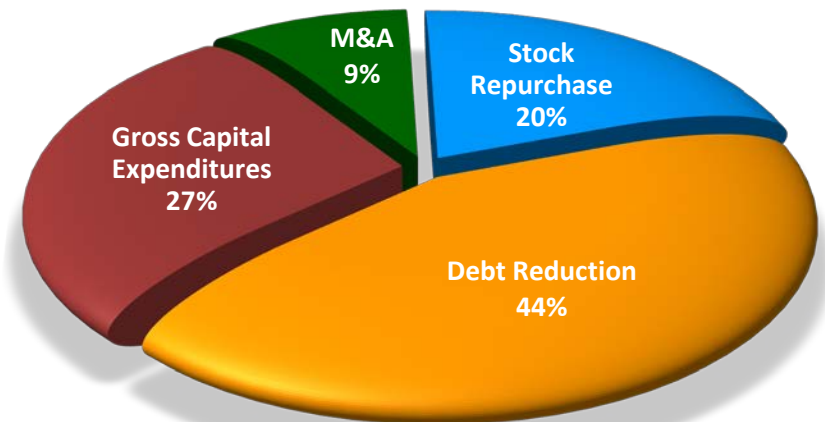


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Cash Flow from Operations



Utilization of Cash Flow from Operations



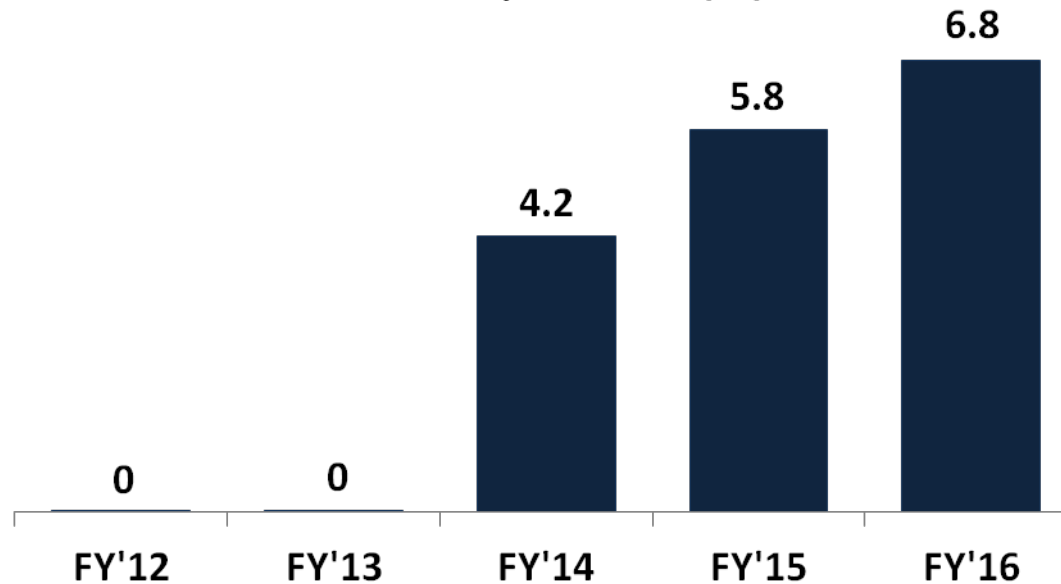
Share Repurchase Program



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- Last three years: \$337 million in share repurchases
- \$213 million authorized for future repurchases

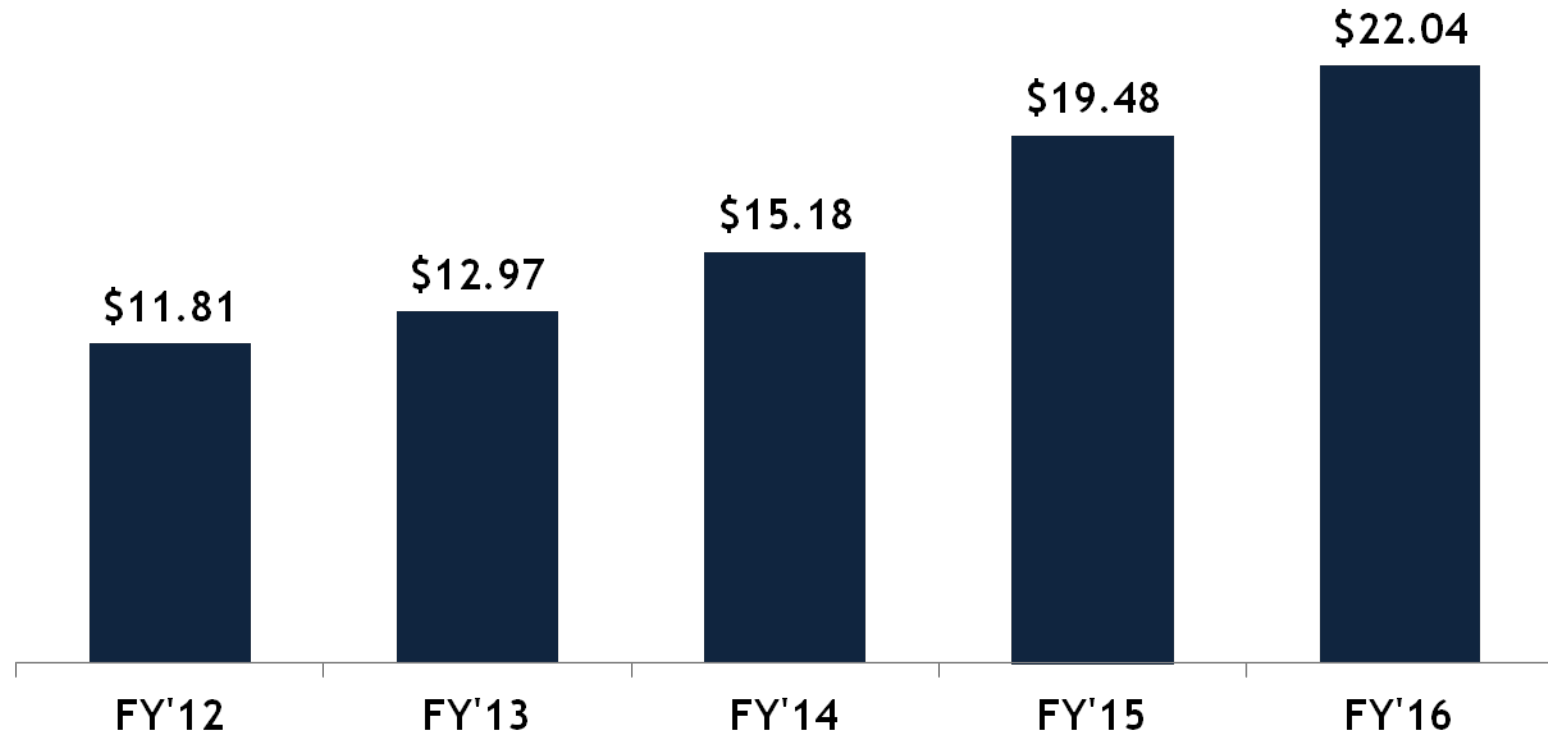
Shares Repurchased (M)



Book Value Per Share



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Q1'17 Outlook⁽¹⁾



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The following outlook is for the first fiscal quarter ending December 31, 2016. These statements are forward-looking and actual results may differ materially.

Revenue:	\$1.675 - \$1.725B
Non-GAAP EPS:	\$0.65 - \$0.70

⁽¹⁾ Outlook for the quarter ending December 31, 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



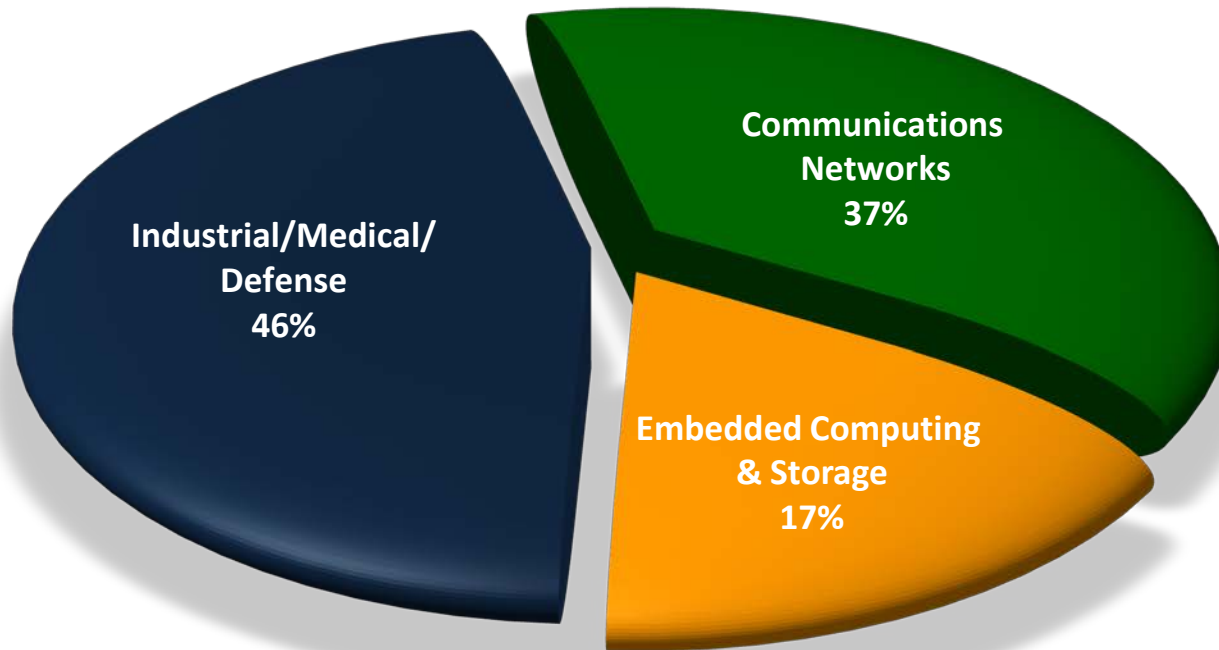
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Q4'16 Revenue Breakdown By End-Market



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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

↑4.3%

↑1.5%

↓13.0%

FY'16 Y-Y

↑9.7%

↓2.8%

↓5.2%

Numbers may not foot due to rounding.

Q4 FY'16 Top 10 Customers - 51.8% of Revenue

Q1'17 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)

FLAT

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)



Strong Pipeline of New Projects

Summary



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- Q4'16:
 - Solid operating margin improvement - up 50 bps Q-Q and 40 bps Y-Y
 - EPS exceeded expectations - up 15% Q-Q and 26% Y-Y
 - Strong cash flow
- FY'16:
 - Pleased with our performance
 - EPS expanded 15% Y-Y
 - Solid cash flow from operations of \$390M, \$274M in free cash flow
 - Diversified customer base and won new programs positioning Sanmina for the future
- Q1'17:
 - Stable demand, driven by new projects
- FY'17:
 - Optimistic fiscal 2017 will be another solid year

Servicing our customers and operational discipline will yield continued improvements in our operating model and drive shareholder value



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Consolidated Financial Statements Reconciliation of GAAP vs. Non-GAAP



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Quarter Ended October 1, 2016

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GAAP Condensed Consolidated Balance Sheet



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	October 1, 2016	October 3, 2015
	(Unaudited)	
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 398,288	\$ 412,253
Accounts receivable, net	973,680	936,952
Inventories	946,239	918,728
Prepaid expenses and other current assets	57,445	55,047
Total current assets	<u>2,375,652</u>	<u>2,322,980</u>
Property, plant and equipment, net	617,524	590,844
Deferred tax assets	514,314	497,605
Other	117,732	81,835
Total assets	<u>\$ 3,625,222</u>	<u>\$ 3,493,264</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,121,135	\$ 1,035,323
Accrued liabilities	124,386	111,416
Accrued payroll and related benefits	127,326	120,402
Short-term debt	28,416	113,416
Total current liabilities	<u>1,401,263</u>	<u>1,380,557</u>
Long-term liabilities:		
Long-term debt	434,059	423,949
Other	180,097	168,287
Total long-term liabilities	<u>614,156</u>	<u>592,236</u>
Stockholders' equity	1,609,803	1,520,471
Total liabilities and stockholders' equity	<u>\$ 3,625,222</u>	<u>\$ 3,493,264</u>

GAAP Condensed Consolidated Statement of Operations



(Unaudited)

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	Three Months Ended		Twelve Months Ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
(in thousands, except per share data)				
Net sales	\$ 1,665,819	\$ 1,636,578	\$ 6,481,181	\$ 6,374,541
Cost of sales	1,538,548	1,514,893	5,966,899	5,890,685
Gross profit	127,271	121,685	514,282	483,856
Operating expenses:				
Selling, general and administrative	61,435	63,111	244,604	239,288
Research and development	8,658	9,116	37,746	33,083
Amortization of intangible assets	918	890	3,446	2,054
Restructuring costs	1,210	1,232	2,701	13,683
Asset impairments	-	1,500	1,000	3,454
Gain on sales of long-lived assets	-	(6,850)	-	(10,807)
Total operating expenses	72,221	68,999	289,497	280,755
Operating income	55,050	52,686	224,785	203,101
Interest income	196	269	680	1,096
Interest expense	(6,270)	(6,360)	(24,911)	(25,011)
Other income (expense), net	2,654	148	4,063	(2,993)
Interest and other, net	(3,420)	(5,943)	(20,168)	(26,908)
Income before income taxes	51,630	46,743	204,617	176,193
Provision for (Benefit from) income taxes	(49,175)	(268,639)	16,779	(201,068)
Net income	\$ 100,805	\$ 315,382	\$ 187,838	\$ 377,261
Basic income per share	\$ 1.37	\$ 3.95	\$ 2.50	\$ 4.61
Diluted income per share	\$ 1.30	\$ 3.78	\$ 2.38	\$ 4.41
Weighted-average shares used in computing per share amounts:				
Basic	73,549	79,853	75,094	81,818
Diluted	77,371	83,352	78,787	85,641

Reconciliation of Non-GAAP Measures (Unaudited)



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(\$ in thousands, except per share data)	Three Month Periods			Twelve Month Periods	
	Q4'16	Q3'16	Q4'15	FY16	FY15
GAAP Gross Profit	\$ 127,271	\$ 126,661	\$ 121,685	\$ 514,282	\$ 483,856
GAAP gross margin	7.6%	7.6%	7.4%	7.9%	7.6%
Adjustments					
Stock compensation expense (1)	2,471	1,542	2,132	7,350	6,611
Amortization of intangible assets	902	1,202	856	3,974	2,386
Reversal of contingent consideration accrual (2)	-	-	-	(7,558)	-
Distressed customer charges (3)	957	-	3,706	957	8,648
Non-GAAP Gross Profit	\$ 131,601	\$ 129,405	\$ 128,379	\$ 519,005	\$ 501,501
Non-GAAP gross margin	7.9%	7.8%	7.8%	8.0%	7.9%
GAAP Operating Expenses	\$ 72,221	\$ 72,078	\$ 68,999	\$ 289,497	\$ 280,755
Adjustments					
Stock compensation expense (1)	(6,477)	(3,880)	(3,043)	(19,557)	(14,042)
Amortization of intangible assets	(918)	(918)	(890)	(3,446)	(2,054)
Distressed customer charges (3)	(1,276)	-	(2,471)	(1,276)	(2,331)
Restructuring costs	(1,210)	266	(1,232)	(2,701)	(13,683)
Gain on sales of long-lived assets	-	-	6,850	-	10,598
Asset impairments	-	-	(1,500)	(1,000)	(3,454)
Non-GAAP Operating Expenses	\$ 62,340	\$ 67,546	\$ 66,713	\$ 261,517	\$ 255,789
GAAP Operating Income	\$ 55,050	\$ 54,583	\$ 52,686	\$ 224,785	\$ 203,101
GAAP operating margin	3.3%	3.3%	3.2%	3.5%	3.2%
Adjustments					
Stock compensation expense (1)	8,948	5,422	5,175	26,907	20,653
Amortization of intangible assets	1,820	2,120	1,746	7,420	4,440
Reversal of contingent consideration accrual (2)	-	-	-	(7,558)	-
Distressed customer charges (3)	2,233	-	6,177	2,233	10,979
Restructuring costs	1,210	(266)	1,232	2,701	13,683
Gain on sales of long-lived assets	-	-	(6,850)	-	(10,598)
Asset impairments	-	-	1,500	1,000	3,454
Non-GAAP Operating Income	\$ 69,261	\$ 61,859	\$ 61,666	\$ 257,488	\$ 245,712
Non-GAAP operating margin	4.2%	3.7%	3.8%	4.0%	3.9%
GAAP Interest and Other, net	\$ (3,420)	\$ (5,095)	\$ (5,943)	\$ (20,168)	\$ (26,908)
Adjustments					
Loss on extinguishment of debt (4)	-	-	-	-	3,760
Bargain purchase gain (5)	-	-	-	(1,642)	-
Litigation settlements (6)	(1,023)	-	-	(1,023)	(273)
Non-GAAP Interest and Other, net	\$ (4,443)	\$ (5,095)	\$ (5,943)	\$ (22,833)	\$ (23,421)
GAAP Provision for (Benefit from) Income Taxes	\$ (49,175)	\$ 19,954	\$ (268,639)	\$ 16,779	\$ (201,068)
Adjustments					
Deferred and non-recurring tax adjustments	58,316	(11,439)	276,664	17,838	234,078
Non-GAAP Provision for Income Taxes	\$ 9,141	\$ 8,515	\$ 8,025	\$ 34,617	\$ 33,010
GAAP Net Income	\$ 100,805	\$ 29,534	\$ 315,382	\$ 187,838	\$ 377,261
Adjustments:					
Operating income adjustments (see above)	14,211	7,276	8,980	32,703	42,611
Loss on extinguishment of debt (4)	-	-	-	-	3,760
Bargain purchase gain (5)	-	-	-	(1,642)	-
Litigation settlements (6)	(1,023)	-	-	(1,023)	(273)
Deferred and non-recurring tax adjustments	(58,316)	11,439	(276,664)	(17,838)	(234,078)
Non-GAAP Net Income	\$ 55,677	\$ 48,249	\$ 47,698	\$ 200,038	\$ 189,281
GAAP Net Income Per Share:					
Basic	\$ 1.37	\$ 0.40	\$ 3.95	\$ 2.50	\$ 4.61
Diluted	\$ 1.30	\$ 0.38	\$ 3.78	\$ 2.38	\$ 4.41
Non-GAAP Net Income Per Share:					
Basic	\$ 0.76	\$ 0.66	\$ 0.60	\$ 2.66	\$ 2.31
Diluted	\$ 0.72	\$ 0.63	\$ 0.57	\$ 2.54	\$ 2.21

Weighted-average shares used in computing per share amounts:

	Q4'16	Q3'16	Q4'15	FY16	FY15
Basic	73,549	73,620	79,853	75,094	81,818
Diluted	77,371	76,992	83,352	78,787	85,641

(1) Stock compensation expense was as follows:

	Three Month Periods			Twelve Month Periods	
	Q4'16	Q3'16	Q4'15	FY16	FY15
Cost of sales	\$ 2,471	\$ 1,542	\$ 2,132	\$ 7,350	\$ 6,611
Selling, general and administrative	6,246	3,669	2,987	18,903	13,859
Research and development	231	211	56	654	183
Total	\$ 8,948	\$ 5,422	\$ 5,175	\$ 26,907	\$ 20,653

(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		Twelve Month Periods	
	Q4'16	Q4'15	FY16	FY15
GAAP Net Income	\$ 100,805	\$ 315,382	\$ 187,838	\$ 377,261
Depreciation and amortization	29,682	26,378	111,910	100,567
Other, net*	(38,968)	(264,675)	11,666	(221,341)
Change in net working capital	11,815	(78,419)	78,702	(81,591)
Cash provided by operating activities	<u>103,334</u>	<u>(1,334)</u>	<u>390,116</u>	<u>174,896</u>
Purchases of property & equipment, net	(35,373)	(27,359)	(115,660)	(88,536)
Cash paid for acquisitions, net	-	(13,887)	(58,878)	(13,887)
Cash used in investing activities	<u>(35,373)</u>	<u>(41,246)</u>	<u>(174,538)</u>	<u>(102,423)</u>
Payments for share repurchases, net	(24,458)	(50,969)	(124,025)	(104,038)
Net borrowing activities	(55,000)	89,672	(107,396)	(22,723)
Cash used in financing activities	<u>(79,458)</u>	<u>38,703</u>	<u>(231,421)</u>	<u>(126,761)</u>
Effect of exchange rate changes:	165	(341)	1,878	(66)
Net change in cash & cash equivalents	<u>\$ (11,332)</u>	<u>\$ (4,218)</u>	<u>\$ (13,965)</u>	<u>\$ (54,354)</u>
Free cash flow:				
Cash provided by operating activities	\$ 103,334	\$ (1,334)	\$ 390,116	\$ 174,896
Purchases of property & equipment, net	<u>(35,373)</u>	<u>(27,359)</u>	<u>(115,660)</u>	<u>(88,536)</u>
	<u>\$ 67,961</u>	<u>\$ (28,693)</u>	<u>\$ 274,456</u>	<u>\$ 86,360</u>

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

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