



Results for Q1 Fiscal 2019

Earnings Announcement: July 26th, 2018

(Quarter Ended June 29, 2018)

Risks and Non-GAAP Disclosures

This presentation contains forward-looking statements, which are based on current expectations and assumptions that are subject to risks and uncertainties and actual results could materially differ. Such information is subject to change and we undertake no obligation to update these forward-looking statements. For a discussion of the risks and uncertainties, see our earnings release and our most recent filings with the Securities and Exchange Commission, including our current, annual and quarterly reports.

Please refer to the appendix section of this presentation for current period reconciliation of the Non-GAAP financial measures to the most directly comparable GAAP measures.

If this presentation references historical non-GAAP financial measures, these measures are located on the “Investor Relations” section of our website, www.flex.com along with the required reconciliation to the most comparable GAAP financial measures.

The following business group acronyms will be used throughout this presentation:

HRS

High Reliability Solutions

Medical: Consumer Health, Digital Health, Disposables, Drug Delivery, Diagnostics, Life Sciences & Imaging Equipment.

Automotive: Vehicle Electronics, Connectivity, Clean Technologies.

IEI

Industrial & Emerging Industries

Semiconductor & Capital Equipment, Office Solutions, Household Industrial & Lifestyle, Industrial Automation & Kiosks, Energy & Metering, Lighting.

CEC

Communications & Enterprise Compute

Cloud Data Center, Communications, Networking, Server & Storage.

CTG

Consumer Technologies Group

Connected Living, Wearables, Gaming, AR/VR, Mobile Devices, Footwear and Clothing, Supply Chain Solutions for PCs, Tablets, and Printers.

New Accounting Standards Impact

ASC 606 Revenue Recognition Standard

(\$M)

| GAAP | June 29, 2018 | | |
|---------------|---------------|-------------|----------------------|
| | As reported | Adjustments | Pre ASC 606 Adoption |
| Net Sales | \$6,424 | \$102 | \$6,526 |
| Cost of Sales | 6,046 | 97 | 6,143 |
| Gross Profit | \$378 | \$5 | \$383 |

- » One-time adoption impacts reflected in Q1 without future material changes
- » Balance sheet recognition of contract assets of \$324M
- » Prior periods are not restated

ASU 2016-15 New Cash Flow Guidance

(\$M)

| GAAP | June 29, 2018 | | |
|---------------------|-----------------|-------------------------|----------------|
| | Before Adoption | Cash Collections on DPP | After Adoption |
| Operating Cash Flow | (\$15) | (\$657) | (\$672) |
| Investing Cash Flow | (185) | 657 | 472 |

- » Certain cash receipts of Asset-Backed Securitization (Accounts Receivable) sales programs are now classified as investing activities as opposed to cash flow from operations
- » Prior periods are restated

Q1 FY2019 Income Statement Summary

(\$M, except per share amounts)

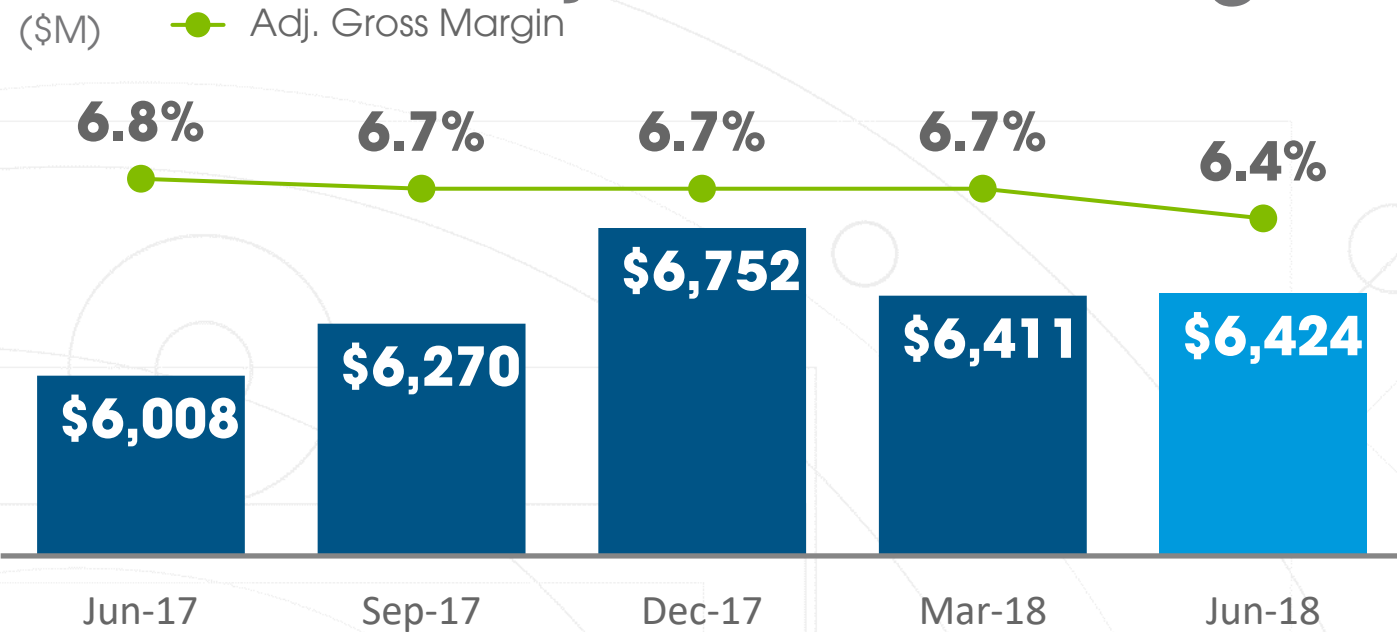
| | Prior Yr June 30, 2017 | Current Qtr June 29, 2018 |
|---------------------------------|----------------------------------|-------------------------------------|
| Net sales | \$6,008 | \$6,424 |
| Adjusted operating income | 178 | 188 |
| Adjusted net income | 128 | 128 |
| Adjusted EPS | \$0.24 | \$0.24 |
| GAAP income before income taxes | 146 | 142 |
| GAAP net income | 125 | 116 |
| GAAP EPS | \$0.23 | \$0.22 |

Results vs. Guidance

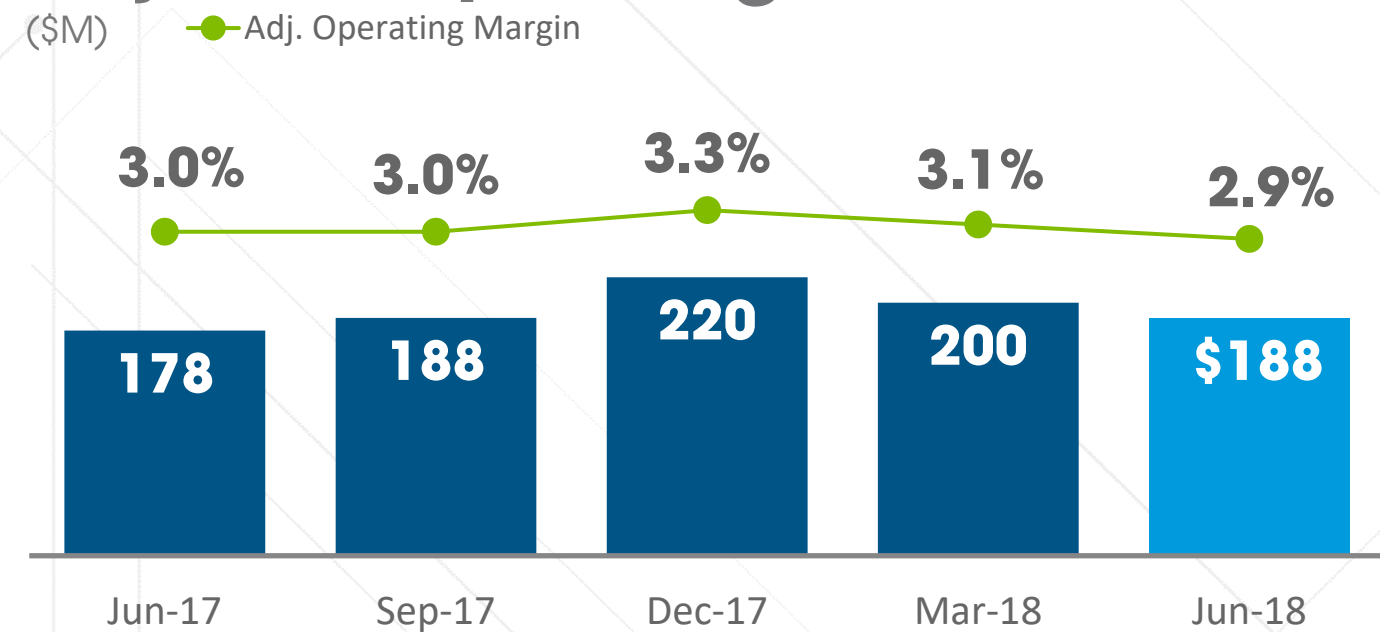
- » Net sales of \$6.4B is within the guidance range of \$6.3-\$6.7B
- » Adjusted operating income of \$188M is within the guidance range of \$170-\$200M
- » Adjusted EPS of \$0.24 is at the mid-point of guidance of \$0.22-\$0.26

Quarterly Financial Highlights

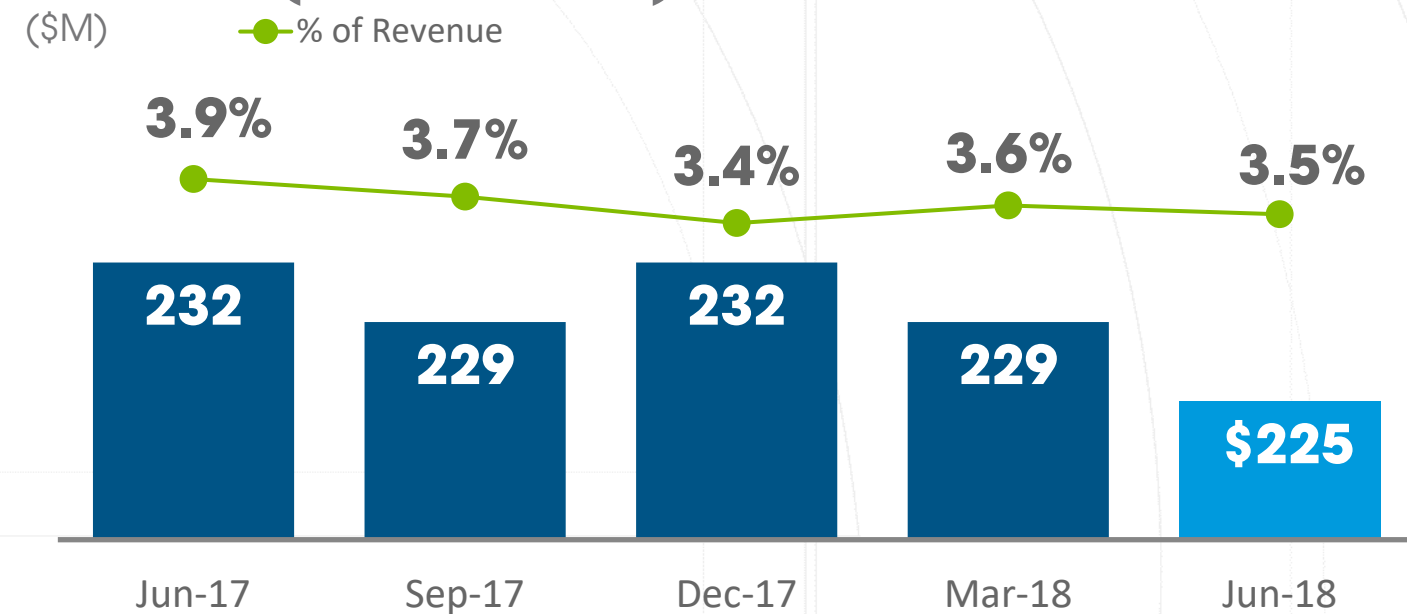
Revenue & Adjusted Gross Margin



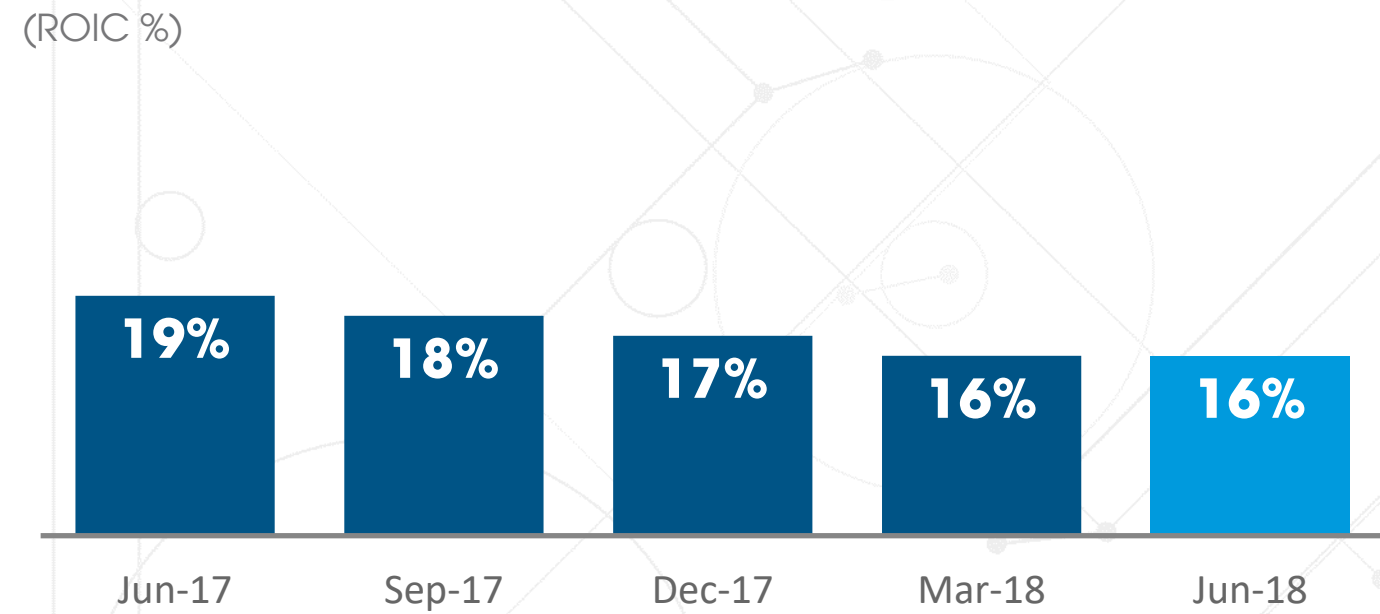
Adjusted Operating Income



SG&A (incl. R&D)



Return on Invested Capital¹



Q1 FY2019 Operating Performance by Business Group

| | Q1 FY19 | | | Target Adjusted Operating Margin Range | | | |
|---|----------------|--------------|-------------|--|-----|------|---|
| | Rev\$ | OP\$ (adj.) | OP% (adj.) | | | | |
| CEC | \$1,954 | \$46 | 2.4% | 2.5 | 3.5 | 2.4% | Improving business mix while continuing investments in engineering for hyper-scale and edge data center solutions |
| CTG | \$1,808 | \$27 | 1.5% | 2 | 4 | 1.5% | Margin pressure from product mix, new program ramps, and sustained Nike losses |
| IEI | \$1,446 | \$51 | 3.6% | 4 | 6 | 3.6% | Demand softness in home and lifestyle, semicap equipment, and energy during the quarter |
| HRS | \$1,216 | \$94 | 7.7% | 6 | 9 | 7.7% | Ramping new customers and programs while expanding autonomous vehicle and connectivity capabilities |
| Corporate Services & Other ² | -- | (\$30) | -- | | | | |
| Total | \$6,424 | \$188 | 2.9% | | | | |

Other Income Statement Comments

Interest & other expenses, net

- » Q1 FY19 was \$41M
 - » Includes ~\$5M in non-cash losses from certain non-majority owned equity method investments
- » Q2 FY19 outlook \$40M - \$45M

Adjusted income tax rate

- » Q1 FY19 was 12.8%
- » Long-term effective tax rate range remains 10% - 15%

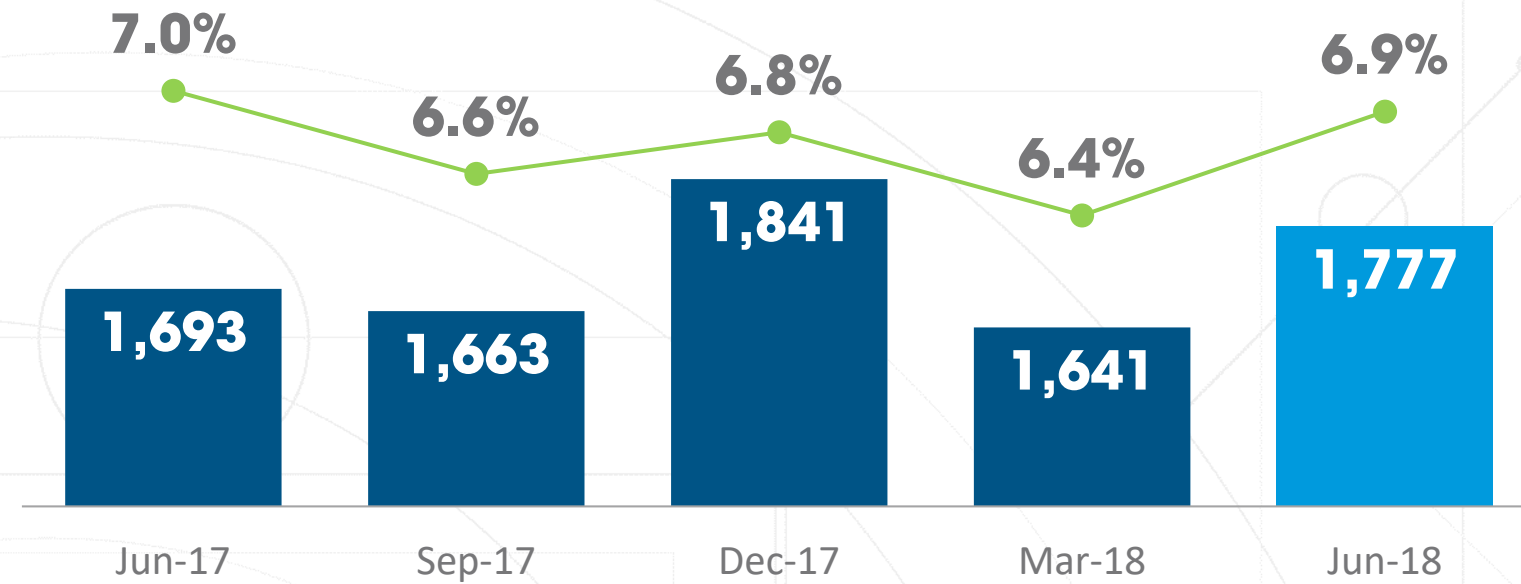
Reconciliation between GAAP and Adjusted EPS

- » Q1 FY19 aggregate impact on EPS (\$0.02)
 - » Stock based compensation \$21M or (\$0.04) in EPS
 - » Net intangible amortization \$16M or (\$0.03) in EPS
 - » Other charges, net \$62M or (\$0.11) in EPS
 - » Non-cash gain on investments, net \$88M or \$0.16 in EPS

Net Working Capital and Cash Flow Generation

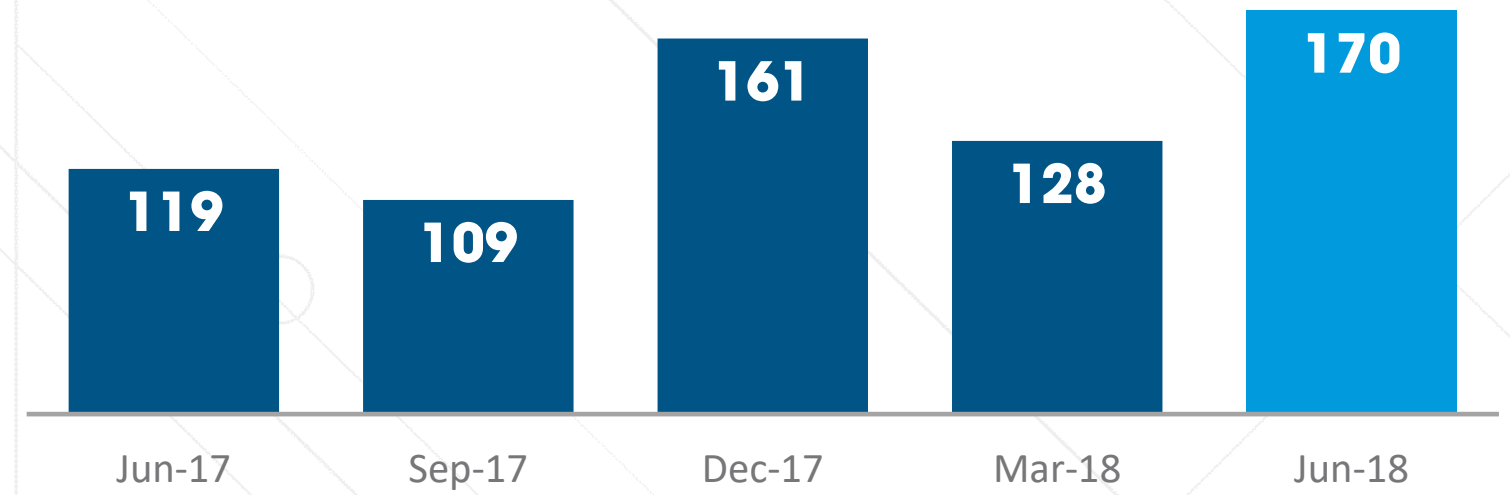
Net Working Capital³

(\$M) — % Annualized Revenue



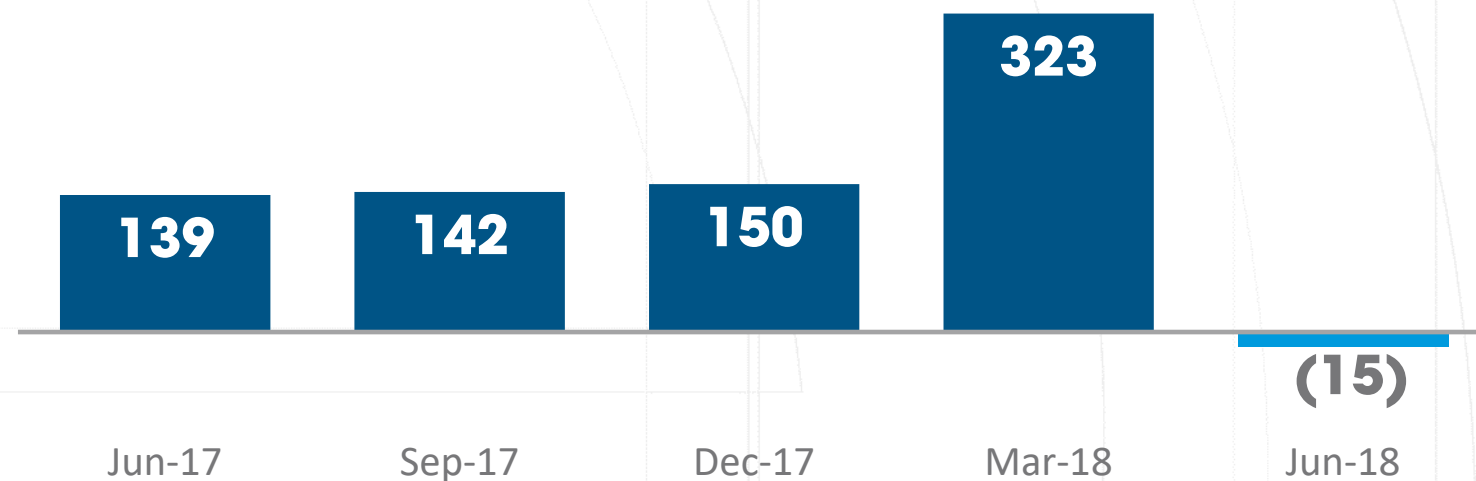
Net Capital Expenditures⁴

(\$M)



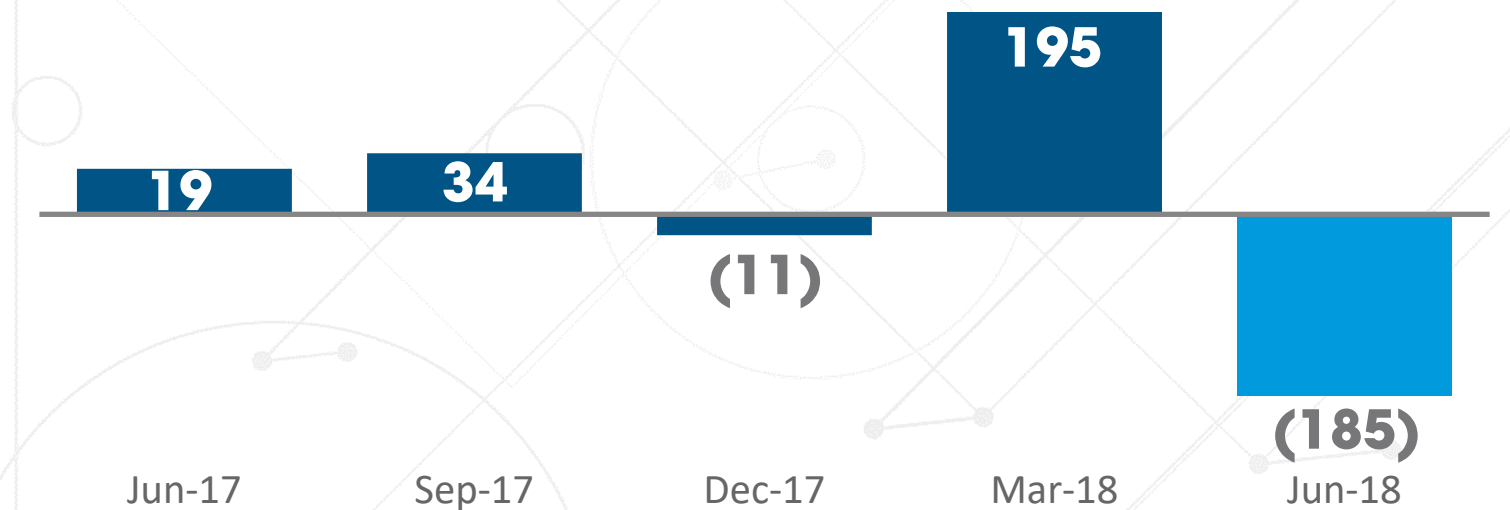
Adj. Operating Cash Flow⁵

(\$M)



Free Cash Flow⁵

(\$M)

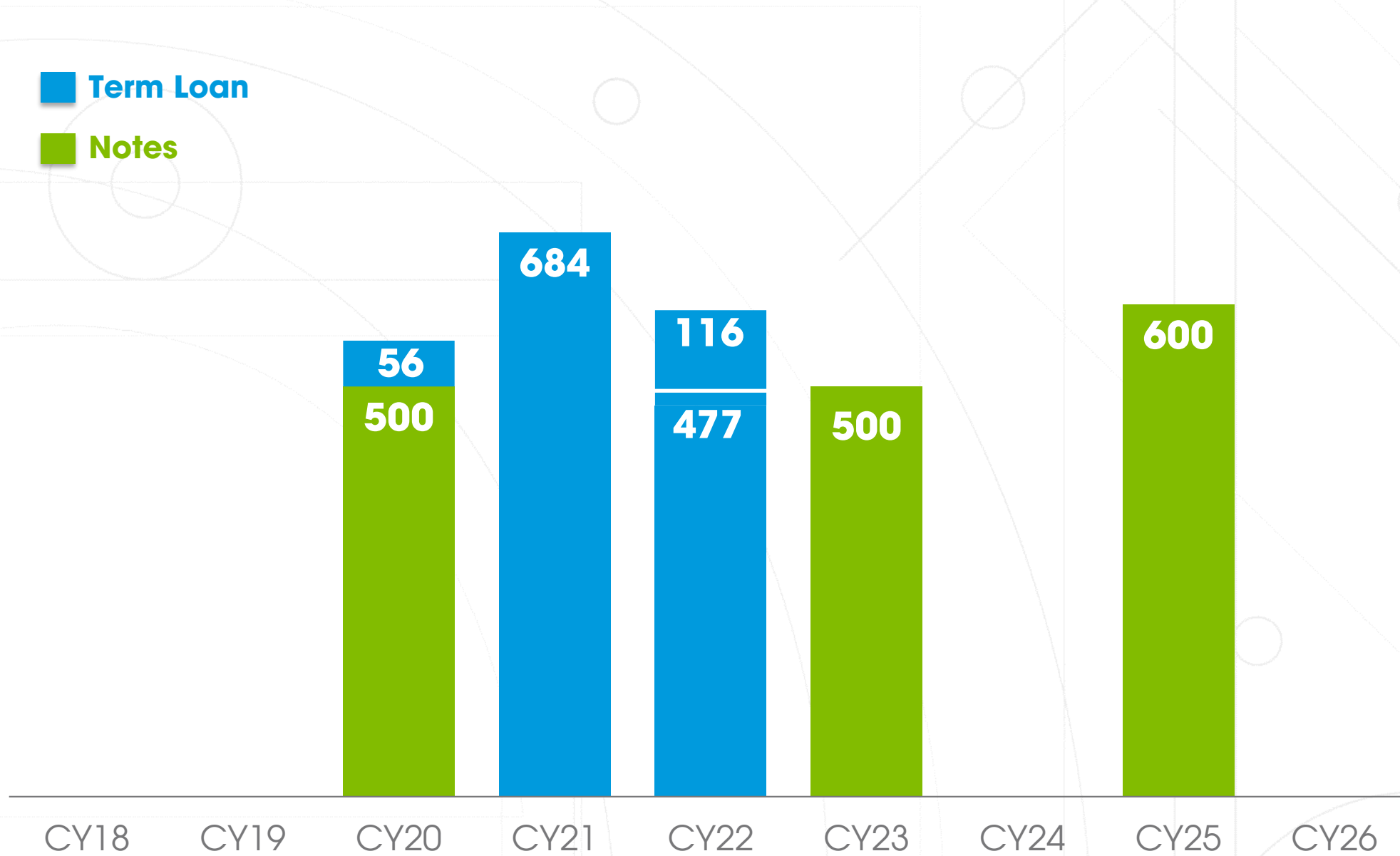


Balanced Capital Structure

Debt Maturities

(\$M) Balances as of June 29, 2018

■ Term Loan
■ Notes



- » No near-term maturities
- » Low average cost of debt: ~4.0%
- » Ample liquidity of \$3.0B
 - » \$1.25B cash + \$1.75B revolver

Investment Grade Rated

Moody's | S&P | Fitch

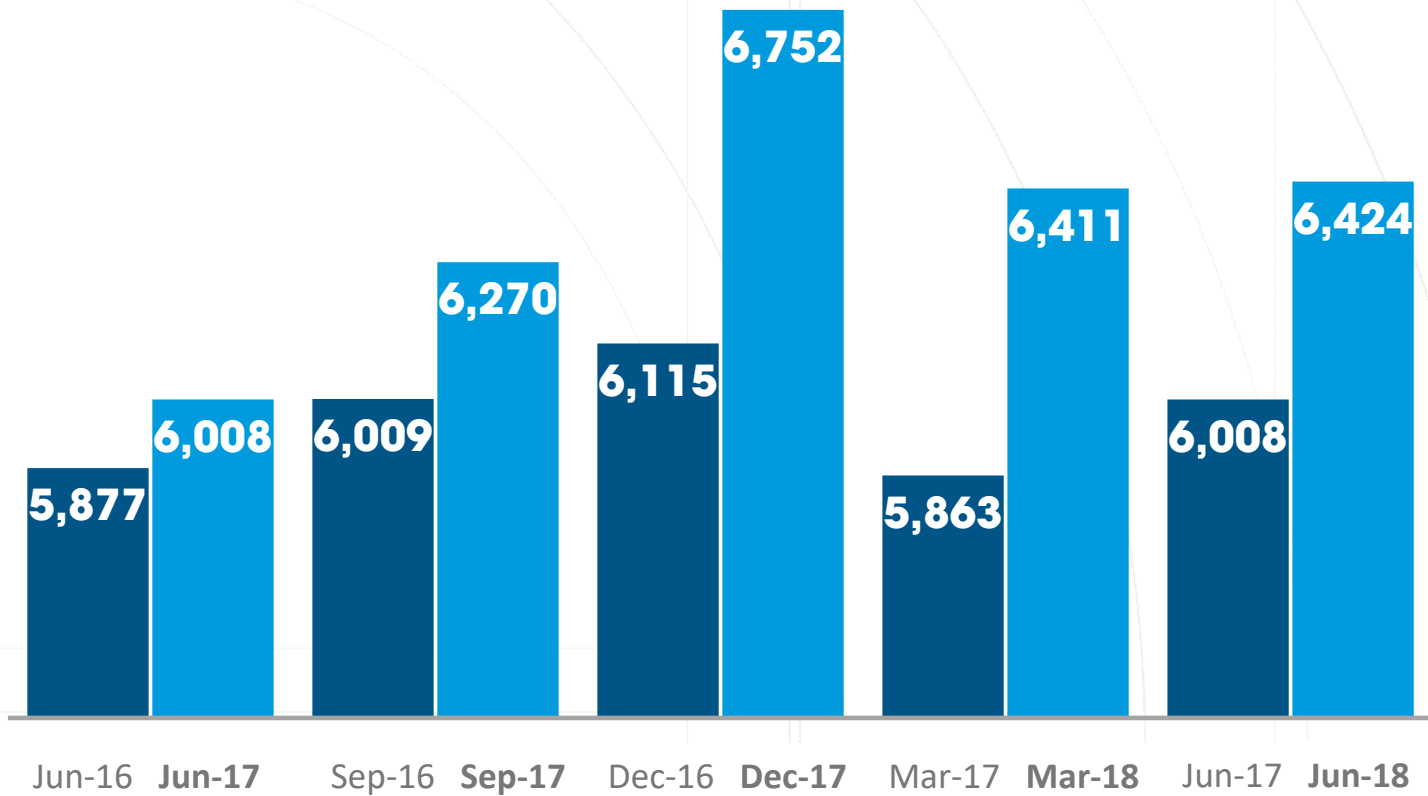
Q1 FY2019 Business Highlights

Accelerating Revenue Growth

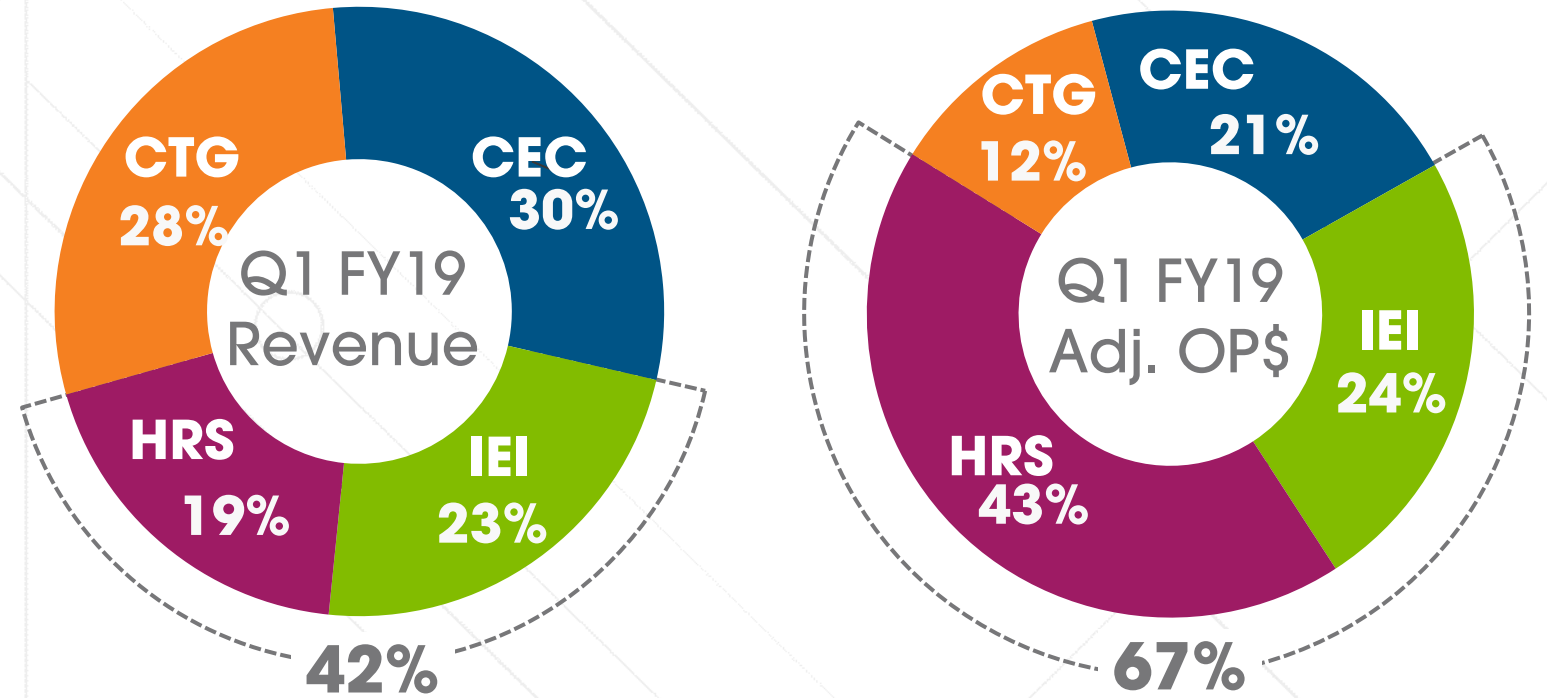
» 6th straight quarter of year-over-year revenue growth

Quarterly Revenue Year-Over-Year

(\$M)



Strategic Portfolio Composition



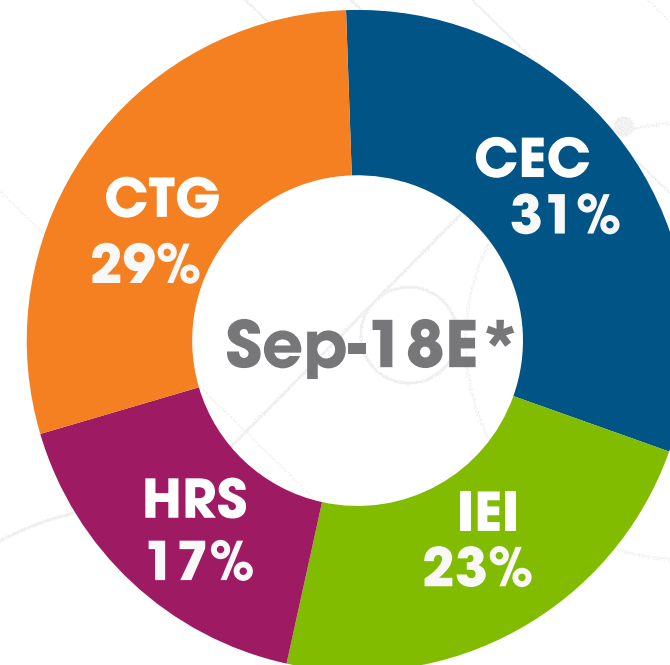
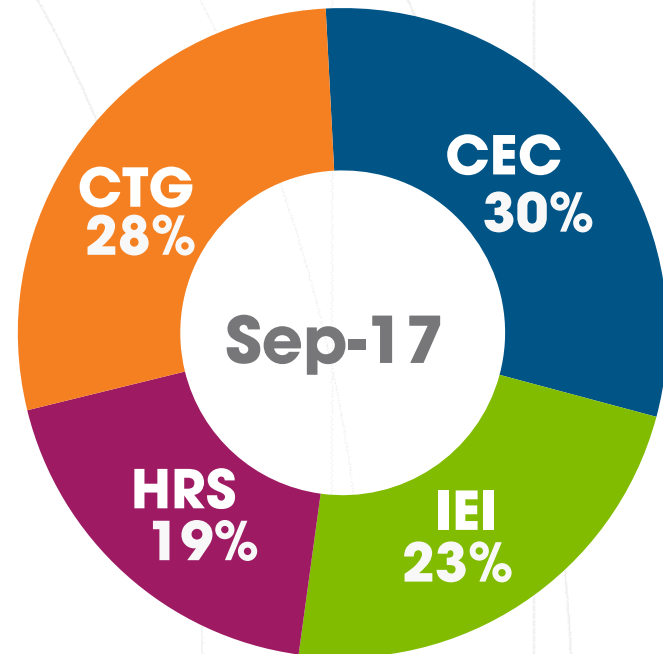
- » Three business groups beat or met the mid point of revenue guidance
 - » HRS achieved 34th straight quarter of Y/Y growth and record Q1 revenue of \$1.2B
 - » IEI achieved 6th straight quarter of Y/Y growth and record Q1 revenue of \$1.4B

Revenue by Business Group

| | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Y/Y % |
|--------------|----------------|----------------|----------------|----------------|----------------|-----------|
| (\$M) | \$ | \$ | \$ | \$ | \$ | |
| CEC | 1,973 | 1,901 | 1,979 | 1,876 | 1,954 | (1%) |
| CTG | 1,512 | 1,755 | 2,057 | 1,646 | 1,808 | 20% |
| IEI | 1,391 | 1,454 | 1,491 | 1,636 | 1,446 | 4% |
| HRS | 1,132 | 1,160 | 1,225 | 1,253 | 1,216 | 7% |
| Total | \$6,008 | \$6,270 | \$6,752 | \$6,411 | \$6,424 | 7% |

| Sep-18E |
|----------------|
| Outlook Y/Y % |
| Up 5% to 10% |
| Up 10% to 15% |
| Up 5% to 10% |
| Flat to up 5% |

Quarterly Revenue Mix
(Y/Y)



*Reflects mid-point of Sep-18E guidance

Second Quarter Guidance - September 2018

(\$M, except per share amounts)

\$6,600 - \$7,000
Revenue

\$200 - \$230
Adjusted Operating
Income

\$0.26 - \$0.30
Adjusted Earnings
Per Share

GAAP Income Before Income Taxes \$115 - \$145 million

GAAP Earnings Per Share \$0.18 - \$0.22

Other Information:

Interest & Other Expense \$40 - \$45 million

Adjusted Income Tax Rate Mid-range of 10% to 15%

WASO ~536 million shares

For more information, go to investors.flex.com

Q1 FY19 Earnings
July 26, 2018

[Learn More](#)

NASDAQ: FLEX

\$14.96
▼ 0.04 (-0.23%)

VOLUME 4,339,694
MARKET CAP 7.93B

[More details](#)

20 minutes delay

Appendix: Reconciliation of GAAP to Non-GAAP Measures

Quarter-ended
June 29, 2018

(\$Thousands, except per share amounts)

| | |
|---|-----------|
| GAAP gross profit | \$377,854 |
| Stock-based compensation expense | 5,404 |
| Distressed customers asset impairments | 12,352 |
| Restructuring charges | 2,310 |
| New revenue standard adoption impact | 9,291 |
| Legal and other | 5,581 |
| Non-GAAP gross profit | \$412,792 |
| GAAP income before income taxes | \$141,637 |
| Intangible amortization | 18,517 |
| Stock-based compensation expense | 20,953 |
| Distressed customers asset impairments | 17,364 |
| Restructuring charges | 8,817 |
| New revenue standard adoption impact | 9,291 |
| Legal and other | 16,311 |
| Other income, net | (86,924) |
| Interest and other, net | 41,742 |
| Non-GAAP operating income | \$187,708 |
| GAAP provision for income taxes | \$25,602 |
| Intangible amortization benefit | 2,292 |
| Valuation allowance and tax receivable, net | (8,404) |
| Tax benefit on restructuring and other | (692) |
| Non-GAAP provision for income taxes | \$18,798 |

Quarter-ended
June 29, 2018

| | |
|--|-----------|
| GAAP net Income | \$116,035 |
| Intangible amortization | 18,517 |
| Stock-based compensation expense | 20,953 |
| Restructuring charges | 8,817 |
| Distressed customers asset impairments | 17,364 |
| New revenue standard adoption impact | 9,291 |
| Legal and other | 16,311 |
| Other income, net | (86,121) |
| Adjustments for taxes | 6,804 |
| Non-GAAP net income | \$127,971 |
| Diluted earnings per share : | |
| GAAP | 0.22 |
| Non-GAAP | \$0.24 |

Quarter-ended
June 29, 2018

| | |
|--|-----------|
| GAAP SG&A Expenses | \$262,882 |
| Stock-based compensation expense | (15,549) |
| Distressed customers asset impairments | (15,742) |
| Restructuring charges | (6,507) |
| Non-GAAP SG&A Expenses | \$225,084 |

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

Appendix: Reconciliation of GAAP to Non-GAAP Measures

Quarter-ended

June 29, 2018

| | |
|--|-------------|
| Net cash used in operating activities | (\$671,808) |
| Cash collections of deferred purchase price | 656,766 |
| Adjusted net cash used in operating activities | (15,042) |
| Net Capital Expenditures | (169,911) |
| Free Cash Flow | (\$184,953) |

Quarter-ended

June 29, 2018

| | |
|----------------------|-------|
| ROIC % ¹ | |
| GAAP | 9.2% |
| Non-GAAP Adjustments | 6.7% |
| Non-GAAP | 15.9% |

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

Appendix: Definitions

1. Return on Invested Capital (ROIC) is calculated by dividing the Company's last twelve months after-tax Non-GAAP operating income by the net invested capital asset base as of each date. After-tax non-GAAP operating income excludes charges for stock-based compensation expense, restructuring expenses, legal, distressed customer asset impairment, and certain other charges or income. The net invested capital asset base is defined as the sum of shareholders' equity plus total debt less cash and cash equivalents averaged over the last five quarters. We believe ROIC is a useful measure in providing investors with information regarding our performance. ROIC is a widely accepted measure of earnings efficiency in relation to total capital employed. We believe that increasing the return on total capital employed, as measured by ROIC, is an effective method to sustain and increase shareholder value. ROIC is not a measure of financial performance under generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net income or loss as an indicator of performance.
2. Corporate services and other: corporate service costs that are not included in the assessment of the performance of each of the identified business groups.
3. Starting in Q1 FY19, Net Working Capital is calculated as accounts receivable (AR), net adding back the reduction in AR resulting from the non-cash AR sales plus contract assets plus inventories less accounts payable. Prior periods will not include contract assets as Flex adopted ASC-606 under the modified retrospective approach.
4. Net Capital Expenditures is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.
5. In Q1 fiscal year 2019, the adoption of the new cash flow accounting standard, (ASU 2016-15), resulted in a reclassification of cash flows related to the collection of certain receivables sold through the Company's asset-backed receivable securitization program from operating activities to investing activities. The Company redefined its free cash flow metric to be GAAP net cash flows from operating activities, plus cash collection of deferred purchase price, less purchases of property and equipment net of proceeds from dispositions to reflect this change and present cash flows on a consistent basis for investor transparency. In addition, cash flow from operations is also a critical metric that investors use to evaluate a company's earnings power. The Company views and manages all collections under the program similarly without bifurcation and accordingly provides the adjustment to reflect cash flows from operations inclusive of all collections of receivables sold through the programs. The impact was re-casted for all prior periods presented.