

Q1 FY'21  
Results

February 2, 2021

**SANMINA** **40** **YEARS**  
CELEBRATING OUR PAST, INVESTING IN OUR FUTURE



# Today's Presenters



Jure Sola  
Chairman & CEO



Kurt Adzema  
EVP & CFO



# Safe Harbor Statement



Certain statements made during this presentation, including the Company's outlook for the second quarter fiscal 2021 financial results, 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, mostly notably the ongoing impacts of the COVID-19 pandemic, which have reduced demand from our customers, caused supply chain interruptions and created health risks for our employees, and which could result in restrictions on where we can build products, the levels of staffing we can maintain at our plants and the types of products we can build for our customers. Other factors that could cause our results to differ from our outlook include adverse changes to the key markets we target; significant uncertainties that can cause our future sales and net income to be variable; reliance on a small number of customers for a substantial portion of our sales; risks arising from our international operations; 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 will refer to certain non-GAAP financial information. The corresponding GAAP financial information and a reconciliation of the non-GAAP financial information during this presentation to their most directly comparable GAAP measures are included on slide 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 earnings 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.

# Opening Comments

Jure Sola

**SANMINA** **40** **YEARS**  
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Financial  
Review  
Kurt Adzema

**SANMINA** **40** **YEARS**  
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# Q1'21 Non-GAAP Financial Highlights



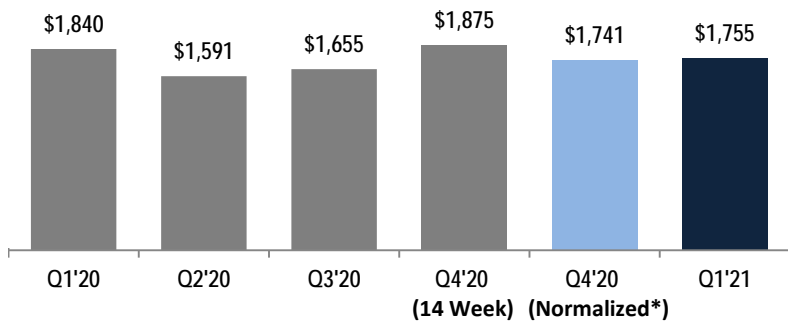
- Revenue: \$1.76B, exceeded midpoint of outlook of \$1.7B - \$1.8B
- Gross margin: 8.3%, 3<sup>rd</sup> consecutive quarter above 8%
- Operating margin: 5.0%, 2<sup>nd</sup> consecutive quarter of 5% or greater
- Diluted EPS: \$1.02, exceeded outlook of \$0.75 - \$0.85

# P&L Performance

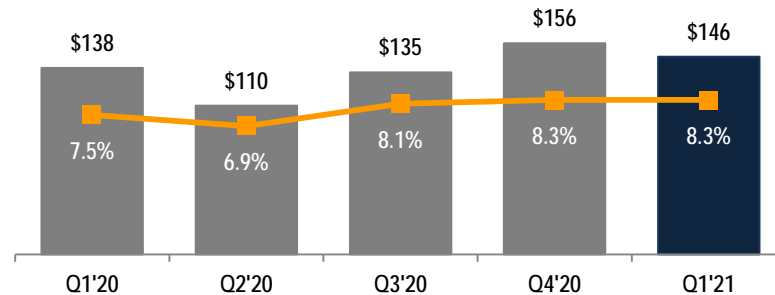
(\$ in Millions, except per share data)



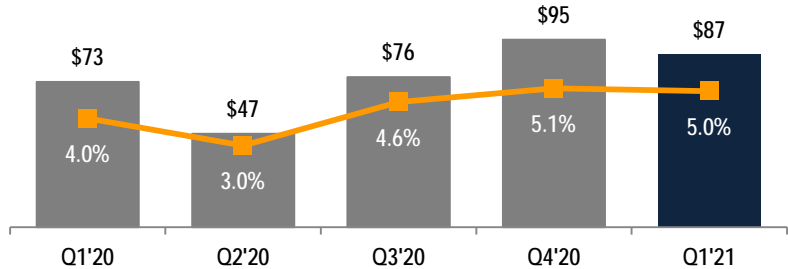
Revenue



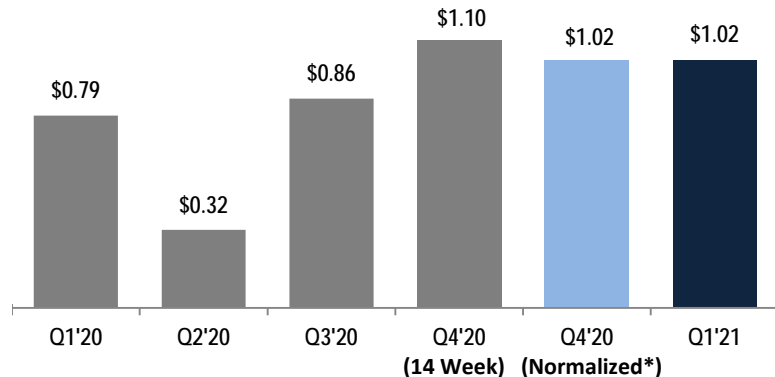
Non-GAAP Gross Profit / Margin



Non-GAAP Operating Income / Margin



Non-GAAP Earnings Per Share



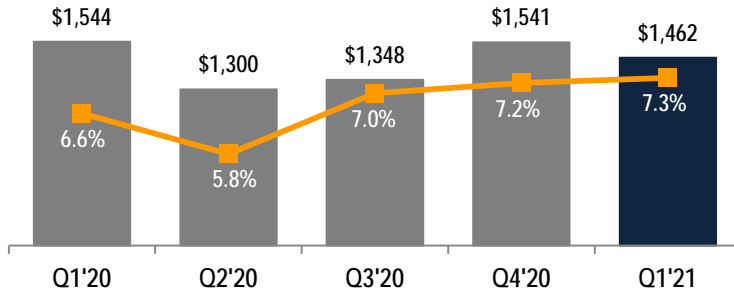
\*Q4'20 was a 14 week quarter, compared to a normal 13 week quarter. Therefore, and as a supplement to Q4'20 actual revenue and EPS, Q4'20 revenue and EPS are also provided on a normalized (13 week) basis for comparison purposes. Normalized revenue and EPS is calculated as follows: (Q4 actual amount / 14) \* 13 = Q4 normalized amount.'

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

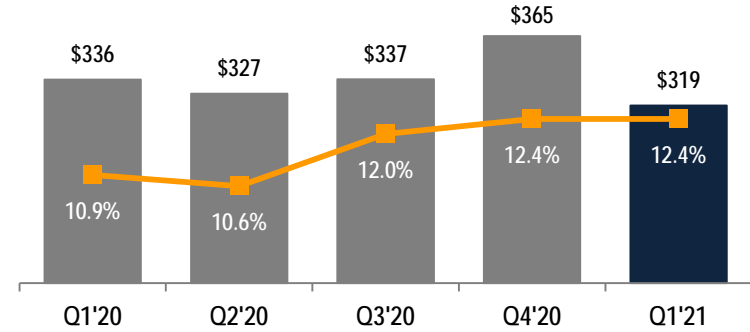
(\$ in Millions)



### Integrated Manufacturing Solutions



### Components, Products and Services



\*Revenue and non-GAAP gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP and non-GAAP gross margin excludes the same GAAP items that are excluded from the calculation of non-GAAP gross margin for the consolidated business.



# Strong Balance Sheet

- Cash and cash equivalents: \$516 million
- Debt to cash ratio: 0.7x
- Liquidity: \$1.2 billion
- Cash flow from operations: \$62 million
- Free cash flow: \$51 million
- Shares repurchased: Approximately 384,000 shares for \$9.4 million

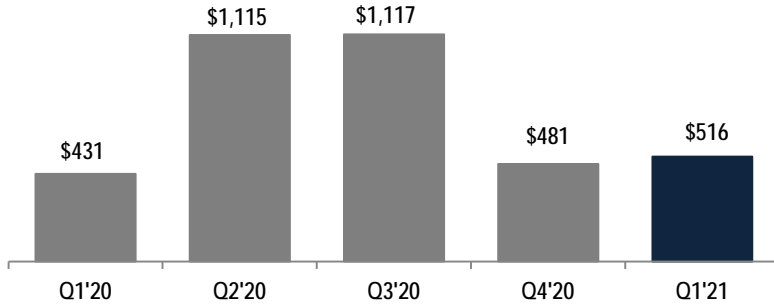
**Well Positioned to Operate in Any Economic Environment**

# Balance Sheet Metrics

(\$ in Millions)

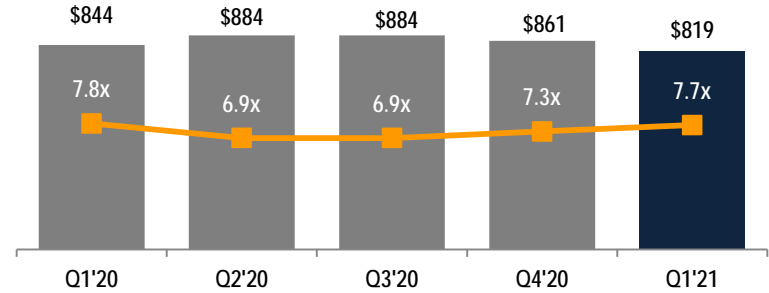


### Cash and Cash Equivalents



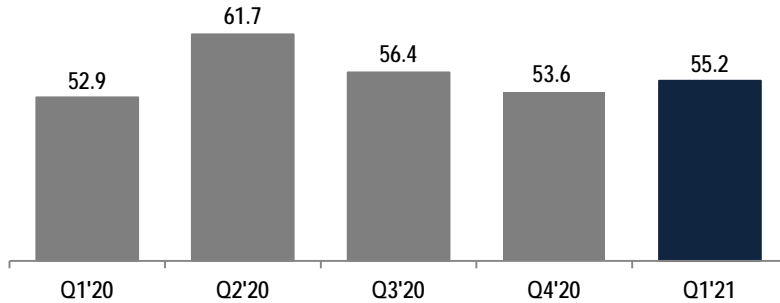
Q2'20 and Q3'20 include \$650 million of borrowings on our cash flow revolver, which we repaid in Q4'20.

### Inventory \$ / Turns



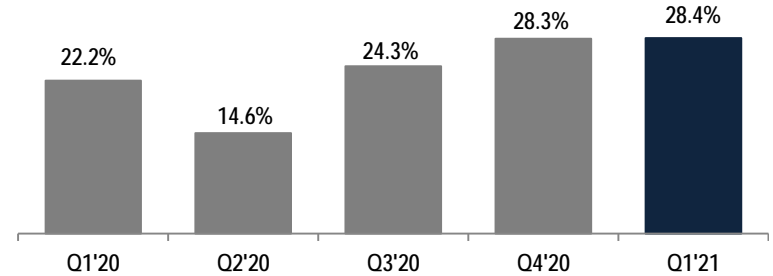
Annualized Inventory turns (a measure of how quickly we sell inventory) are calculated as the ratio of four times non-GAAP cost of sales for the quarter to average inventory.

### Cash Cycle Days



Cash cycle days (a measure of how quickly we convert investments in inventory to cash) is calculated as days inventory on hand (ratio of average inventory for the quarter to average daily non-GAAP 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 non-GAAP cost of sales for the quarter to average accounts payable).

### Non-GAAP Pre-Tax ROIC



Refer to slide 22 for non-GAAP pre-tax ROIC reconciliation.

# Q2'21 Outlook\*

The following outlook for the second fiscal quarter ended April 3, 2021. These statements are forward-looking and actual results may differ materially.

**Revenue:** \$1.65B - \$1.75B

**GAAP Diluted EPS:** \$0.63 - \$0.73

**Non-GAAP Diluted EPS:** \$0.76 - \$0.86

- Overall customer demand relatively stable
- Typical seasonality
- Uncertainty related to supply chain constraints

\*The outlook and statements made during the Q1FY21 earnings call 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, mostly certain notably the ongoing impacts of the COVID-19 pandemic which have reduced demand from our customers, caused supply chain interruptions, and created health risks to our employees and which could result in restrictions on where we can build products, the levels of staffing we can maintain at our plants and the types of products we can build for our customers. Other factors that could cause our results to differ from our outlook include adverse changes to the key markets we target; significant uncertainties that can cause our future sales and net income to be variable; reliance on a small number of customers for a substantial portion of our sales; risks arising from our international operations; and the other factors set forth in the Company's annual and quarterly reports filed with the Securities Exchange Commission ("SEC").

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CEO  
Remarks

Jure Sola

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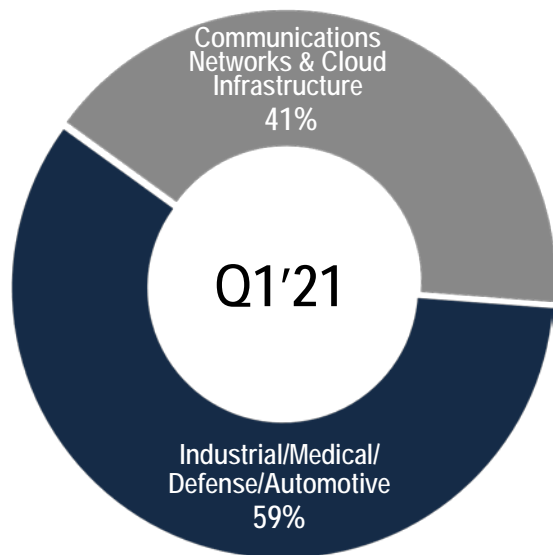


# Q1'21 Key Drivers

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- Focused on employee safety
- Delivered superior customer satisfaction
- Drove operating efficiencies and better mix
- Generated free cash flow

# Revenue By End-Market



\$ in Millions	Q1'20	Q2'20	Q3'20	Q4'20*	Q1'21
Communications Networks & Cloud Infrastructure	\$733	\$624	\$717	\$759	\$723
Industrial/Medical/Defense/Automotive	\$1,107	\$967	\$938	\$1,116	\$1,033
<b>Total</b>	<b>\$1,840</b>	<b>\$1,591</b>	<b>\$1,655</b>	<b>\$1,875</b>	<b>\$1,755</b>

Numbers may not foot due to rounding.

\* Q4'20 was a 14 week quarter, compared to a normal 13 week quarter.

**Top 10 Customers – 58.1% of Revenue**

# Q2'21 End-Market Outlook - Stable



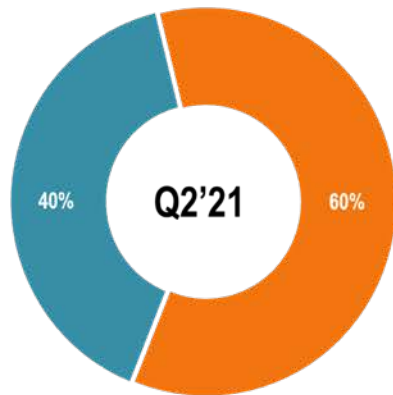
## Communications Networks

Networking, IP routing, advanced optical systems and 5G networks



## Cloud Infrastructure

Enterprise computing and storage



## Industrial

Security and safety, inverters and renewable energy systems, test and measurement, semiconductor equipment and heavy machinery



## Defense and Aerospace

Tactical communications, military aircraft onboard voice and data communications and counter-unmanned aerial systems



## Medical

Lab diagnostic, ventilator, patient monitoring, ultrasound, MRI, CT scan, blood glucose sensor & meters, medication delivery



## Automotive

LIDAR and radar systems, e-motor power management systems, infotainment, safety systems and electronic control systems

**Mission Critical, High-Complexity, Heavily Regulated**

- Provide industry leading end-to-end solutions, technology components and products for our key markets
- Build strong customer partnerships
- Drive sustainable profitable growth with financial discipline
- Deliver operating margin growth and strong cash flow
- Unlock the total value of Sanmina's capabilities and maximize shareholder value

**Substantial Leverage in Our Business Model**



- Q1'21
  - Revenue: \$1.76B, exceeded the midpoint of outlook
  - Non-GAAP operating margin: 5.0%
  - Non-GAAP diluted EPS: \$1.02, exceeded outlook
  - Free cash flow: \$51M
  - Non-GAAP pre-tax ROIC: 28.4%
  
- Q2'21
  - Revenue outlook of \$1.65B - \$1.75B
  - Non-GAAP diluted EPS outlook of \$0.76- \$0.86
  - Relatively stable demand
  - Focused on operational efficiencies and mix
  - Continue to monitor component supply environment

**Focused on Maximizing Shareholder Value**

Consolidated Financial  
Statements  
Reconciliation of  
GAAP vs. Non-GAAP  
Quarter Ended  
January 2, 2021

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**Sanmina Corporation**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(GAAP)

	January 2, 2021	October 3, 2020
(Unaudited)		
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 516,030	\$ 480,526
Accounts receivable, net	1,108,472	1,043,334
Contract assets	350,049	396,583
Inventories	819,474	861,281
Prepaid expenses and other current assets	48,851	37,718
Total current assets	2,842,876	2,819,442
Property, plant and equipment, net	541,188	559,242
Deferred tax assets	269,803	273,470
Other	125,867	120,502
Total assets	\$ 3,779,734	\$ 3,772,656
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 1,143,431	\$ 1,210,049
Accrued liabilities	190,797	171,761
Accrued payroll and related benefits	120,469	122,029
Short-term debt, including current portion of long-term debt	18,750	18,750
Total current liabilities	1,473,447	1,522,589
Long-term liabilities:		
Long-term debt	324,825	329,249
Other	303,514	290,902
Total long-term liabilities	628,339	620,151
Stockholders' equity	1,677,948	1,629,916
Total liabilities and stockholders' equity	\$ 3,779,734	\$ 3,772,656

**Sanmina Corporation**  
**Condensed Consolidated Statements of Income**  
**(in thousands, except per share amounts)**  
**(GAAP)**  
**(Unaudited)**

	Three Months Ended	
	Jan. 2, 2021	Dec. 28, 2019
Net sales	\$ 1,755,249	\$ 1,840,171
Cost of sales	1,614,014	1,705,289
Gross profit	141,235	134,882
Operating expenses:		
Selling, general and administrative	58,967	63,151
Research and development	4,805	5,200
Restructuring and other costs	1,904	9,350
Total operating expenses	65,676	77,701
Operating income	75,559	57,181
Interest income	230	310
Interest expense	(4,954)	(5,877)
Other income, net	1,867	1,318
Interest and other, net	(2,857)	(4,249)
Income before income taxes	72,702	52,932
Provision for income taxes	24,681	14,587
Net income	\$ 48,021	\$ 38,345
Basic income per share	\$ 0.74	\$ 0.55
Diluted income per share	\$ 0.72	\$ 0.53
Weighted-average shares used in computing per share amounts:		
Basic	65,243	70,178
Diluted	66,818	72,598

**Sanmina Corporation**  
**Reconciliation of GAAP to Non-GAAP Measures**  
(in thousands, except per share amounts)  
(Unaudited)

	Three Month Periods				
	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20
GAAP Gross Profit	\$ 141,235	\$ 151,931	\$ 131,473	\$ 107,421	\$ 134,882
GAAP gross margin	8.0%	8.1%	7.9%	6.8%	7.3%
Adjustments					
Stock compensation expense (1)	3,421	1,833	2,772	2,582	2,912
Legal and other (3)	1,873	2,346	-	-	-
Distressed customer charges (2)	(325)	-	330	-	-
<b>Non-GAAP Gross Profit</b>	<b>\$ 146,204</b>	<b>\$ 156,110</b>	<b>\$ 134,575</b>	<b>\$ 110,003</b>	<b>\$ 137,794</b>
Non-GAAP gross margin	8.3%	8.3%	8.1%	6.9%	7.5%
GAAP Operating Expenses	\$ 65,676	\$ 69,897	\$ 67,370	\$ 83,052	\$ 77,701
Adjustments					
Stock compensation expense (1)	(4,788)	(2,359)	(4,582)	(5,201)	(3,994)
Amortization of intangible assets	-	(817)	(63)	(63)	(190)
Distressed customer charges (2)	-	531	(1,169)	-	-
Restructuring costs	(1,904)	(6,455)	(2,812)	(8,356)	(9,160)
Gain on sales of long-lived assets	-	604	-	-	-
Goodwill and other asset impairments	-	-	-	(6,609)	-
<b>Non-GAAP Operating Expenses</b>	<b>\$ 58,984</b>	<b>\$ 61,401</b>	<b>\$ 58,744</b>	<b>\$ 62,823</b>	<b>\$ 64,357</b>
GAAP Operating Income	\$ 75,559	\$ 82,034	\$ 64,103	\$ 24,369	\$ 57,181
GAAP operating margin	4.3%	4.4%	3.9%	1.5%	3.1%
Adjustments					
Stock compensation expense (1)	8,209	4,192	7,354	7,783	6,906
Amortization of intangible assets	-	817	63	63	190
Legal and other (3)	1,873	2,346	-	-	-
Distressed customer charges (2)	(325)	(531)	1,499	-	-
Restructuring costs	1,904	6,455	2,812	8,356	9,160
Gain on sales of long-lived assets	-	(604)	-	-	-
Goodwill and other asset impairments	-	-	-	6,609	-
<b>Non-GAAP Operating Income</b>	<b>\$ 87,220</b>	<b>\$ 94,709</b>	<b>\$ 75,831</b>	<b>\$ 47,180</b>	<b>\$ 73,437</b>
Non-GAAP operating margin	5.0%	5.1%	4.6%	3.0%	4.0%
GAAP Interest and Other, net	\$ (2,857)	\$ (4,902)	\$ (4,496)	\$ (13,282)	\$ (4,249)
Adjustments					
Legal and other (3)	-	(729)	-	(259)	-
<b>Non-GAAP Interest and Other, net</b>	<b>\$ (2,857)</b>	<b>\$ (5,631)</b>	<b>\$ (4,496)</b>	<b>\$ (13,541)</b>	<b>\$ (4,249)</b>
GAAP Provision for Income Taxes	\$ 24,681	\$ 25,526	\$ 14,727	\$ 6,205	\$ 14,587
Adjustments					
Tax impact of non-GAAP adjustments	280	285	602	222	391
Discrete tax items	(6,451)	(5,991)	3,152	3,244	(2,526)
Deferred tax adjustments	(2,481)	(6,163)	(7,141)	1,189	(690)
<b>Non-GAAP Provision for Income Taxes</b>	<b>\$ 16,029</b>	<b>\$ 13,657</b>	<b>\$ 11,340</b>	<b>\$ 10,860</b>	<b>\$ 11,762</b>
GAAP Net Income	\$ 48,021	\$ 51,606	\$ 44,880	\$ 4,882	\$ 38,345
Adjustments:					
Operating income adjustments (see above)	11,661	12,675	11,728	22,811	16,256
Legal and other (3)	-	(729)	-	(259)	-
Adjustments for taxes	8,652	11,869	3,387	(4,655)	2,825
<b>Non-GAAP Net Income</b>	<b>\$ 68,334</b>	<b>\$ 75,421</b>	<b>\$ 59,995</b>	<b>\$ 22,779</b>	<b>\$ 57,426</b>
<b>GAAP Net Income Per Share:</b>					
Basic	\$ 0.74	\$ 0.77	\$ 0.66	\$ 0.07	\$ 0.55
Diluted	\$ 0.72	\$ 0.75	\$ 0.64	\$ 0.07	\$ 0.53
<b>Non-GAAP Net Income Per Share:</b>					
Basic	\$ 1.05	\$ 1.12	\$ 0.88	\$ 0.32	\$ 0.82
Diluted	\$ 1.02	\$ 1.10	\$ 0.86	\$ 0.32	\$ 0.79
Weighted-average shares used in computing per share amounts:					
Basic	65,243	67,329	68,216	70,584	70,178
Diluted	66,818	68,799	69,645	72,245	72,598

(1) Stock compensation expense was as follows:

	Three Month Periods				
	Q1'21	Q4'20	Q3'20	Q2'20	Q1'20
Cost of sales	\$ 3,421	\$ 1,833	\$ 2,772	\$ 2,582	\$ 2,912
Selling, general and administrative	4,718	2,349	4,496	5,127	3,925
Research and development	70	10	86	74	69
Total	<b>\$ 8,209</b>	<b>\$ 4,192</b>	<b>\$ 7,354</b>	<b>\$ 7,783</b>	<b>\$ 6,906</b>

(2) Relates to accounts receivable and inventory write-downs (recoveries) associated with distressed customers.

(3) Represents expenses, charges and recoveries associated with certain legal matters

	Q2 FY21 EPS Range*	
	Low	High
GAAP diluted earnings per share	\$ 0.63	\$ 0.73
Stock compensation expense	\$ 0.13	\$ 0.13
Non-GAAP diluted earnings per share	<b>\$ 0.76</b>	<b>\$ 0.86</b>

\* Due to uncertainty regarding the timing of recognition of restructuring charges, impairment charges and charges for other unusual or infrequent items, if any, that could be incurred during the second quarter of FY21, an estimate of such charges is not included in the outlook for Q2 FY21 GAAP EPS.

**Sanmina Corporation**  
**Pre-Tax Return on Invested Capital (ROIC)**  
(in thousands)

	<b>Q1 FY21</b>
<b>Pre-tax Return on Invested Capital (ROIC)</b>	
GAAP operating income	\$ 75,559
	x 4.0
Annualized GAAP operating income	302,236
Average invested capital (1)	÷ 1,229,805
<b>GAAP pre-tax ROIC</b>	<b>24.6%</b>
Non-GAAP operating income	\$ 87,220
	x 4.0
Annualized non-GAAP operating income	348,880
Average invested capital (1)	÷ 1,229,805
<b>Non-GAAP pre-tax ROIC</b>	<b>28.4%</b>

(1) Invested capital is defined as total assets (not including cash and cash equivalents and deferred tax assets) less total liabilities (excluding short-term and long-term debt).

**Sanmina Corporation**  
**Condensed Consolidated Cash Flow**  
**(in thousands)**  
**(Unaudited)**

	Three Month Periods	
	Q1'21	Q1'20
GAAP Net Income	\$ 48,021	\$ 38,345
Depreciation and amortization	27,635	28,735
Other, net	11,556	9,589
Net change in net working capital	(25,401)	(55,498)
Cash provided by operating activities	61,811	21,171
Sales of short-term investments	-	-
Purchases of long-term investments	-	-
Net purchases of property & equipment	(11,191)	(28,046)
Cash used in investing activities	(11,191)	(28,046)
Net share repurchases	(11,472)	(12,698)
Net borrowing activities	(4,688)	(4,688)
Cash used in financing activities	(16,160)	(17,386)
Effect of exchange rate changes	1,044	84
Net change in cash & cash equivalents	\$ 35,504	\$ (24,177)
Free cash flow:		
Cash provided by operating activities	\$ 61,811	\$ 21,171
Net purchases of property & equipment	(11,191)	(28,046)
	\$ 50,620	\$ (6,875)

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