

Q2 FY'21  
Results

May 3, 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 third 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 and our ability to fully staff our plants. 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 20 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.

Financial  
Review  
Kurt Adzema

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# Q2'21 Non-GAAP Financial Highlights



	Q2'21	Outlook <u>WAS</u>	<u>Commentary</u>
Revenue	\$1.7B	\$1.65B - \$1.75B	▪ Midpoint of outlook
Gross Margin	8.6%	7.6% - 8.2%	▪ 4 <sup>th</sup> consecutive quarter of gross margin over 8%
Operating Margin	5.0%	4.1% - 4.7%	▪ 3 <sup>rd</sup> consecutive quarter of operating margin of 5% or greater
Diluted EPS	\$1.01	\$0.76 - \$0.86	▪ Exceeded outlook

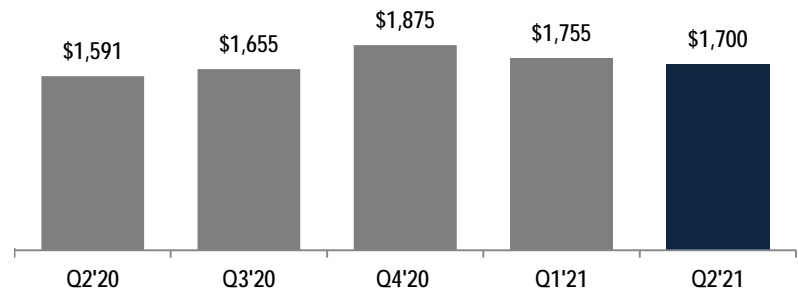
**Managed Supply Chain and COVID Challenges to  
Deliver Solid Results**

# P&L Performance\*

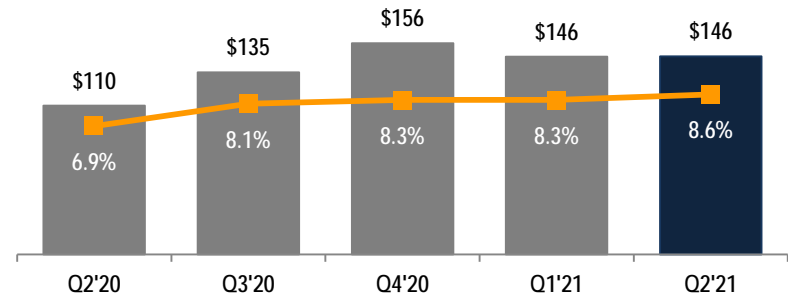
(\$ in Millions, except per share data)



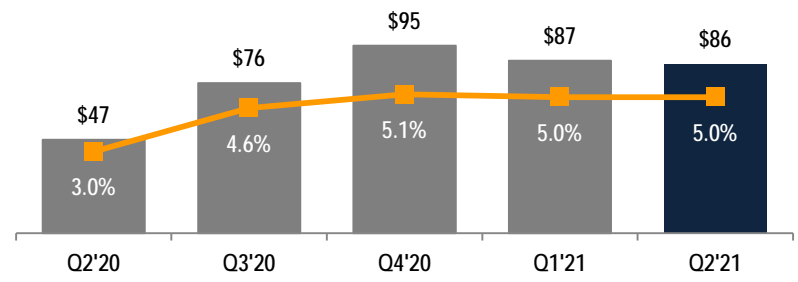
### Revenue



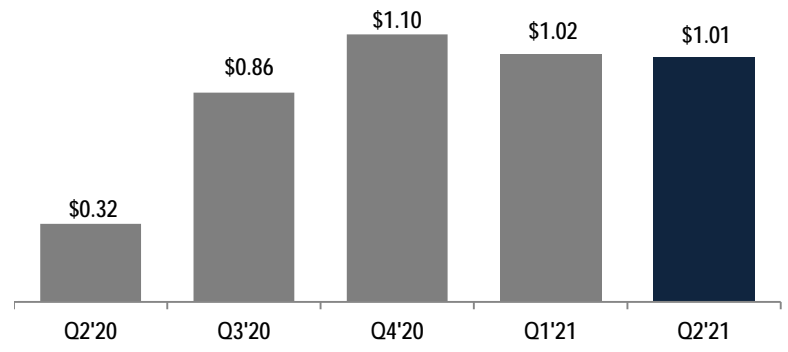
### Non-GAAP Gross Profit / Margin



### Non-GAAP Operating Income / Margin



### Non-GAAP Earnings Per Share



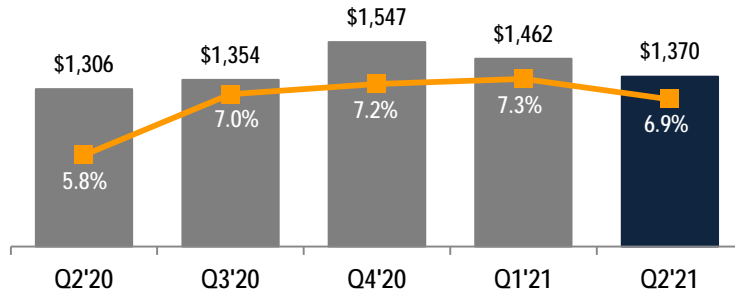
\*Q4'20 was a 14 week quarter, compared to a normal 13 week quarter.

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

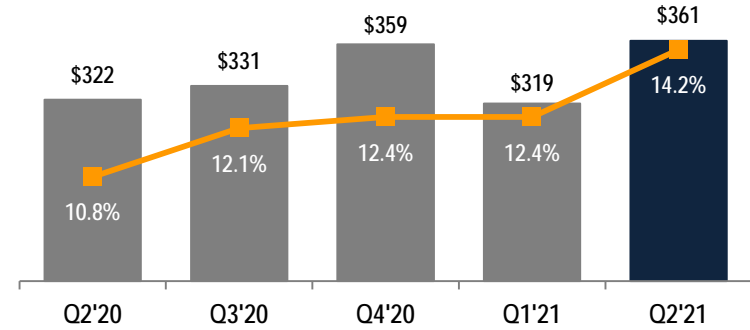
(\$ in Millions)



### Integrated Manufacturing Solutions



### Components, Products and Services



**Overall Non-GAAP Gross Margin of 8.6%**

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

# Strong Balance Sheet

- Cash and cash equivalents: \$575M, increase of \$59M sequentially
- Debt to cash ratio: 0.6x
- Liquidity: \$1.3B
- Cash flow from operations: Q2 \$81M, YTD \$143M
- Free cash flow: Q2 \$67M, YTD \$117M

**Financial Flexibility to Support Long-Term Objectives**

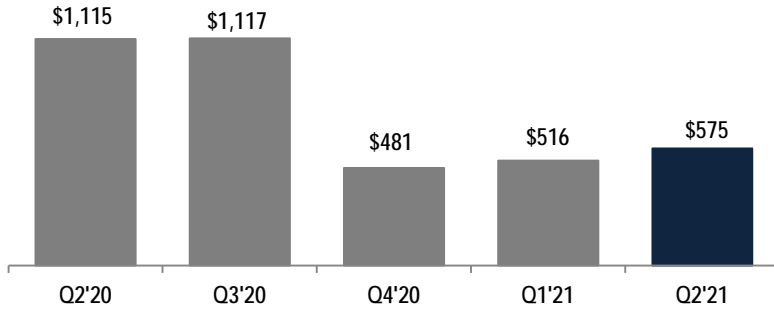


# Balance Sheet Metrics

(\$ in Millions)

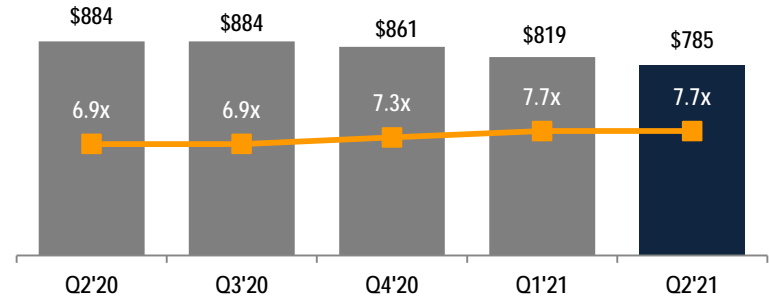


### Cash and Cash Equivalents



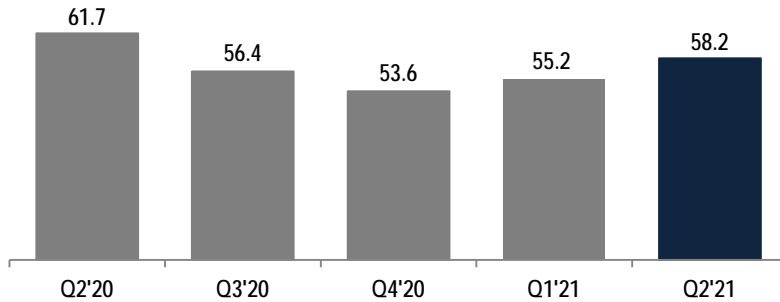
Q2'20 and Q3'20 include \$650 million of borrowings on our cash flow revolver, which we repaid in Q4'20.

### Inventory \$ / Turns



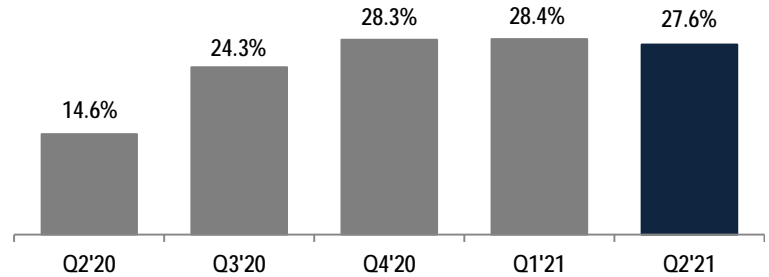
Annualized Inventory turns (a measure of how quickly we sell inventory) are calculated as the ratio of four times non-GAAP cost of sales for the quarter to average inventory.

### 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



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

**Revenue:** \$1.675B - \$1.775B

**GAAP Diluted EPS:** \$0.71 - \$0.81

**Non-GAAP Diluted EPS:** \$0.84 - \$0.94

- Stronger demand
- Supply constraint uncertainty
- Ongoing effects of COVID-19
- Expect positive free cash flow

## Well Positioned to Benefit From Economic Recovery

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CEO  
Remarks  
Jure Sola



# Q2'21 Key Drivers

Stable  
Demand

- Broad-based

Favorable Mix

- Growth in CPS

Operational  
Execution

- Driving efficiencies

Supply Chain  
Excellence

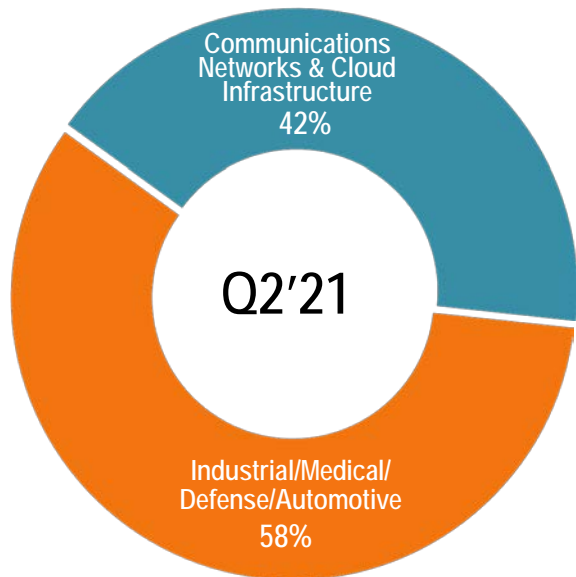
- Executed well despite supply challenges

Cash  
Management

- Strong cash flow

**Executing Well in Dynamic Environment**

# Q2'21 Revenue By End-Market



(\$ in Millions)	Q2'20	Q3'20	Q4'20*	Q1'21	Q2'21
Communications Networks & Cloud Infrastructure	\$624	\$717	\$759	\$723	\$719
Industrial/Medical/Defense/Automotive	\$967	\$938	\$1,116	\$1,033	\$981
<b>Total</b>	<b>\$1,591</b>	<b>\$1,655</b>	<b>\$1,875</b>	<b>\$1,755</b>	<b>\$1,700</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 – 53.6% of Revenue**

# Q3'21 End-Market Outlook



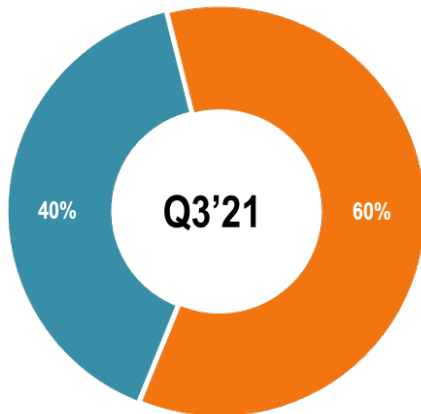
## Communications Networks

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, Heavily Regulated Markets**

# Management Priorities



Provide industry leading end-to-end technology solutions



Build on our strong customer partnerships



Drive profitable growth



Manage supply chain and logistics



Deliver sustainable financial metrics



Unlock the total value of Sanmina's capabilities

**Delivering Competitive Advantage to Our Customers**

- Q2'21
  - Revenue: \$1.7B, at midpoint of outlook
  - Non-GAAP operating margin: 5.0%
  - Non-GAAP diluted EPS: \$1.01, exceeded outlook
  - Free cash flow: \$67M
  - Executed well in dynamic environment
  
- Q3'21
  - Stronger demand
  - Continue to manage the supply chain and COVID-19
  - Remain focused on financial metrics
  - Revenue outlook: \$1.675B - \$1.775B
  - Non-GAAP diluted EPS outlook: \$0.84- \$0.94

**Strong Foundation and Building For the Future**



Consolidated Financial  
Statements  
Reconciliation of  
GAAP vs. Non-GAAP  
Quarter Ended  
April 3, 2021

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

	<u>April 3,</u> 2021	<u>October 3,</u> 2020
(Unaudited)		
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 575,176	\$ 480,526
Accounts receivable, net	1,122,962	1,043,334
Contract assets	334,957	396,583
Inventories	785,406	861,281
Prepaid expenses and other current assets	38,584	37,718
Total current assets	<u>2,857,085</u>	<u>2,819,442</u>
Property, plant and equipment, net	529,651	559,242
Deferred tax assets	259,943	273,470
Other	123,550	120,502
Total assets	<u>\$ 3,770,229</u>	<u>\$ 3,772,656</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,108,994	\$ 1,210,049
Accrued liabilities	176,148	171,761
Accrued payroll and related benefits	114,704	122,029
Short-term debt, including current portion of long-term debt	18,750	18,750
Total current liabilities	<u>1,418,596</u>	<u>1,522,589</u>
Long-term liabilities:		
Long-term debt	320,405	329,249
Other	296,121	290,902
Total long-term liabilities	<u>616,526</u>	<u>620,151</u>
Stockholders' equity	1,735,107	1,629,916
Total liabilities and stockholders' equity	<u>\$ 3,770,229</u>	<u>\$ 3,772,656</u>

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

	Three Months Ended		Six Months Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Net sales	\$ 1,699,677	\$ 1,590,550	\$ 3,454,926	\$ 3,430,721
Cost of sales	1,556,579	1,483,129	3,170,593	3,188,418
Gross profit	<u>143,098</u>	<u>107,421</u>	<u>284,333</u>	<u>242,303</u>
Operating expenses:				
Selling, general and administrative	61,142	62,257	120,109	125,408
Research and development	5,353	5,767	10,158	10,967
Restructuring and other costs	11,880	15,028	13,784	24,378
Total operating expenses	<u>78,375</u>	<u>83,052</u>	<u>144,051</u>	<u>160,753</u>
Operating income	64,723	24,369	140,282	81,550
Interest income	244	418	474	728
Interest expense	(4,880)	(6,040)	(9,834)	(11,917)
Other income (expense), net	6,143	(7,660)	8,010	(6,342)
Interest and other, net	<u>1,507</u>	<u>(13,282)</u>	<u>(1,350)</u>	<u>(17,531)</u>
Income before income taxes	66,230	11,087	138,932	64,019
Provision for income taxes	19,193	6,205	43,874	20,792
Net income	<u>\$ 47,037</u>	<u>\$ 4,882</u>	<u>\$ 95,058</u>	<u>\$ 43,227</u>
Basic income per share	\$ 0.72	\$ 0.07	\$ 1.46	\$ 0.61
Diluted income per share	\$ 0.70	\$ 0.07	\$ 1.42	\$ 0.60
Weighted-average shares used in computing per share amounts:				
Basic	65,249	70,584	65,244	70,377
Diluted	66,957	72,245	66,887	72,429

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

	Three Month Periods				
	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20
GAAP Gross Profit	\$ 143,098	\$ 141,235	\$ 151,931	\$ 131,473	\$ 107,421
GAAP gross margin	8.4%	8.0%	8.1%	7.9%	6.8%
Adjustments					
Stock compensation expense (1)	3,629	3,421	1,833	2,772	2,582
Legal and other (3)	-	1,873	2,346	-	-
Distressed customer charges (2)	(296)	(325)	-	330	-
<b>Non-GAAP Gross Profit</b>	<b>\$ 146,431</b>	<b>\$ 146,204</b>	<b>\$ 156,110</b>	<b>\$ 134,575</b>	<b>\$ 110,003</b>
<b>Non-GAAP gross margin</b>	<b>8.6%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.1%</b>	<b>6.9%</b>
GAAP Operating Expenses	\$ 78,375	\$ 65,676	\$ 69,897	\$ 67,370	\$ 83,052
Adjustments					
Stock compensation expense (1)	(5,595)	(4,788)	(2,359)	(4,582)	(5,201)
Amortization of intangible assets	-	-	(817)	(63)	(63)
Distressed customer charges (2)	-	-	531	(1,169)	-
Restructuring costs	(11,880)	(1,904)	(6,455)	(2,812)	(8,356)
Gain on sales of long-lived assets	-	-	604	-	-
Goodwill and other asset impairments	-	-	-	-	(6,609)
<b>Non-GAAP Operating Expenses</b>	<b>\$ 60,900</b>	<b>\$ 58,984</b>	<b>\$ 61,401</b>	<b>\$ 58,744</b>	<b>\$ 62,823</b>
GAAP Operating Income	\$ 64,723	\$ 75,559	\$ 82,034	\$ 64,103	\$ 24,369
GAAP operating margin	3.8%	4.3%	4.4%	3.9%	1.5%
Adjustments					
Stock compensation expense (1)	9,224	8,209	4,192	7,354	7,783
Amortization of intangible assets	-	-	817	63	63
Legal and other (3)	-	1,873	2,346	-	-
Distressed customer charges (2)	(296)	(325)	(531)	1,499	-
Restructuring costs	11,880	1,904	6,455	2,812	8,356
Gain on sales of long-lived assets	-	-	(604)	-	-
Goodwill and other asset impairments	-	-	-	-	6,609
<b>Non-GAAP Operating Income</b>	<b>\$ 85,531</b>	<b>\$ 87,220</b>	<b>\$ 94,709</b>	<b>\$ 75,831</b>	<b>\$ 47,180</b>
<b>Non-GAAP operating margin</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>3.0%</b>
GAAP Interest and Other, net	\$ 1,507	\$ (2,857)	\$ (4,902)	\$ (4,496)	\$ (13,282)
Adjustments					
Legal and other (3)	(4,807)	-	(729)	-	(259)
<b>Non-GAAP Interest and Other, net</b>	<b>\$ (3,300)</b>	<b>\$ (2,857)</b>	<b>\$ (5,631)</b>	<b>\$ (4,496)</b>	<b>\$ (13,541)</b>
GAAP Provision for Income Taxes	\$ 19,193	\$ 24,681	\$ 25,526	\$ 14,727	\$ 6,205
Adjustments					
Tax impact of non-GAAP adjustments	284	280	285	602	222
Discrete tax items	(232)	(6,451)	(5,991)	3,152	3,244
Deferred tax adjustments	(4,454)	(2,481)	(6,163)	(7,141)	1,189
<b>Non-GAAP Provision for Income Taxes</b>	<b>\$ 14,791</b>	<b>\$ 16,029</b>	<b>\$ 13,657</b>	<b>\$ 11,340</b>	<b>\$ 10,860</b>
GAAP Net Income	\$ 47,037	\$ 48,021	\$ 51,606	\$ 44,880	\$ 4,882
Adjustments:					
Operating income adjustments (see above)	20,808	11,661	12,675	11,728	22,811
Legal and other (3)	(4,807)	-	(729)	-	(259)
Adjustments for taxes	4,402	8,652	11,869	3,387	(4,655)
<b>Non-GAAP Net Income</b>	<b>\$ 67,440</b>	<b>\$ 68,334</b>	<b>\$ 75,421</b>	<b>\$ 59,995</b>	<b>\$ 22,779</b>
<b>GAAP Net Income Per Share:</b>					
Basic	\$ 0.72	\$ 0.74	\$ 0.77	\$ 0.66	\$ 0.07
Diluted	\$ 0.70	\$ 0.72	\$ 0.75	\$ 0.64	\$ 0.07
<b>Non-GAAP Net Income Per Share:</b>					
Basic	\$ 1.03	\$ 1.05	\$ 1.12	\$ 0.88	\$ 0.32
Diluted	\$ 1.01	\$ 1.02	\$ 1.10	\$ 0.86	\$ 0.32
Weighted-average shares used in computing per share amounts:					
Basic	65,249	65,243	67,329	68,216	70,584
Diluted	66,957	66,818	68,799	69,645	72,245

(1) Stock compensation expense was as follows:

	Three Month Periods				
	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20
Cost of sales	\$ 3,629	\$ 3,421	\$ 1,833	\$ 2,772	\$ 2,582
Selling, general and administrative	5,479	4,718	2,349	4,496	5,127
Research and development	116	70	10	86	74
Total	<b>\$ 9,224</b>	<b>\$ 8,209</b>	<b>\$ 4,192</b>	<b>\$ 7,354</b>	<b>\$ 7,783</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

**Earnings Per Share Outlook:**

	Q3 FY21 EPS Range*	
	Low	High
GAAP diluted earnings per share	\$ 0.71	\$ 0.81
Stock compensation expense	\$ 0.13	\$ 0.13
Non-GAAP diluted earnings per share	<b>\$ 0.84</b>	<b>\$ 0.94</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 third quarter of FY21, an estimate of such charges is not included in the outlook for Q3 FY21 GAAP EPS.

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

	<b>Q2 FY21</b>
<b>Pre-tax Return on Invested Capital (ROIC)</b>	
GAAP operating income	\$ 64,723
	x <u>4.0</u>
Annualized GAAP operating income	258,892
Average invested capital (1)	÷ <u>1,237,417</u>
<b>GAAP pre-tax ROIC</b>	<b><u><u>20.9%</u></u></b>
Non-GAAP operating income	\$ 85,531
	x <u>4.0</u>
Annualized non-GAAP operating income	342,124
Average invested capital (1)	÷ <u>1,237,417</u>
<b>Non-GAAP pre-tax ROIC</b>	<b><u><u>27.6%</u></u></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 Statement**  
(in thousands)  
(Unaudited)

	Three Month Periods		
	Q2'21	Q1'21	Q2'20
GAAP Net Income	\$ 47,037	\$ 48,021	\$ 4,882
Depreciation and amortization	27,196	27,635	28,042
Other, net	19,498	11,556	16,029
Net change in net working capital	<u>(12,642)</u>	<u>(25,401)</u>	<u>86,775</u>
Cash provided by operating activities	<u>81,089</u>	<u>61,811</u>	<u>135,728</u>
Net purchases of property & equipment	<u>(14,349)</u>	<u>(11,191)</u>	<u>(16,410)</u>
Cash used in investing activities	<u>(14,349)</u>	<u>(11,191)</u>	<u>(16,410)</u>
Net share repurchases	(1,502)	(11,472)	(64,163)
Net borrowing activities	<u>(4,688)</u>	<u>(4,688)</u>	<u>629,702</u>
Cash used in financing activities	<u>(6,190)</u>	<u>(16,160)</u>	<u>565,539</u>
Effect of exchange rate changes	<u>(1,404)</u>	1,044	<u>(836)</u>
Net change in cash & cash equivalents	<u>\$ 59,146</u>	<u>\$ 35,504</u>	<u>\$ 684,021</u>
Free cash flow:			
Cash provided by operating activities	\$ 81,089	\$ 61,811	\$ 135,728
Net purchases of property & equipment	<u>(14,349)</u>	<u>(11,191)</u>	<u>(16,410)</u>
	<u>\$ 66,740</u>	<u>\$ 50,620</u>	<u>\$ 119,318</u>

# SANMINA **40** YEARS

CELEBRATING OUR PAST, INVESTING IN OUR FUTURE

