

The Flex logo is displayed in white lowercase letters on a dark blue background. The background of the entire slide features a complex geometric pattern of white lines and dots on a light blue sky with clouds.

flex®

Results for Q2 Fiscal 2021

Earnings Announcement: October 29, 2020
(Quarter Ended September 25, 2020)

Risks and Non-GAAP Disclosures

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to future expected revenues and earnings per share and measures that we are taking to respond to the challenges presented by the COVID-19 pandemic and the resulting economic disruptions. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. These risks include: the effects of the COVID-19 pandemic on our business, results of operations and financial condition; that future revenues and earnings may not be achieved as expected; the effects that the current macroeconomic environment could have on our business and demand for our products; the effects that current credit and market conditions could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations; the challenges of effectively managing our operations, including our ability to control costs and manage changes in our operations; litigation and regulatory investigations and proceedings; compliance with legal and regulatory requirements; the possibility that benefits of the Company's restructuring actions may not materialize as expected; that the expected revenue and margins from recently launched programs may not be realized; our dependence on a small number of customers; the impact of component shortages, including their impact on our revenues; geopolitical risk, including the termination and renegotiation of international trade agreements and trade policies, including the impact of tariffs and related regulatory actions; and that recently proposed changes or future changes in tax laws in certain jurisdictions where we operate could materially impact our tax expense. In addition, the COVID-19 pandemic increases the likelihood and potential severity of many of the foregoing risks. The making of any statement in our presentation does not constitute an admission by Flex or any other person that the events or circumstances described in such statement are material.

Additional information concerning these and other risks is described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended March 31, 2020. Our share repurchase program does not obligate the Company to repurchase a specific number of shares and may be suspended or terminated at any time without prior notice.

Please refer to the appendix section of this presentation for 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 figures presented in this presentation have been rounded. This may lead to individual values not adding up to the totals presented.

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

Flex Reliability Solutions

Automotive: autonomous, connectivity, electrification and smart technologies.

Health Solutions: medical devices, medical equipment, and drug delivery.

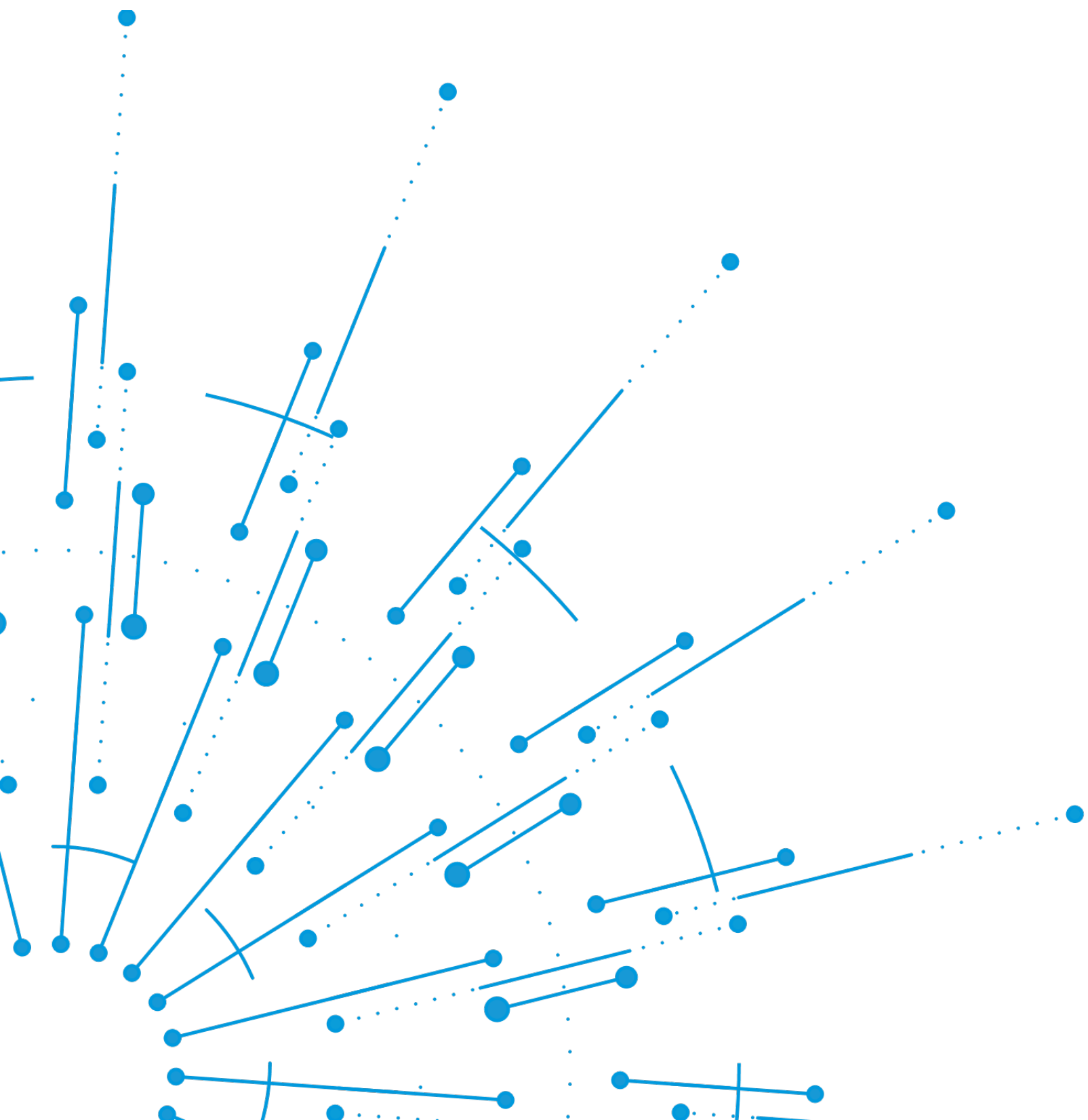
Industrial: capital equipment, industrial devices, renewable & grid edge and power systems.

Flex Agility Solutions

CEC: data infrastructure, edge infrastructure and communications infrastructure.

Lifestyle: appliances, consumer packaging, floorcare, micro mobility and audio.

Consumer Devices: mobile and high velocity consumer devices.

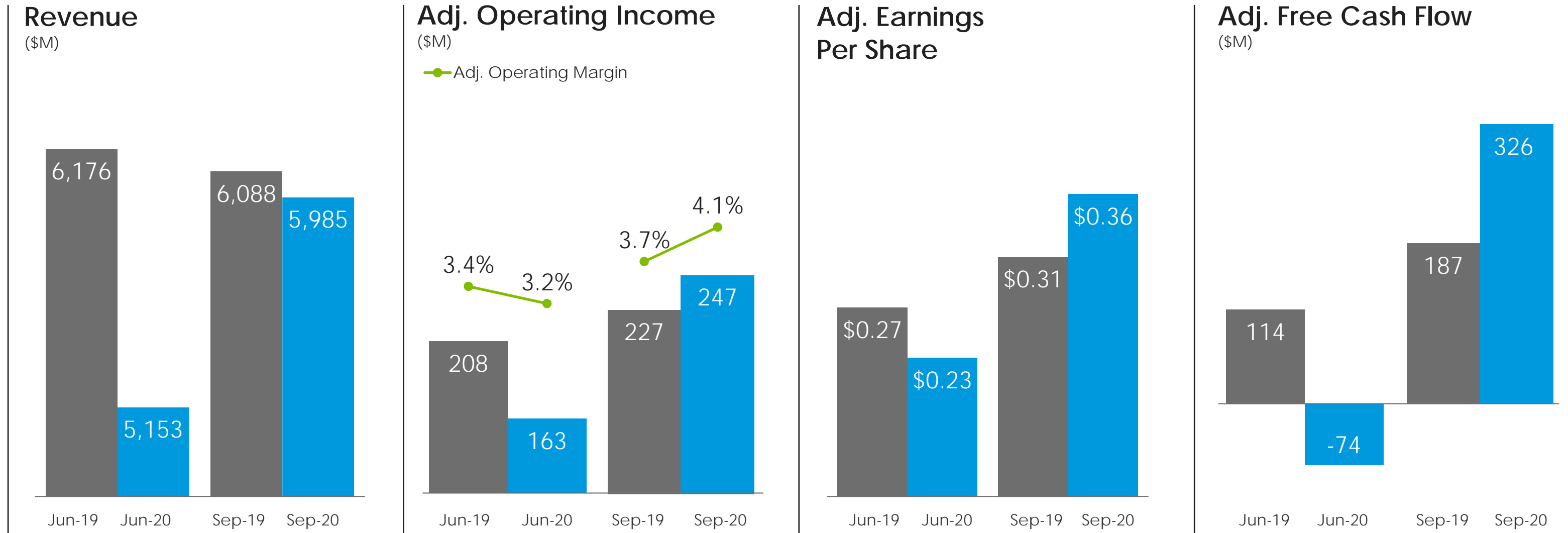


Business Update

Revathi Advaiti, CEO

Q2 FY2021 Financial Summary

Disciplined focus and execution through a challenging macro environment



Q2 FY2021 Business Highlights

Diversification strategy and targeted commercial focus provided strength and balance despite a challenging macro environment

- COVID-19 continued to affect demand
- Flex Reliability Solutions revenue of \$2.7B, +19% Q/Q and +6% Y/Y
 - Health Solutions demand for COVID-related critical care products remained strong
 - Automotive recovered meaningfully from Q1 trough, but still down Y/Y
- Flex Agility Solutions revenue of \$3.3B, +14% Q/Q, -7% Y/Y
 - Significant recovery in Lifestyle driven by robust demand for premium products in floorcare, appliance and audio
 - Steady demand for 5G products and critical infrastructure supporting work and learn from home applications in CEC
- Strong operating performance despite top line pressure
 - Adjusted operating margin expansion of +40 bps Y/Y
 - Robust adjusted free cash flow generation of \$326M

Guided by consistent business principles



Manage

portfolio to improve mix and profitability



Drive

disciplined, sustainable execution



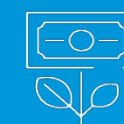
Pursue

design-led manufacturing for better margins



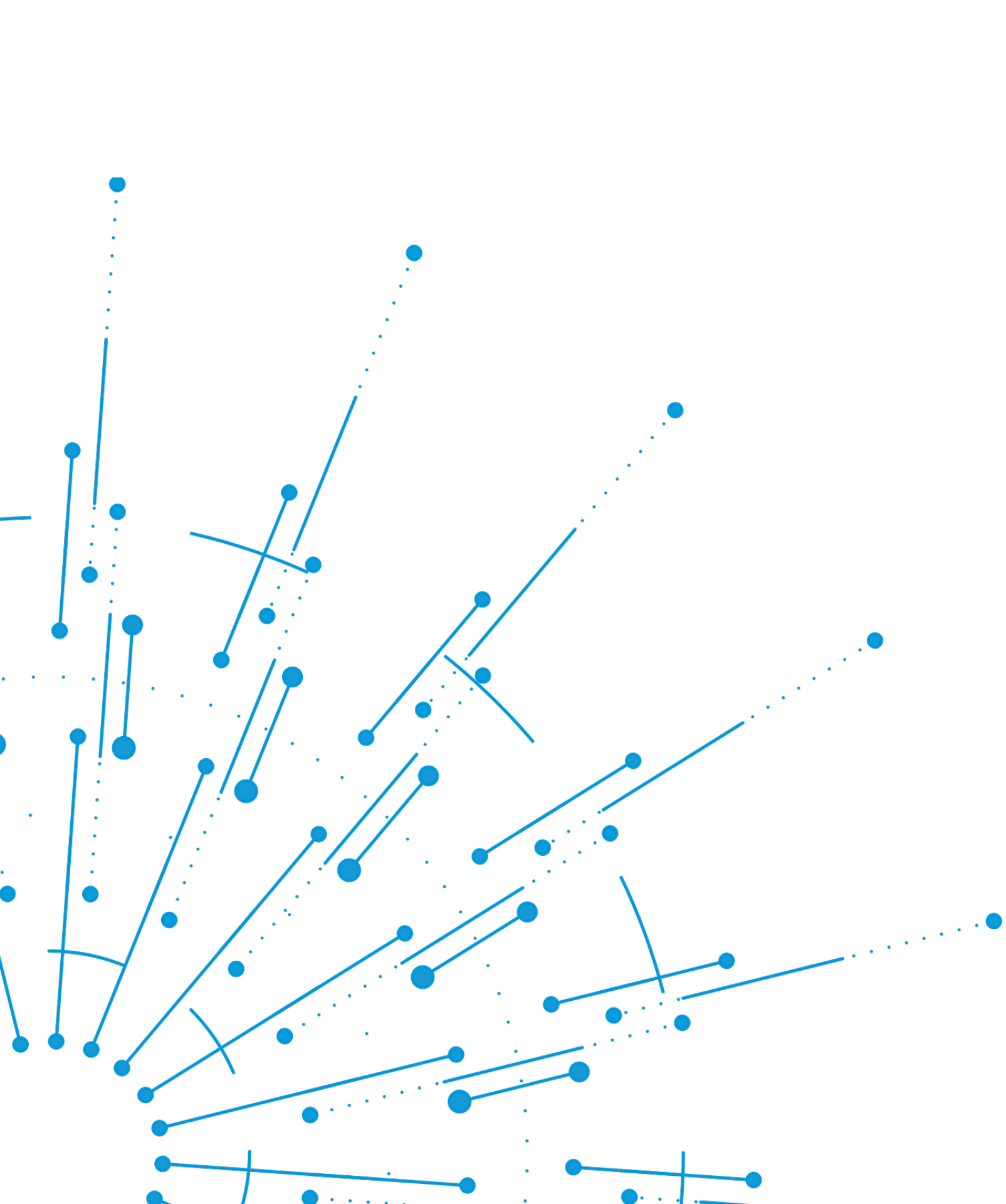
Generate

adjusted FCF with prudent capital allocation



Grow

drive profitable growth and market leadership



Q2 2021 Financial Results

Paul Lundstrom, CFO

Q2 FY2021 Income Statement Summary

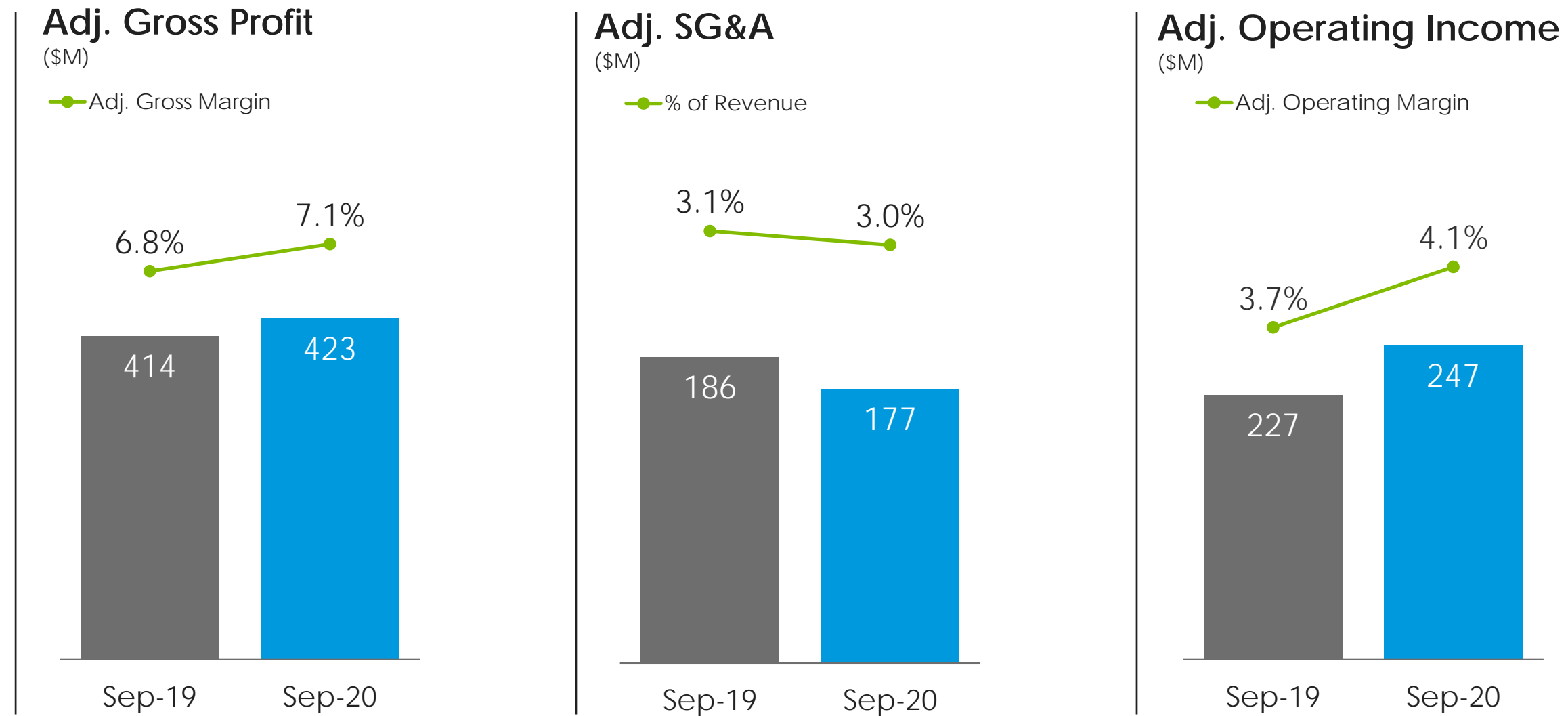
Disciplined focus and execution through a challenging macro environment

(\$M, except per share amounts)

	Prior Yr September 27, 2019	Current Qtr September 25, 2020
Net sales	\$6,088	\$5,985
Adjusted operating income	227	247
Adjusted net income	158	180
Adjusted EPS	\$0.31	\$0.36
GAAP income (loss) before income taxes	(\$96)	\$153
GAAP net income (loss)	(117)	113
GAAP EPS (loss)	(\$0.23)	\$0.22

Quarterly Financial Highlights

Solid execution drove margin expansion



Q2 FY2021 Segment Performance

	Revenue			Adj. Operating Income & Margin				
	(\$M)	Q/Q	Y/Y	(\$M)	Y/Y	(%)	Y/Y	
Flex Reliability Solutions	\$2,667	19%	6%	\$179	12%	6.7%	+30 bps	<p>Health Solutions: COVID-related critical care product demand remained strong</p> <p>Automotive: Sites operated for full quarter, alleviating prior under absorption drag</p> <p>Industrial: Growth driven by power solutions and renewables</p>
Flex Agility Solutions	\$3,318	14%	-7%	\$88	-7%	2.7%	+10 bps	<p>CEC: Networking and cloud growth offset weak enterprise IT spending</p> <p>Lifestyle: Increased demand for high-end durable goods across multiple product categories</p> <p>Consumer Devices: Prolonged recovery in emerging markets</p>
Corporate Services & Other*	--	--	--	(\$20)	--	--	--	--
Total	\$5,985	16%	-2%	\$247	9%	4.1%	+40 bps	

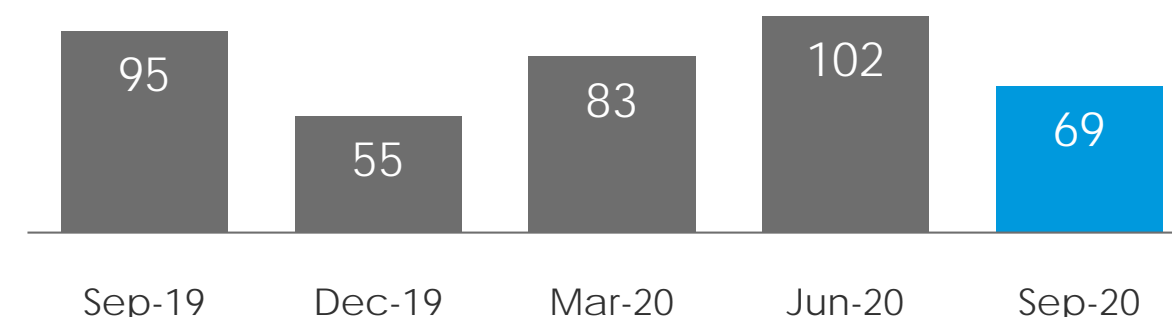
*Corporate Services and Other: centralized administrative costs that are not included in the assessment of the performance of each of the identified segments

Cash Flow Highlights

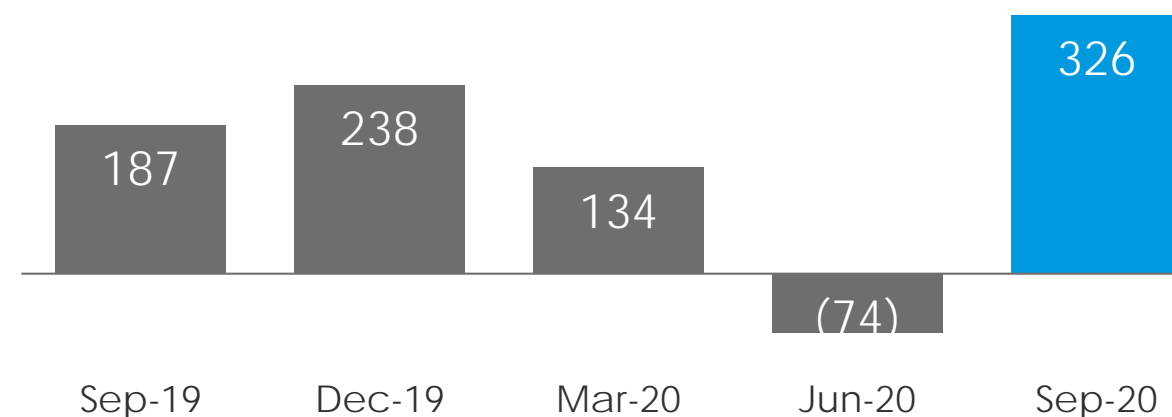
Strong Q2 cash flow rebound

(\$M)	3-Months Ended	6-Months Ended
	(Sep 25, 2020)	
GAAP net income	\$113	\$165
Depreciation, amortization and other impairment charges	190	346
Change in working capital and other (excluding ABS and other)	92	(88)
Purchases of property & equipment, net	(69)	(171)
Adjusted Free Cash Flow	326	252
Debt proceeds, net	201	938
Reduction in ABS levels	(132)	(786)
Other investing and financing, net	29	32
Net change in cash and cash equivalents	\$424	\$436

Net Capital Expenditures* (\$M)



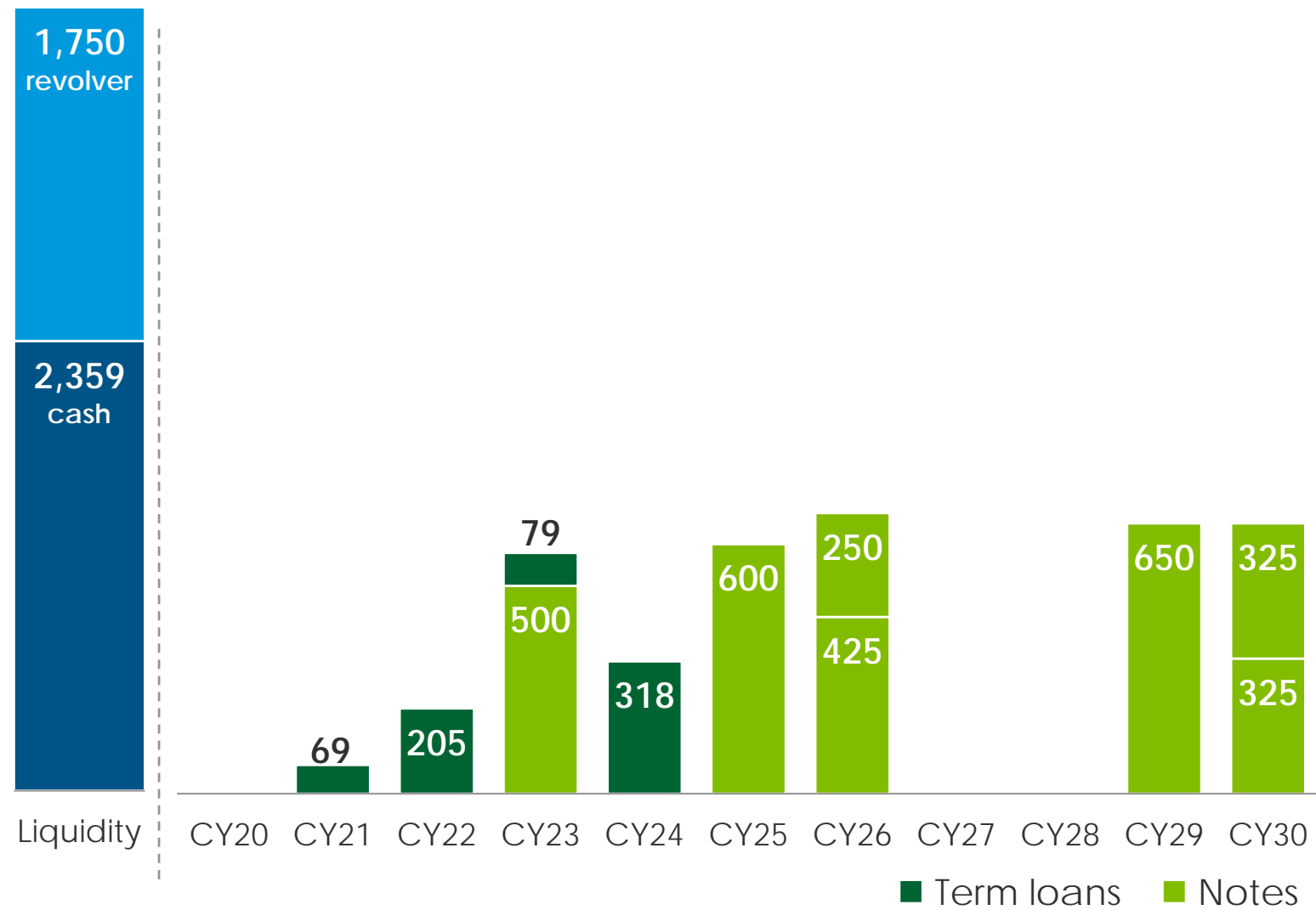
Adjusted Free Cash Flow (\$M)



*Net Capital Expenditures is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.

Liquidity and Cash Position

Strong balance sheet ensures ample liquidity for business needs



(\$M) Balances as of September 25th, 2020

Cash and Liquidity Management

- Ample access to liquidity sources
- Total liquidity (revolver and cash) = \$4.1B
 - \$0.8B of additional liquidity available through undrawn ABS

Debt Profile

- Bond issuance of \$575m in August 2020 to cost effectively extend debt duration from 4.8 years to 5.7 years
- Flexible and balanced maturity profile with no significant near-term maturities
- Investment grade rated

Key Credit Metrics

Net Debt/Adjusted EBITDA 1.1x
 Wt. Avg. maturity ~5.7 years
 Wt. Avg. cost of debt 4%

Third Quarter Fiscal 2021 Update – December 2020

Flex Business Segments

Flex Agility Solutions Segment

Revenue up low to high single digits Q/Q



Lifestyle

- Steady demand in multiple premium product categories

Communications,
Enterprise & Cloud

- Sustained strength in 5G and critical infrastructure products
- Enterprise IT spending soft consistent with macro fundamentals



Consumer Devices

- Meaningful recovery in emerging markets on increased demand for mobile devices



Automotive

- All major geographies recovering
- Expecting overall global production will be down high teens for the year



Health Solutions

- Certain COVID-related products beginning to flatten/ramp down
- Elective procedure demand yet to recover



Industrial

- Strong renewable energy demand
- Core industrial capex beginning to return

Third Quarter Fiscal 2021 Update – December 2020

	Guidance
Revenue	\$6,000 - \$6,400 million
Adjusted Operating Income	\$235 - \$275 million
Adjusted Earnings Per Share	\$0.34 - \$0.40
GAAP Income Before Income Taxes	\$125 – \$160 million
GAAP Earnings Per Share	\$0.21 – \$0.27
Interest & Other Expense	\$40 - \$45 million
Adjusted Income Tax Rate	Mid range of 10% to 15%
WASO	~504 million shares

Segment Revenue Outlook ^(Q/Q)

Flex Reliability Solutions	Up low to mid single digits
Flex Agility Solutions	Up low to high single digits

Guidance for adjusted operating income excludes approximately \$25 million for stock-based compensation, \$15 million intangible amortization expense, approximately \$40 million to \$45 million for interest and other expenses and approximately \$30 million restructuring and other charges from GAAP income before income taxes. Guidance for GAAP earnings per share includes approximately \$0.03 for net intangible amortization, \$0.05 for stock-based compensation expense and \$0.05 for restructuring and other charges not included in adjusted earnings per share.

Moving forward

- Sequential improvements for most end markets
- Temporary dip in Health Solutions demand due to completion of accelerated COVID-related ramps coupled with slow recovery of elective medical procedures
- Visibility is improving though monitoring demand environment and signals carefully
- Expecting seasonality effects in latter part of the year
- Operating with discipline while serving customers and focusing on key growth segments
- Continuously evaluating portfolio to improve mix, generate superior returns on investments, and maximize long-term shareholder value

For more information, please visit investors.flex.com

Q2 FY21 Earnings October 29, 2020

[Learn More](#)

NASDAQ: FLEX

\$13.55

▲ 0.23 (1.73%)

VOLUME 3,472,543

MARKET CAP 6.79B

[More details](#)

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Thank you.



Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended September 25, 2020	Quarter- ended June 26, 2020	Quarter- ended September 27, 2019	Quarter- ended June 28, 2019
(\$ in Millions)**				
GAAP income (loss) before income taxes	\$153	\$67	(\$96)	\$64
Intangible amortization	16	15	16	17
Stock-based compensation expense	24	13	19	15
Customer related asset impairments (recoveries)	(3)	-	91	-
Restructuring charges	35	10	128	56
Legal and other	-	28	19	2
Interest and other, net	22	29	50	53
Non-GAAP operating income	\$247	\$163	\$227	\$208
Non-GAAP operating margin*	4.1%	3.2%	3.7%	3.4%

*We calculate our Non-GAAP operating margin as current quarter Non-GAAP operating income divided by current quarter revenue.

**Amounts may not sum due to rounding.

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 September 25, 2020	Quarter- ended June 26, 2020	Quarter- ended September 27, 2019	Quarter- ended June 28, 2019
(\$ in Millions, except for EPS)**				
GAAP net income (loss)	\$113	\$52	(\$117)	\$45
Intangible amortization	16	15	16	17
Stock-based compensation expense	24	13	19	15
Restructuring charges	35	10	128	56
Customer related asset impairments (recoveries)	(3)	-	91	-
Legal and other	-	28	19	2
Other charges (income), interest and other, net	(3)	1	5	7
Adjustments for taxes	(2)	(3)	(3)	(5)
Non-GAAP net income	\$180	\$116	\$158	\$138
Diluted earnings (losses) per share:				
GAAP*	\$0.22	\$0.10	(\$0.23)	\$0.09
NON-GAAP	\$0.36	\$0.23	\$0.31	\$0.27
Basic shares used in computing per share amounts				
	501	498	513	514
Diluted shares used in computing per share amounts				
	504	502	515	518

*Basic shares were used in calculating diluted GAAP EPS for the quarter ended September 27, 2019 due to the net loss recognized.

**Amounts may not sum due to rounding.

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended		Quarter- ended	
	September 25, 2020		September 27, 2019	
(\$ in Millions)*		% of revenue		% of revenue
GAAP gross profit	\$395	6.6%	\$189	3.1%
Stock-based compensation expense	6		4	
Customer related asset impairments (recoveries)	(2)		88	
Restructuring charges	24		114	
Legal and other	-		18	
Non-GAAP gross profit	\$423	7.1%	\$414	6.8%
GAAP SG&A expenses	\$193	3.2%	\$205	3.4%
Stock-based compensation expense	(18)		(15)	
Customer related asset recoveries(impairment), legal and other	1		(4)	
Non-GAAP SG&A expenses	\$177	3.0%	\$186	3.1%

**Amounts may not sum due to rounding.*

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended
	September 25, 2020
(\$ in Millions)**	
Segment income:	
Flex Agility Solutions	\$88
Flex Reliability Solutions	\$179
Corporate and Other*	(\$20)
Total segment income:	\$247
Operating margin:	
Flex Agility Solutions	2.7%
Flex Reliability Solutions	6.7%

	Quarter- Ended
	September 25, 2020
(\$ in Millions)**	
Reconciliation of segment income to income before income taxes	
Total segment income	\$247
Intangible amortization	16
Stock-based compensation expense	24
Customer related asset impairments (recoveries)	(3)
Restructuring charges	35
Interest and other, net	22
Income before income taxes	\$153

*Corporate and Other: corporate services costs that are not included in the assessment of the performance of each of the identified reporting segments.

**Amounts may not sum due to rounding

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

(\$ in Millions)*	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended
	September 25, 2020	June 26, 2020	March 31, 2020	December 31, 2019	September 27, 2019	June 28, 2019
Net cash provided by (used in) operating activities	\$265	(\$629)	\$166	(\$51)	(\$992)	(\$657)
Reduction in ABS levels	132	655	-	-	-	-
Cash collections of ABS positions and other	-	2	51	344	1,273	894
Net capital expenditures	(69)	(102)	(83)	(55)	(95)	(123)
Adjusted free cash flow	\$326	(\$74)	\$134	\$238	\$187	\$114

(\$ in Millions)*	6-Months ended
	September 25, 2020
Net cash used in operating activities	(\$365)
Reduction in ABS levels	786
Cash collections of ABS positions and other	2
Net capital expenditures	(171)
Adjusted free cash flow	\$252

Adjusted free cash flow is calculated as operating cash flow for the quarter less net capital expenditures adding back cash collections of deferred purchase price and certain receivables sold to certain financial institutions under a customer's supplier financing program in the second quarter of fiscal 2020 that subsequently qualified for operating cash flow treatment per GAAP in the third quarter of fiscal year 2020. In addition, it includes collection of the deferred purchase price receivables which the Company repurchased as part of the ABS program amended in the third quarter of fiscal year 2020. In the first half of fiscal year 2021, we proactively and strategically utilized the proceeds of our debt issuance during the period to reduce the outstanding balance of our ABS programs. We reduced the balance on this short-term financing product by \$786 million year to date, which has the accounting effect of reducing our cash flow from operations and is excluded from the adjusted free cash flow. Adjusted free cash flow also excludes impacts related to certain vendor programs that is required for GAAP. Adjusted free cash flow is a non-GAAP financial measure and may not be defined and calculated by other companies in the same manner.

*Amounts may not sum due to rounding.

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

Quarter-ended

September 25, 2020

(\$ in Millions, except for the debt and net debt to EBITDA ratio)**

	GAAP	Adjustments	Non-GAAP
Pretax income	\$153	\$69	\$222
Depreciation	112	-	112
Amortization	16	(16)	-
Interest, net	\$35	\$3	\$38
EBITDA*	316	56	372
EBITDA – Rolling 4 Quarters	1,013		1,316
Total Debt	\$3,802	-	\$3,802
Debt to EBITDA*	3.8x	(0.9x)	2.9x
Cash and cash equivalents	\$2,359	-	\$2,359
Net Debt	\$1,443	-	\$1,443
Net Debt to EBITDA*	1.4x	(0.3x)	1.1x

*Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Debt/EBITDA are non-GAAP financial measures. EBITDA is derived by adjusting for net interest and adding back depreciation to non-GAAP pretax income. Quarterly Debt to EBITDA is calculated by dividing the Company's total debt as of the date presented by LTM EBITDA. Net Debt to EBITDA is calculated by subtracting the Company's total cash from the Company's total debt and dividing it by LTM EBITDA. Non-GAAP pretax income excludes certain amounts that are included in the most directly comparable measures under GAAP including stock-based compensation expense, intangible amortization, restructuring charges, customer related asset impairments, legal and other, and certain other charges or income. Additionally, non-GAAP interest includes costs related to our global AR securitization, AR factoring and other financing programs.

**Amounts may not sum due to rounding.

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