



## Results for Q4 Fiscal 2018

Earnings Announcement: April 26<sup>th</sup>, 2018

(Quarter Ended March 31, 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](http://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.

# Q4 FY2018 Income Statement Summary

(\$M, except per share amounts)

	<b>Prior Yr</b> March 31, 2017	<b>Current Qtr</b> March 31, 2018
Net sales	\$5,863	\$6,411
Adjusted operating income	205	200
Adjusted net income	156	150
Adjusted EPS	\$0.29	\$0.28
GAAP income before income taxes	99	16
GAAP net income (loss)	87	(20)
GAAP EPS	\$0.16	(\$0.04)

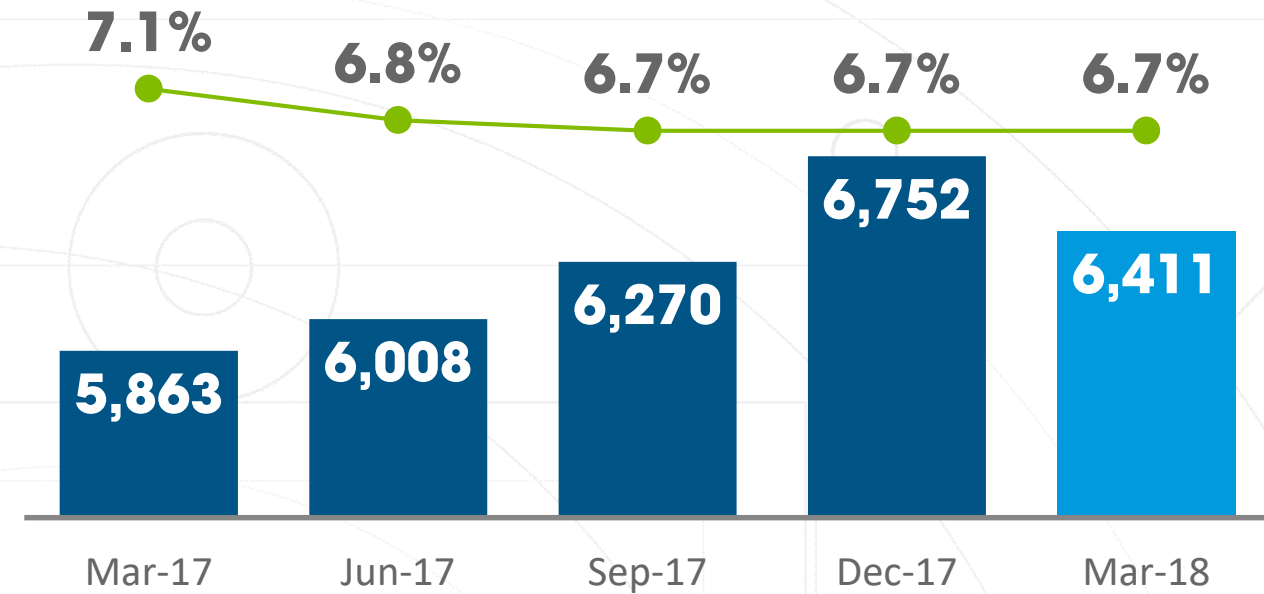
## Results vs. Guidance

- » Net sales of \$6.4B is at the high-end of guidance of \$6.1-\$6.5B
- » Adjusted operating income of \$200M is at the low-end of guidance of \$200-\$230M
- » Adjusted EPS of \$0.28 is at the low-end of guidance of \$0.28-\$0.32

# Quarterly Financial Highlights

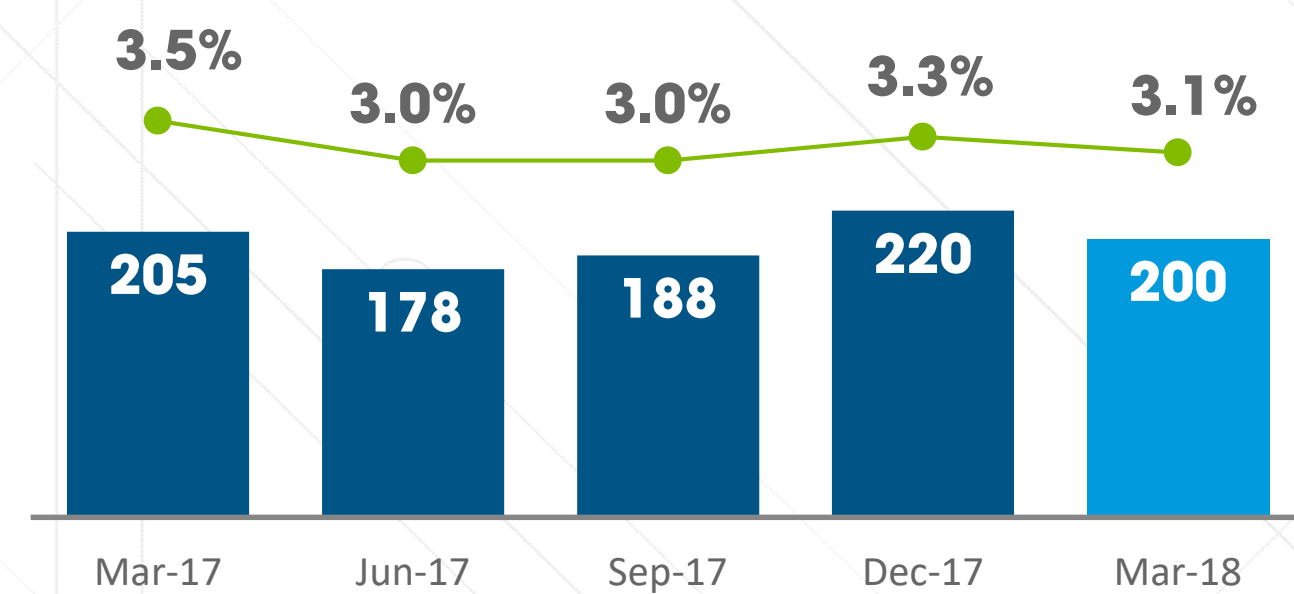
## Revenue & Adjusted Gross Margin

(\$M) —●— Adj. Gross Margin



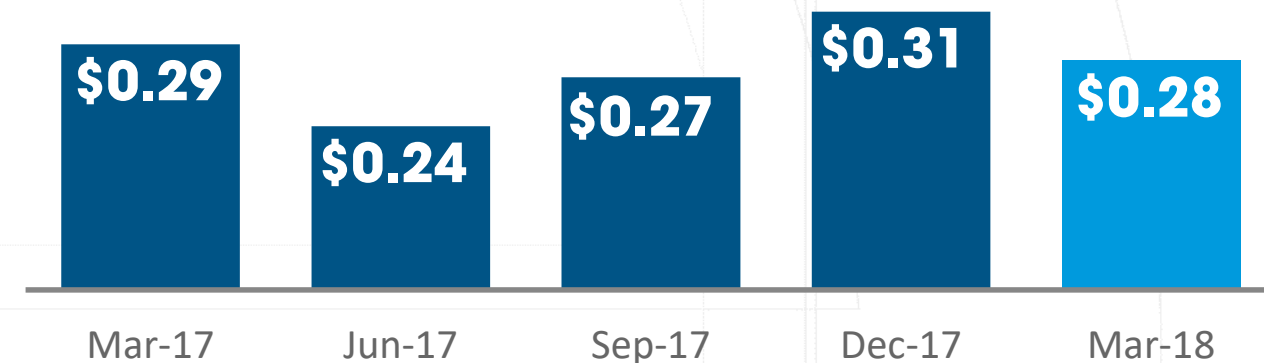
## Adjusted Operating Income

(\$M) —●— Adj. Operating Margin



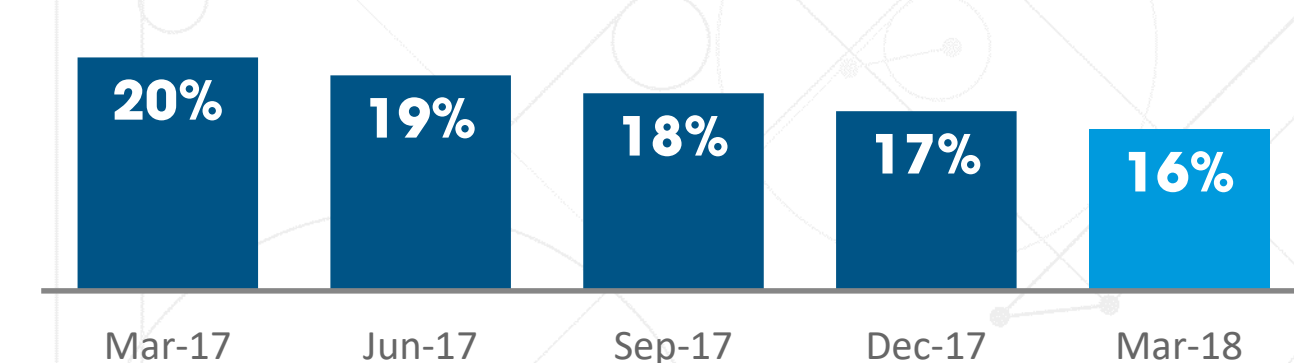
## Adjusted Earnings Per Share

(EPS)



## Return on Invested Capital<sup>1</sup>

(ROIC %)



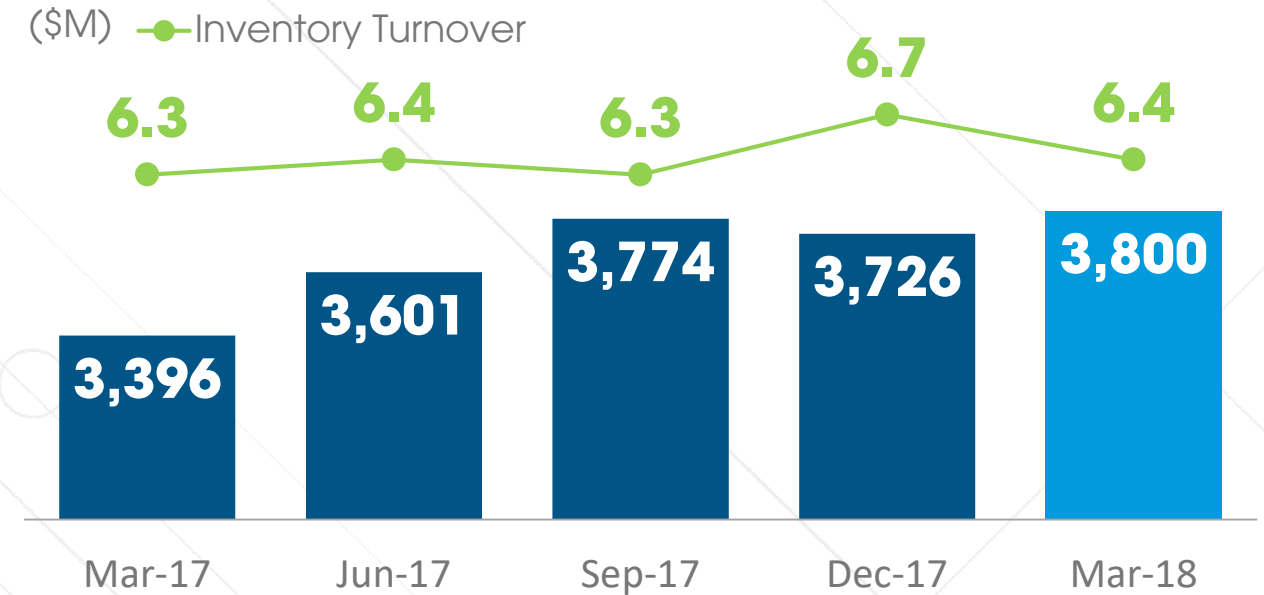
# Q4 FY2018 Operating Performance by Business Group

	Q4 FY18			Target Adjusted Operating Margin Range		
	Rev\$	OP\$ (adj.)	OP% (adj.)			
CEC	\$1,876	\$45	2.4%	2.5	3.5	Continued investment to support cloud data center business expansion
CTG	\$1,646	\$24	1.5%	2	4	Seasonal demand reduction and losses from strategic partnership with Nike
IEI	\$1,636	\$68	4.1%	4	6	Record quarterly earnings bolstered by strong demand across diversified markets
HRS	\$1,253	\$97	7.8%	6	9	Sustained strong growth and operating performance while making investments
Corporate Services & Other <sup>2</sup>	--	(\$34)	--			
<b>Total</b>	<b>\$6,411</b>	<b>\$200</b>	<b>3.1%</b>			

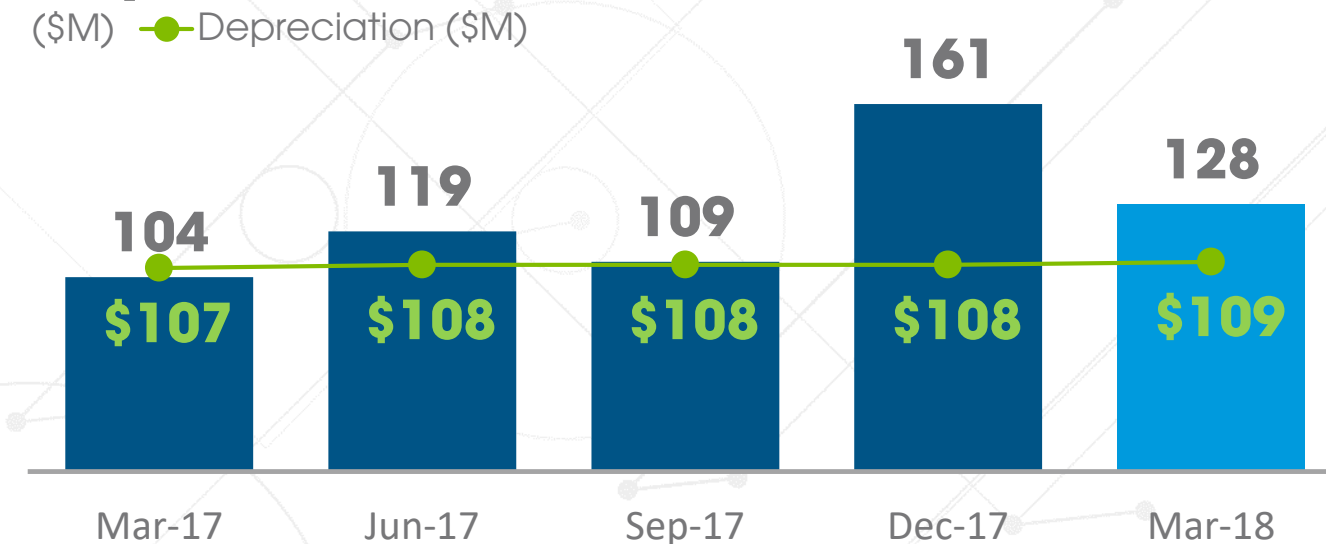
# Cash Flow Generation and Highlights

(\$M)	3-Months Ended	12-Months Ended
	(Mar 31, 2018)	(Mar 31, 2018)
GAAP net income (loss)	(\$20)	\$429
Depreciation	109	434
Amortization	23	79
Change in working capital and other	211	(188)
<b>Net cash provided by operating activities</b>	<b>323</b>	<b>754</b>
Purchases of property & equipment, net	(128)	(518)
<b>Free Cash Flow</b>	<b>195</b>	<b>236</b>
Payment of business acquisition, net of cash	0	(268)
Payments for share repurchases	0	(180)
Debt repayment, net	(13)	(55)
Other investing and financing, net	(1)	(92)
<b>Net change in cash and cash equivalents</b>	<b>\$181</b>	<b>(\$358)</b>

## Inventory and Inventory Turnover<sup>3</sup>



## Net Capital Expenditures<sup>4</sup> and Depreciation

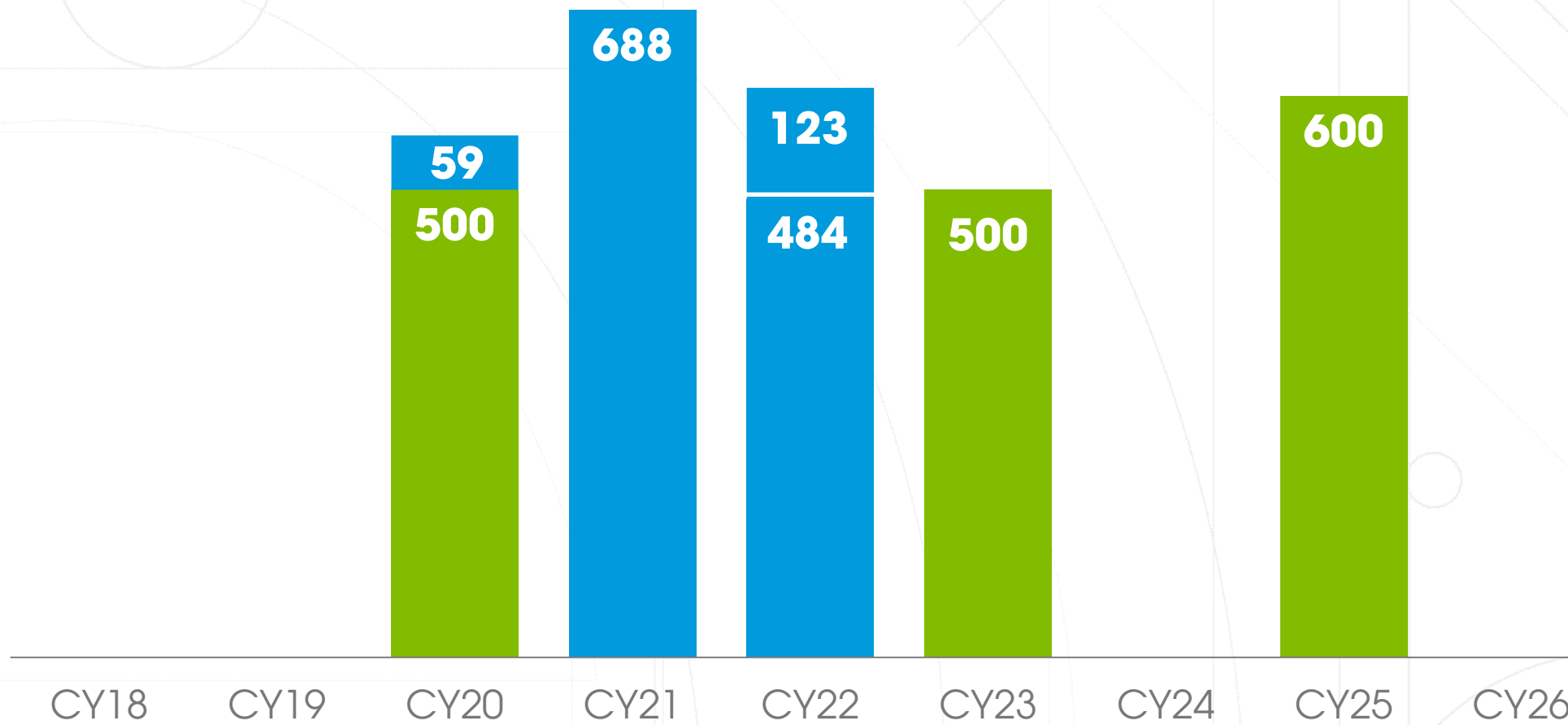


# Balanced Capital Structure

## Debt Maturities

(\$M) Balances as of March 31, 2018

■ Term Loan  
■ Notes



- » No near-term maturities
- » Low average cost of debt: ~3.85%
- » Ample liquidity of \$3.22B
  - » \$1.75B revolver + \$1.47B cash

## Investment Grade Rated

Moody's | S&P | Fitch

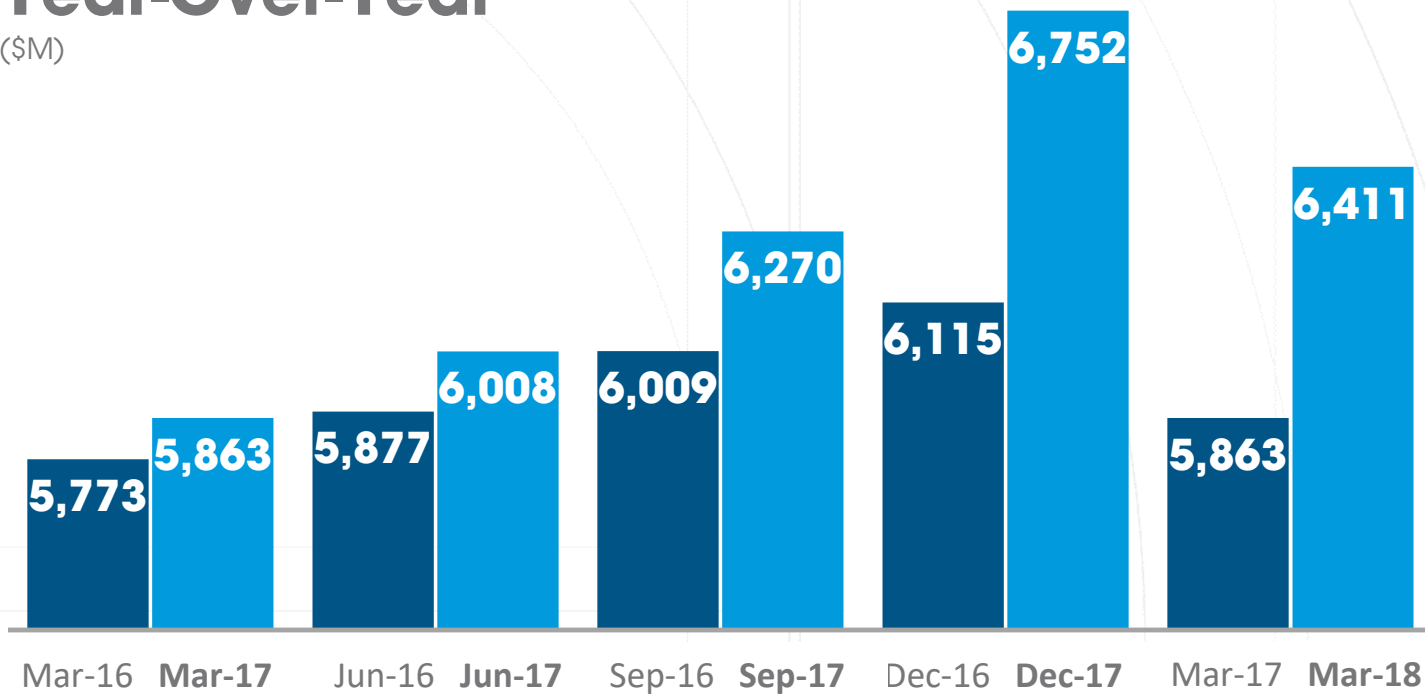
# Q4 FY2018 Business Highlights

## Accelerating Revenue Growth

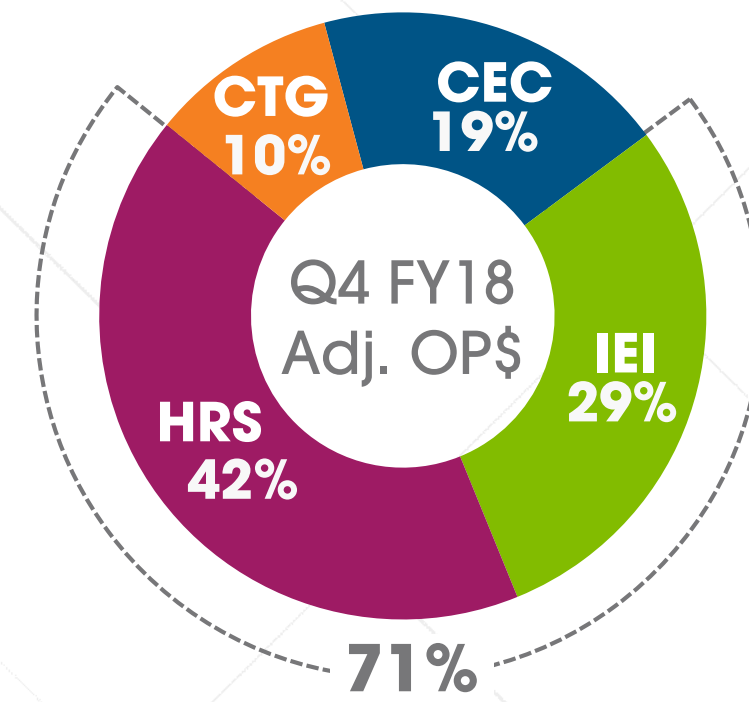
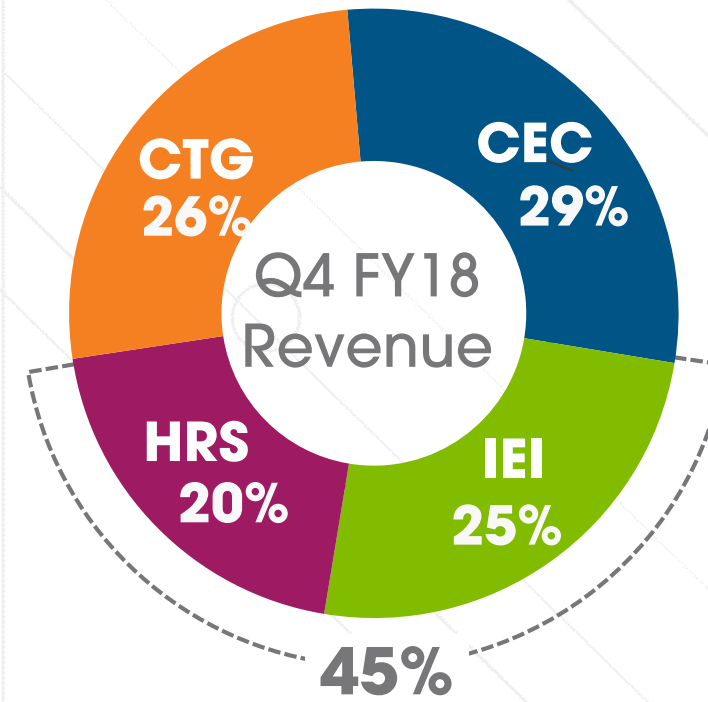
- » 5th straight quarter of year-over-year revenue growth
- » HRS and IEI grew 19% and 26% year-over-year respectively, both achieving record quarterly revenue

### Quarterly Revenue Year-Over-Year

(\$M)

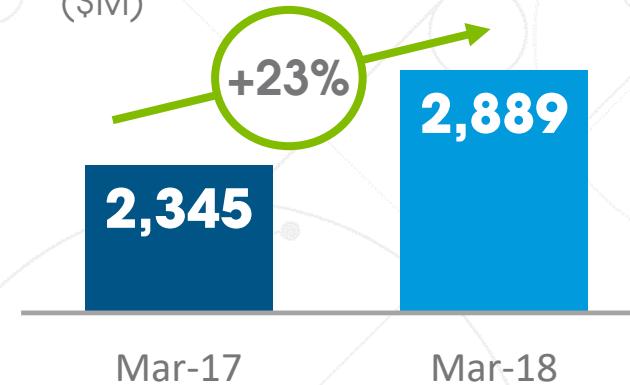


## Strategic Portfolio Evolution

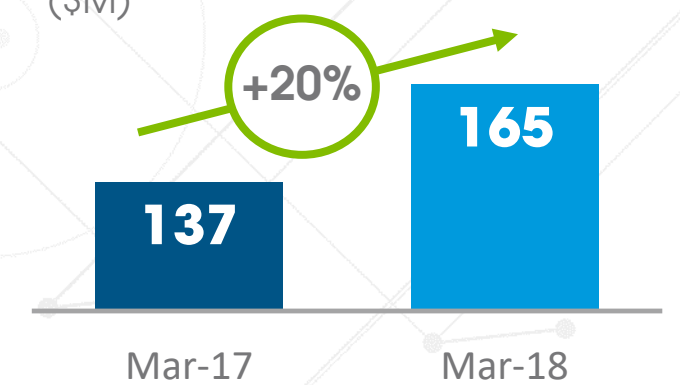


### IEI + HRS

Revenue (\$M)



Adj. Operating Profit (\$M)



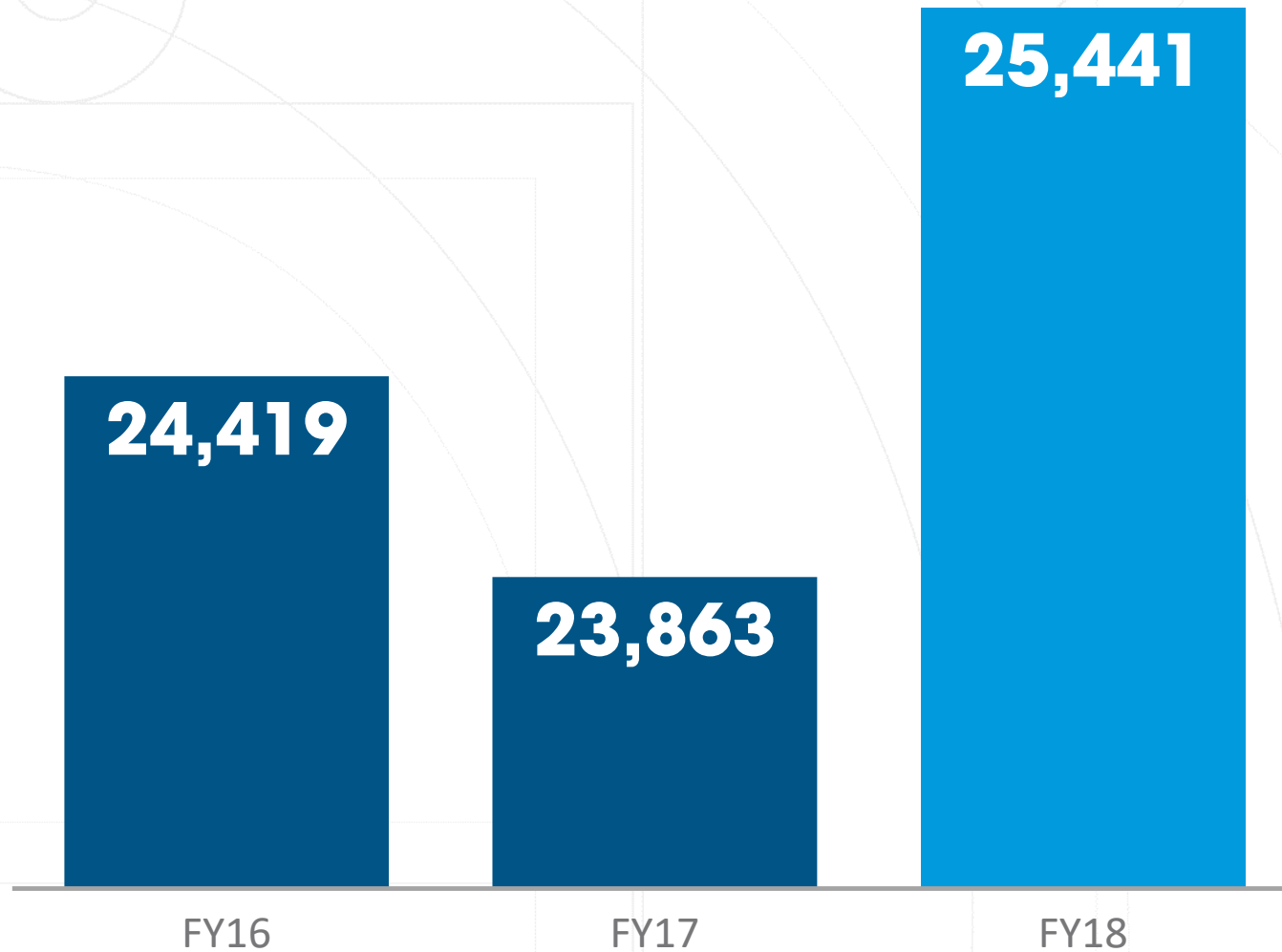


# Fiscal Year 2018 Business Highlights

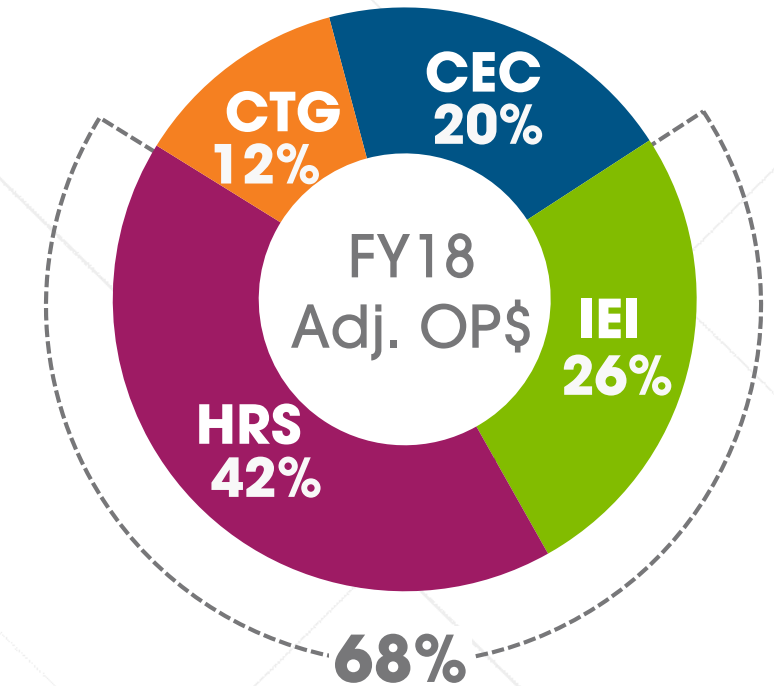
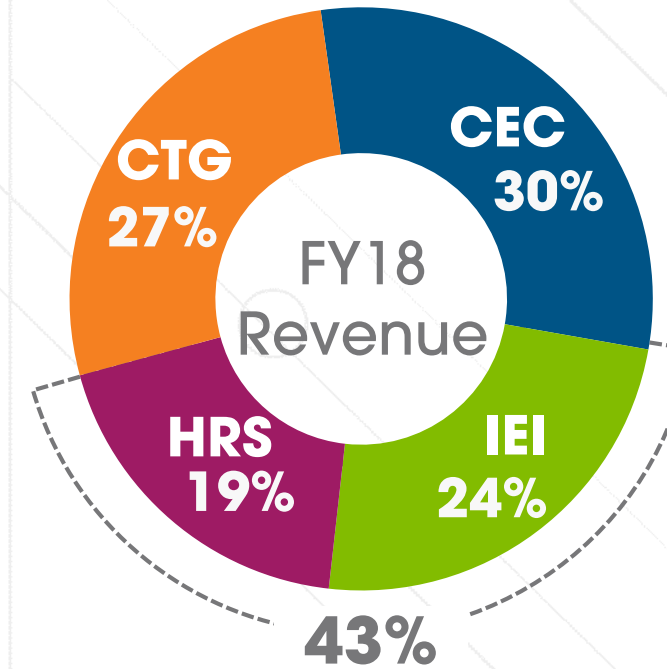
## Return to Top-Line Growth

### Annual Revenue

(\$M)



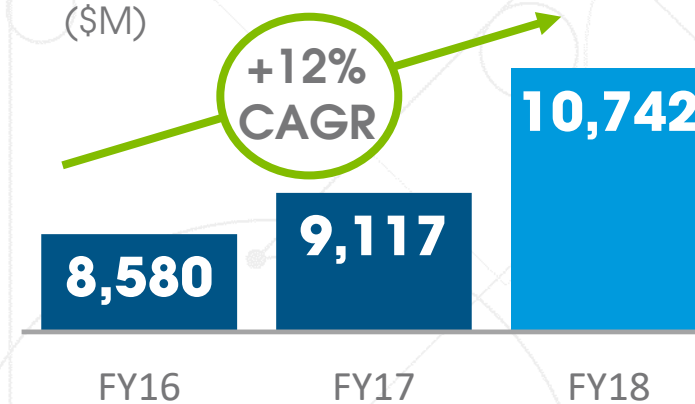
## Strategic Portfolio Evolution



### IEI + HRS

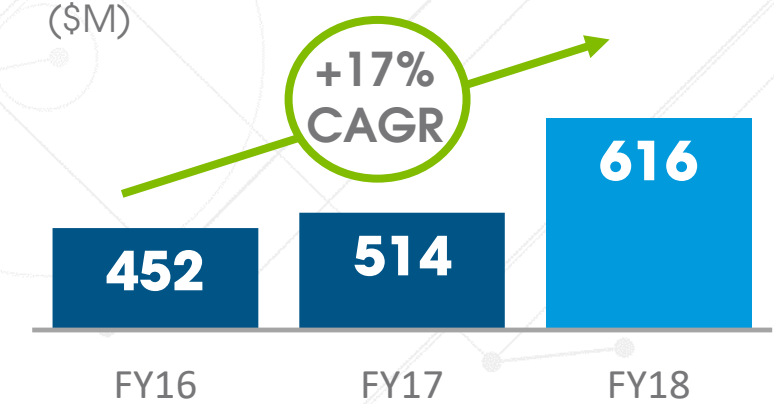
#### Revenue

(\$M)



#### Adj. Operating Profit

(\$M)

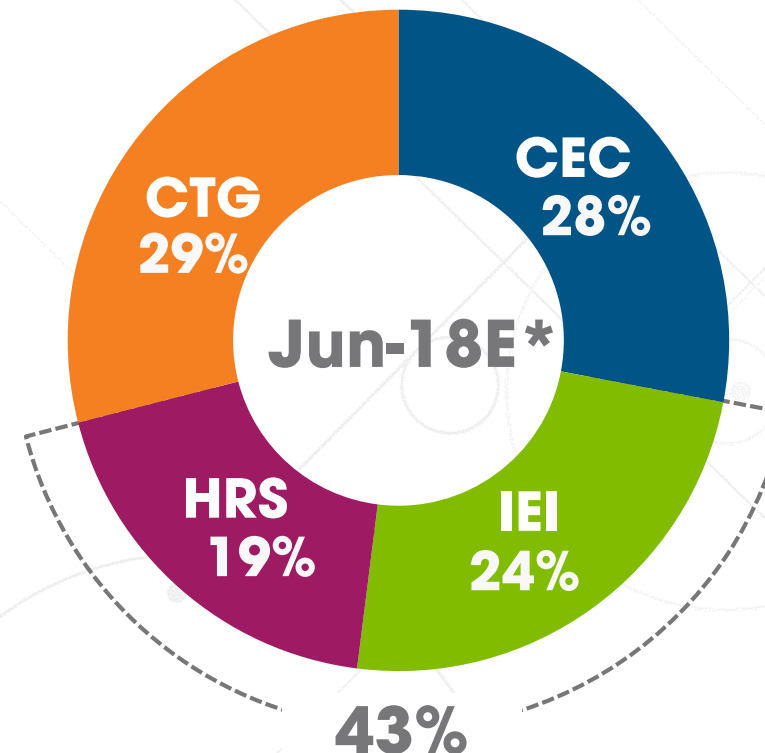
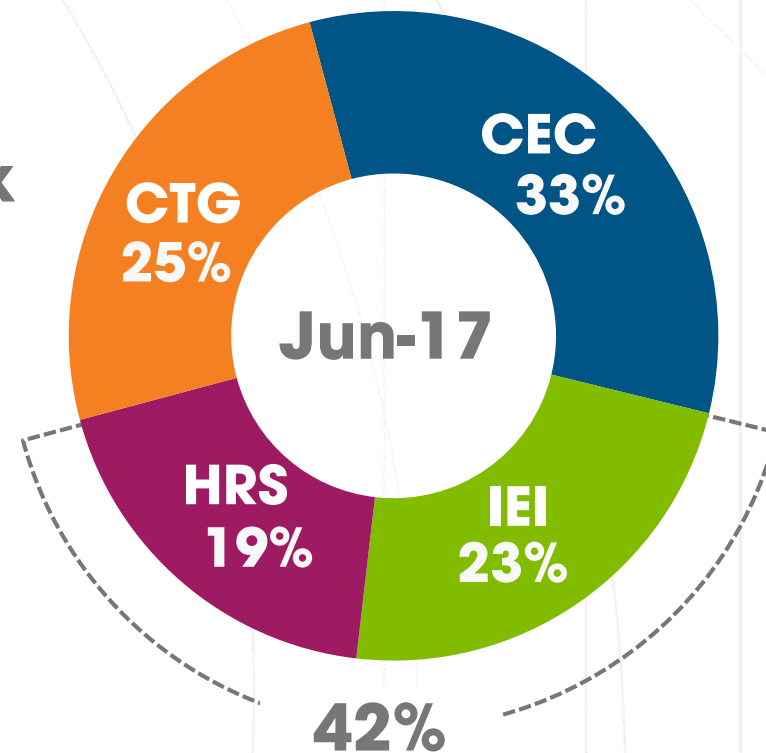


# Revenue by Business Group

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Q/Q %	Y/Y %
(\$M)	\$	\$	\$	\$	\$		
<b>CEC</b>	1,983	1,973	1,901	1,979	1,876	(5%)	(5%)
<b>CTG</b>	1,535	1,512	1,755	2,057	1,646	(20%)	7%
<b>IEI</b>	1,296	1,391	1,454	1,491	1,636	10%	26%
<b>HRS</b>	1,049	1,132	1,160	1,225	1,253	2%	19%
<b>Total</b>	<b>\$5,863</b>	<b>\$6,008</b>	<b>\$6,270</b>	<b>\$6,752</b>	<b>\$6,411</b>	<b>(5%)</b>	<b>9%</b>

<b>Jun-18E</b>
Outlook Y/Y %
Down 5% to 10%
Up 15% to 25%
Up 10% to 20%
Up 5% to 15%

**Quarterly Revenue Mix**  
(Y/Y)



\*Reflects mid-point of Jun-18E guidance

# First Quarter Guidance - June 2018

(\$M, except per share amounts)

**\$6,300 - \$6,700\***  
Revenue

**\$170 - \$200**  
Adjusted Operating  
Income

**\$0.22 - \$0.26**  
Adjusted Earnings  
Per Share

GAAP Income Before Income Taxes	\$90 - \$120 million
GAAP Earnings Per Share	\$0.15 - \$0.19

## Other Information:

Interest & Other Expense	\$35 - \$40 million
Adjusted Income Tax Rate	Mid-range of 10% to 15%
WASO	~535 million shares

*\*The Company's first quarter fiscal 2019 guidance excludes the impact from adoption of ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)".*

For more information, go to [investors.flex.com](https://investors.flex.com)



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Q4 FY18 Earnings  
April 26, 2018

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NASDAQ: FLEX

\$16.70

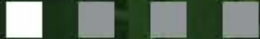
▲ 0.1 (0.63%)

VOLUME 3,704,754

MARKET CAP 8.81B

More details

20 minutes delay



# Appendix: Reconciliation of GAAP to Non-GAAP Measures

## Quarter-ended March 31, 2018

(\$Thousands, except per share amounts)

GAAP gross profit	\$349,297
Stock-based compensation expense	5,440
Restructuring charges	58,864
Contingencies and other	15,679
Non-GAAP gross profit	\$429,280
GAAP income before income taxes	\$15,811
Intangible amortization	22,775
Stock-based compensation expense	22,226
Distressed customers asset impairments	1,498
Restructuring charges	82,710
Contingencies and other	15,679
Other charges net	2,748
Interest and other, net	37,043
Non-GAAP operating income	\$200,490
GAAP provision for income taxes	\$35,406
Intangible amortization benefit	2,605
Valuation allowance and tax receivable, net	(27,507)
Tax benefit on restructuring and other	5,746
Non-GAAP provision for income taxes	\$16,250

## Quarter-ended March 31, 2018

GAAP net loss	(\$19,595)
Intangible amortization	22,775
Stock-based compensation expense	22,226
Restructuring charges	82,710
Distressed customers asset impairments	1,498
Contingencies and other	15,679
Investment and other, net	5,083
Adjustments for taxes	19,156
Non-GAAP net income	\$149,532
Diluted earnings (losses) per share :	
GAAP	(\$0.04)
Non-GAAP	\$0.28

## Quarter-ended March 31, 2018

ROIC % <sup>1</sup>	
GAAP	10.7%
Non-GAAP Adjustments	5.6%
Non-GAAP	16.3%

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, contingencies, 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. Inventory turnover is calculated as annualized Non-GAAP cost of sales for the current quarter divided by average inventory for the quarter. Non-GAAP cost of sales excludes stock-based compensation expense, restructuring charges, contingencies and certain other charges.
4. Net Capital Expenditures is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.