



flex[®]

Our Financial Framework

Chris Collier

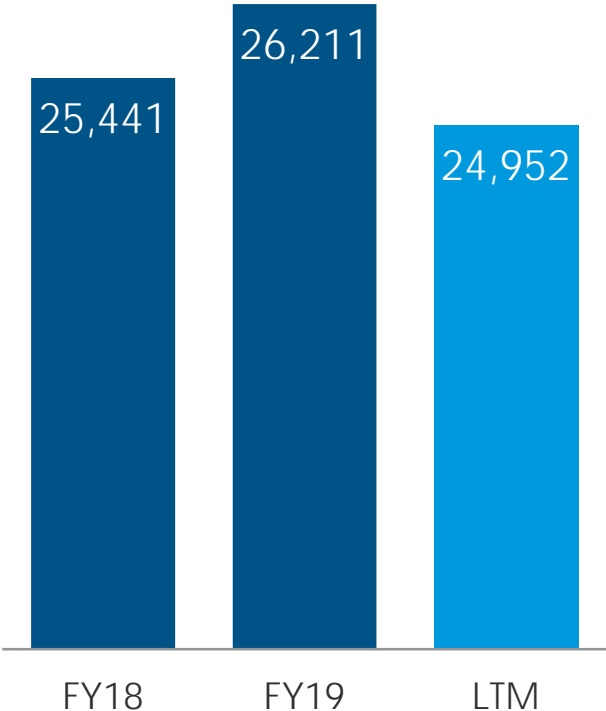
Chief Financial Officer

Topics to cover

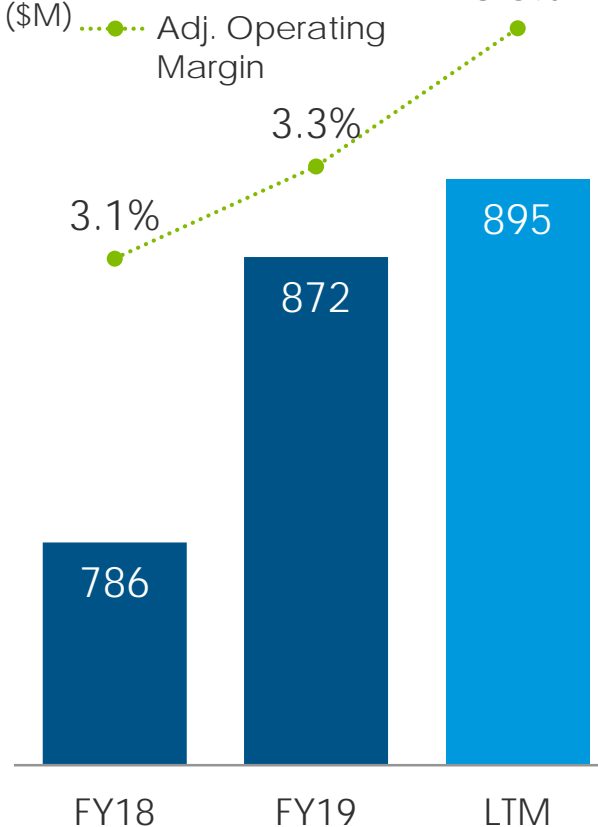
- 1 Our near-term performance
- 2 Our financial progress
- 3 Capital allocation strategy
- 4 Operating segments
- 5 Long-term financial framework

Results have improved in the last twelve months

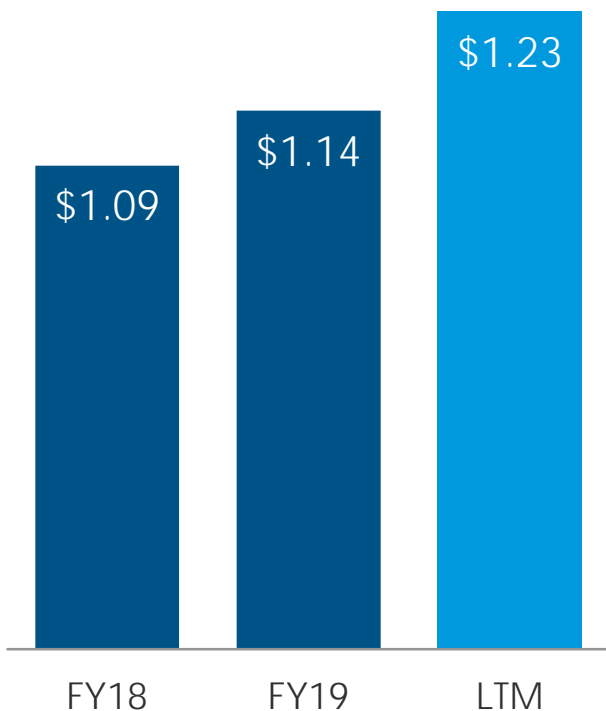
Revenue
(\$M)



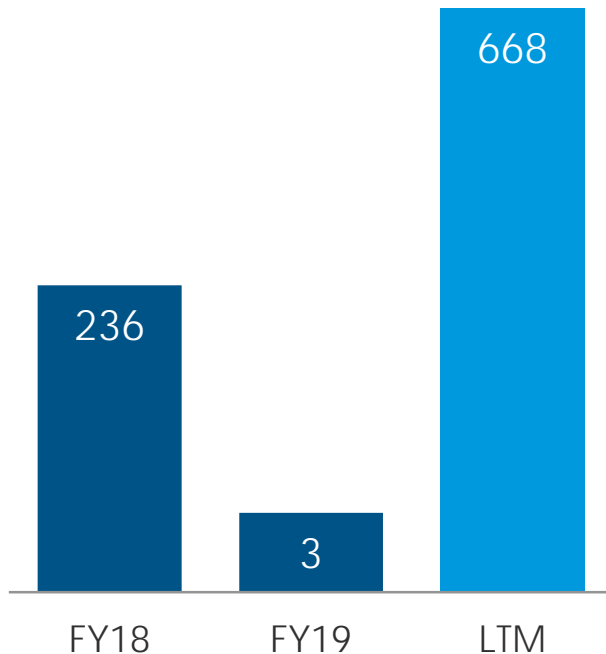
Adj. Operating Income



Adj. Earnings Per Share



Adj. Free Cash Flow
(\$M)



Solid foundation for our transformation journey

56 *LTM reflects last twelve-month performance ending Q3 FY20



Key progress made towards stabilizing financial performance

Disengaged from over \$1.2B of low margin, high volatility business

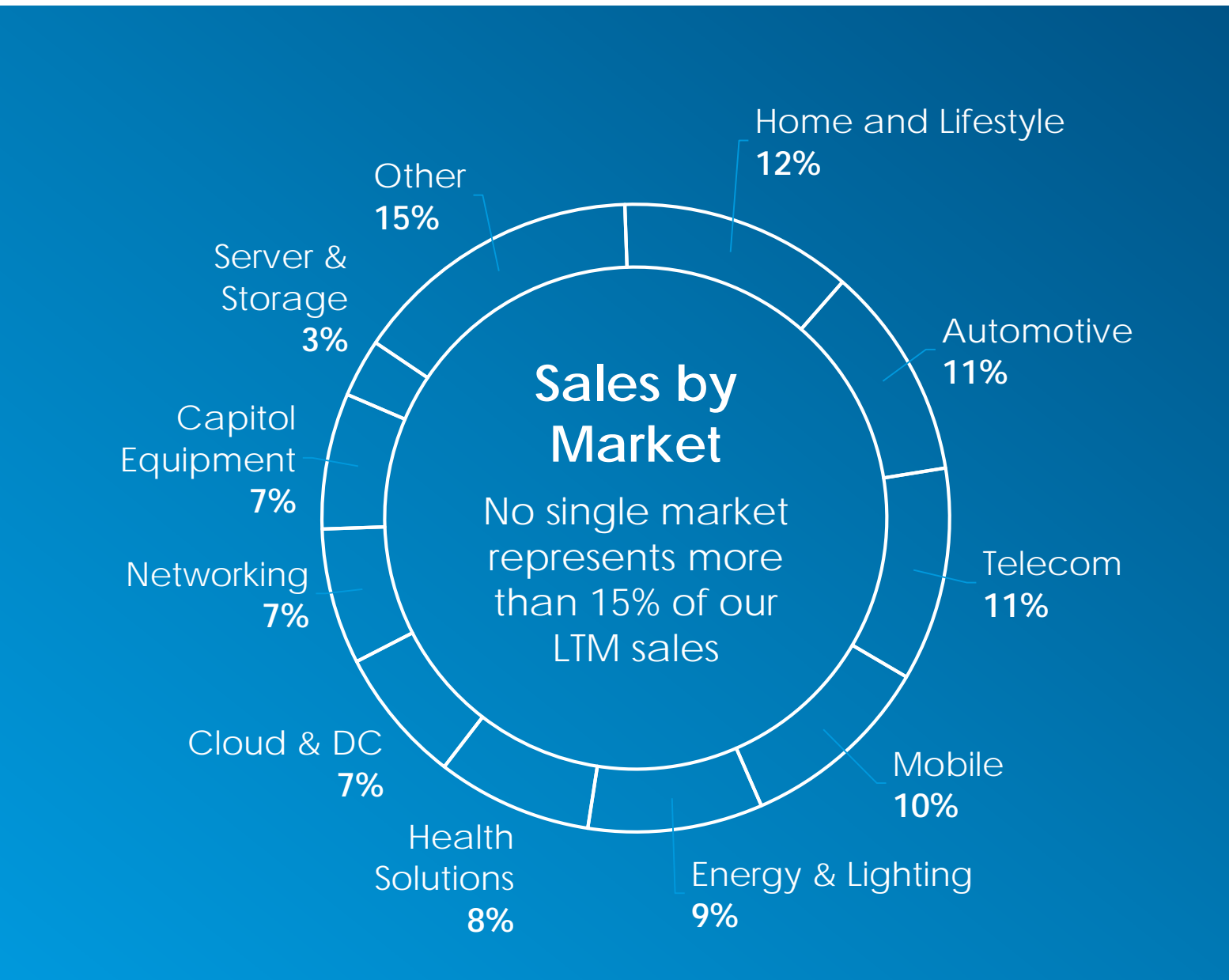
Achieved growth in key end markets such as industrial and health solutions

Improved adjusted gross and operating margin performance

Maintained strong cost discipline

Managed through a dynamic geopolitical and trade/tariff environment with minimal financial impact

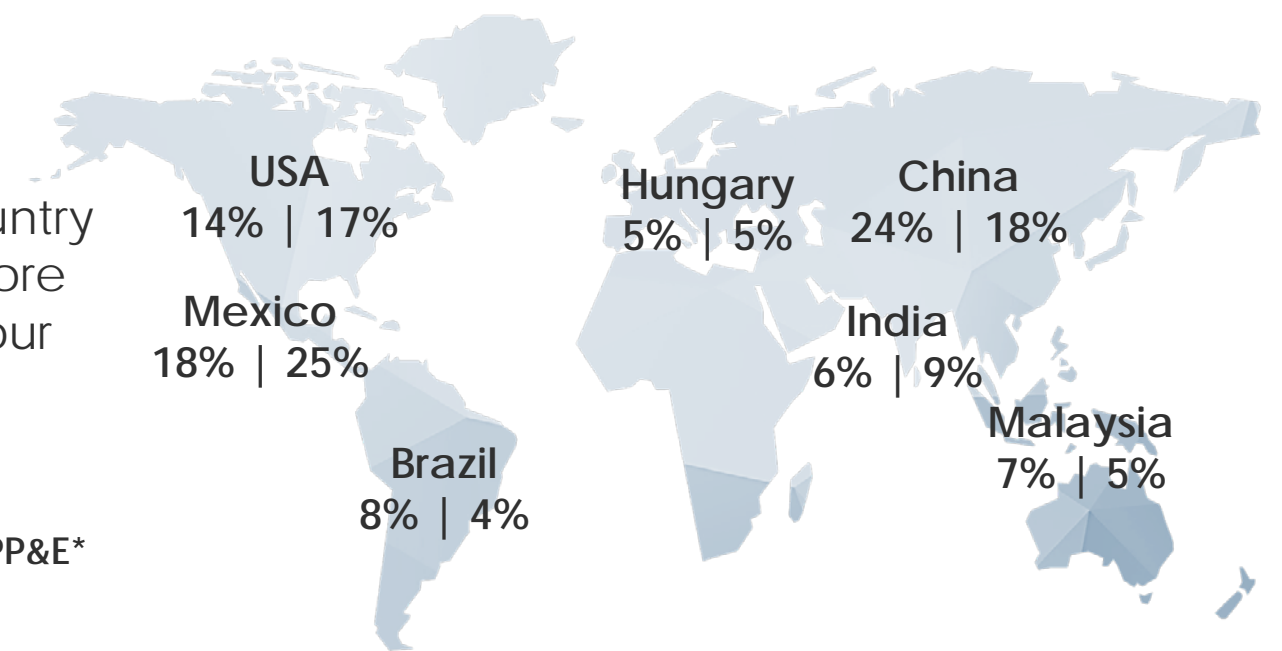
Actions taken to diversify our portfolio and deliver sustainable business



Sales by Country

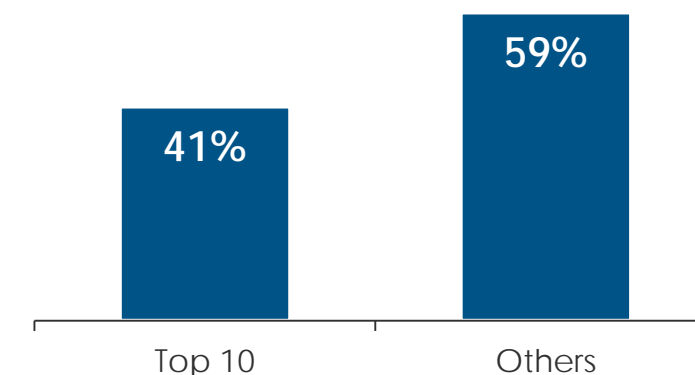
No single country represents more than 25% of our sales or PP&E

Country
% LTM Sales | % PP&E*



Sales by Customer

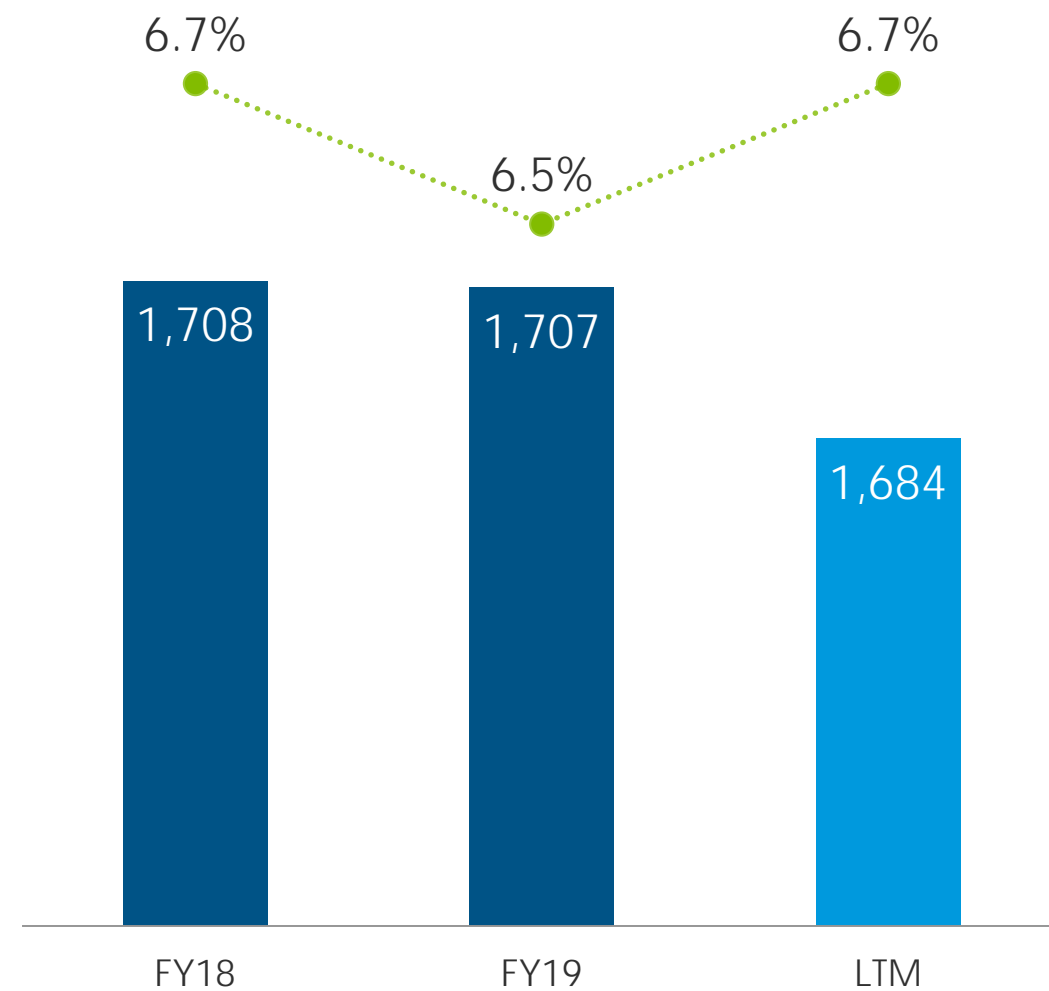
No customer greater than 10% of total LTM revenue



Disciplined sustainable execution – Adj. Gross Margin

Adj. Gross Profit

(\$M) ● Adj. Gross Margin



- Displayed adjusted gross margin expansion last 3 quarters
 - Q3'20 adjusted gross margin reached 7.1%
- Expansion driven from improving business mix and enhancing value-add services
- Operational efficiency and productivity initiatives are underway
 - Increased productivity through Overall Equipment Effectiveness (OEE) focus
 - Reinforced operational excellence

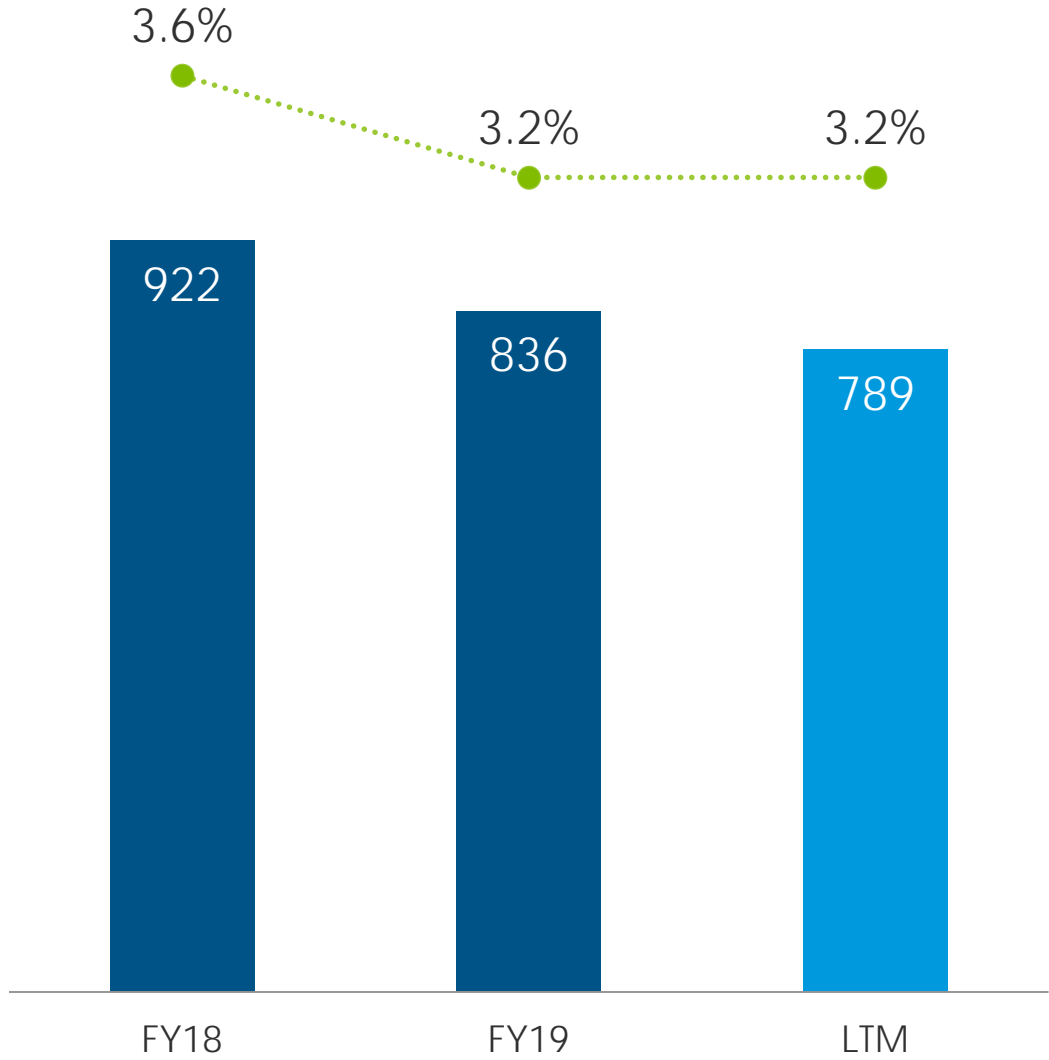
Objective

Adjusted gross margin improvement to 7.5%+

Disciplined sustainable execution – Adj. SG&A

Adj. SG&A

(\$M) ● % of revenue



- Cost focus driven across all functions at every level of the enterprise
 - Strategic spend management initiative
- Industry leading SG&A expense management
- Sharpened design & engineering focus enabled reduction in R&D expense of over \$25 million

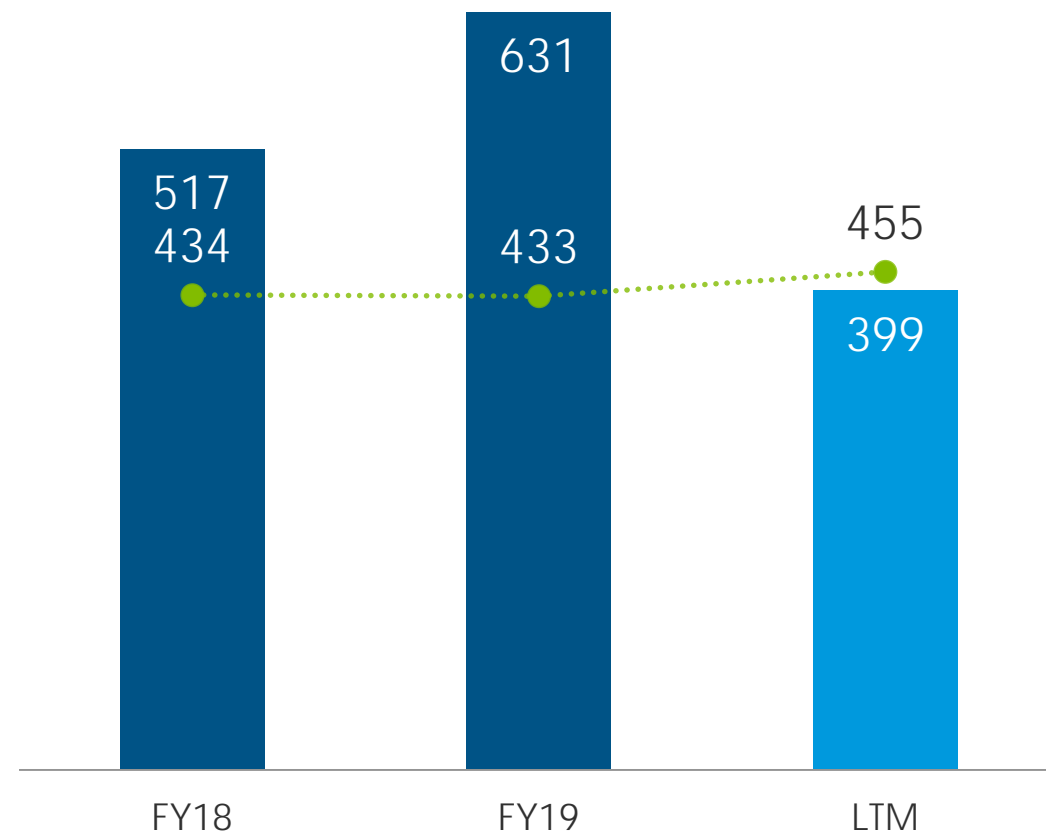
Objective

Maintain adjusted SG&A at 3.0-3.2% of revenue

Disciplined capital investment

Net Capital Expenditures*

(\$M) ● Depreciation



Historical Net Capital Expenditure

3-year (FY17-FY19) average: \$546m

5-year (FY15-FY19) average: \$475m

- \$1.1+ billion of capital investment in last 2 fiscal years
 - Over 50% supported auto, health solutions and industrial businesses
- Focused investments in our future
 - ~70% of new capex is in Flex Reliability (Industrial, Automotive, Health Solutions) and automation
- Focused investments in core growth areas and with increased governance and greater rigor
 - All capital spending above \$10M is reviewed by CEO
 - All capital spending above \$50M is reviewed by Board

Objective

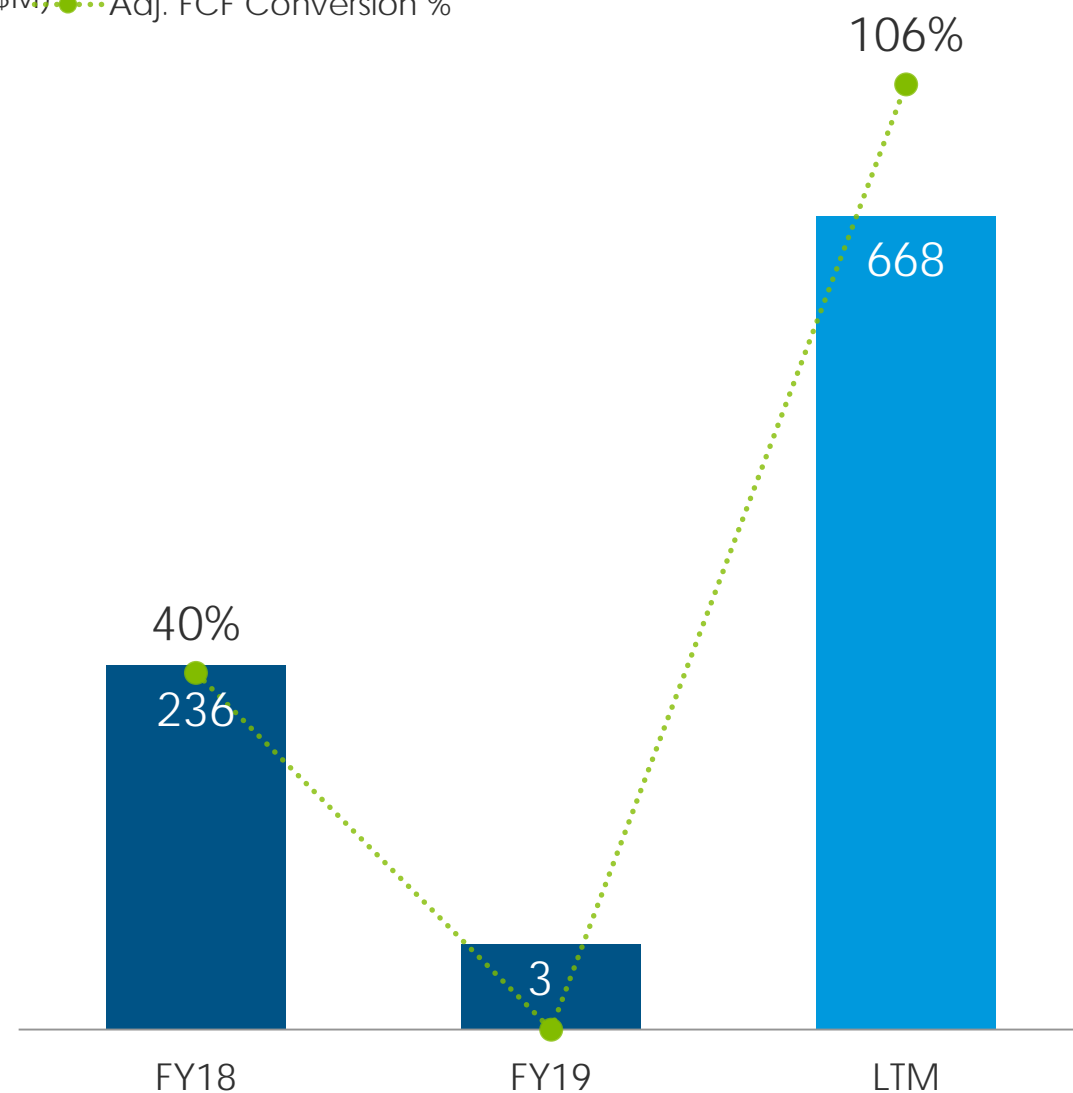
Maintain capex at or below depreciation levels

⁶¹ *Net capital expenditure is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment

Sustainable adjusted cash flow generation

Adj. Free Cash Flow

(\$M) ● Adj. FCF Conversion %

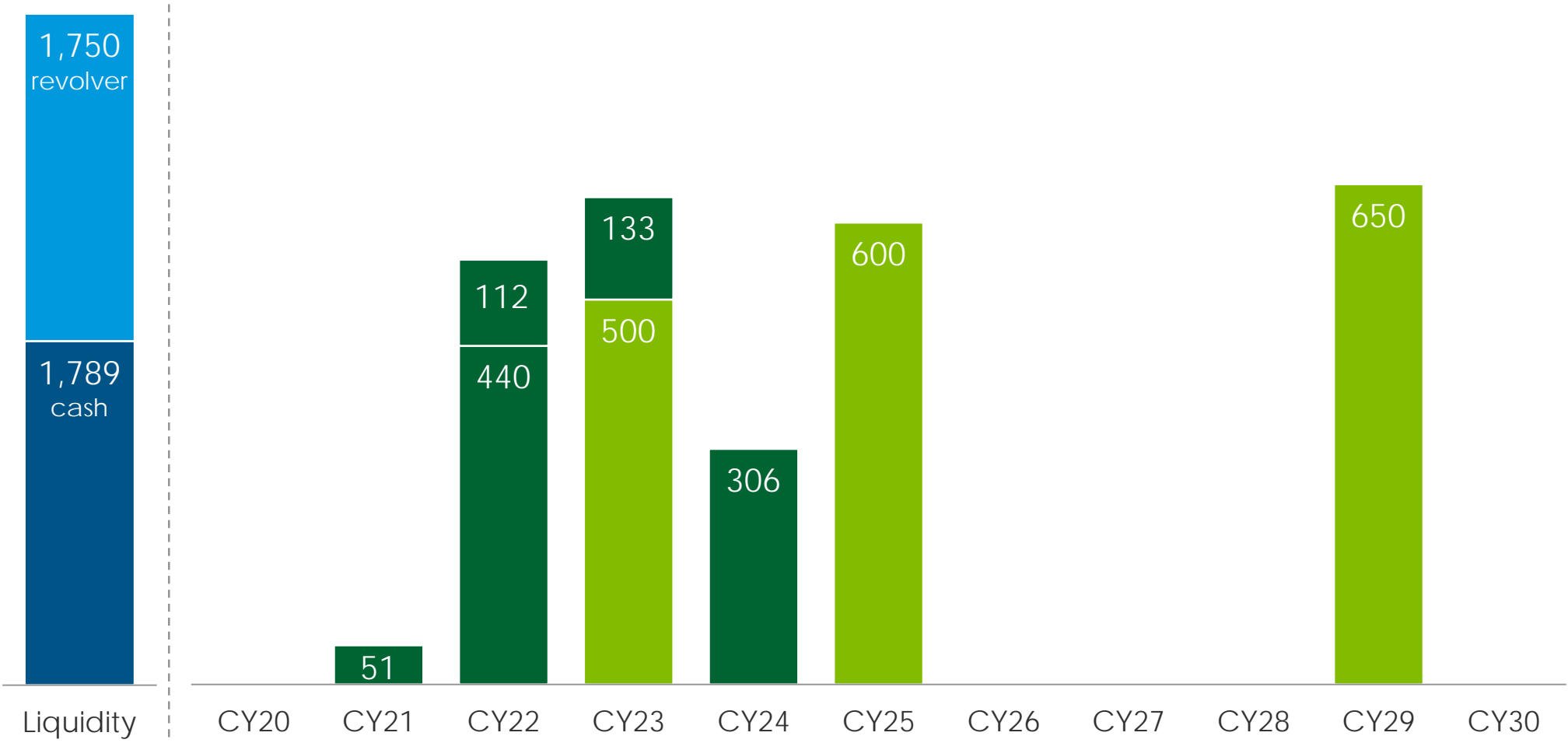


- Net working capital management sustainability
 - Maintain target range of 6-8% of revenues
- Historical Adjusted Free Cash Flow (FCF) Conversion
 - 3-year (FY17-FY19) average: 49%
 - 5-year (FY15-FY19) average: 67%
- Disciplined capex management
- Improved business model enables better adjusted free cash flow conversion

Objective

Adjusted free cash flow conversion of 80%+

Balanced capital structure



- Flexible and balanced maturity profile
- No annual maturities greater than anticipated annual adjusted free cash flow
- Ample liquidity to support our business
- Investment grade rated

Objective

Operate with strong financial flexibility and maintain Investment Grade rating

Key Credit Metrics

Debt/Adjusted EBITDA 2.1x
 Wt. Avg. maturity ~5 years
 Wt. Avg. cost of debt ~ 4.1%

■ Term loans ■ Notes
 (\$M) Balances as of December 31st, 2019

Prudent capital allocation strategy

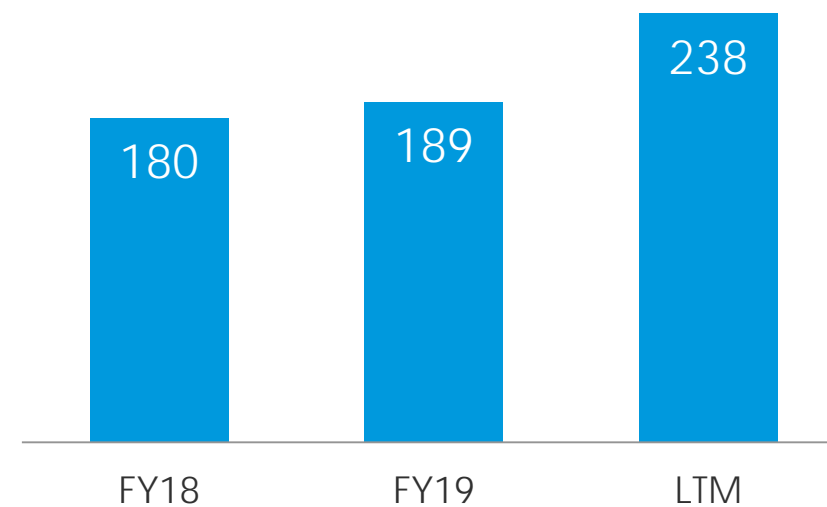
Invest in Business

- Focus on disciplined organic investment to drive long-term profitable growth
- Targeted M&A to expand long cycle business and growth segment
- Maintain a healthy balance sheet and our Investment Grade Rating

Returning capital through share repurchase

Repurchased over \$3.4B of shares in last 10 years

Shares Repurchased
(\$M)



- Long-standing strategy to repurchase stock to offset share dilution and provide shareholder return
- Fiscal 2021 repurchase level increasing from current levels

Objective

Creating shareholder value with a long-term commitment

Our business segment transformation

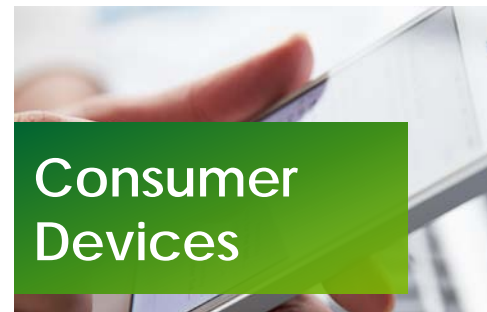
CTG

CEC

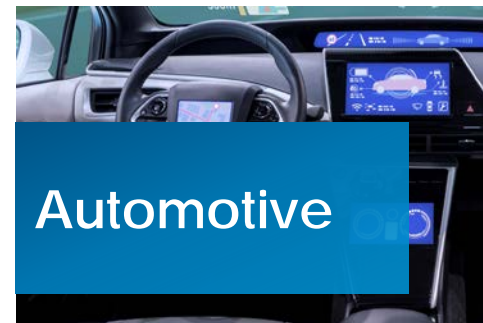
IEI

HRS

Flex Agility Solutions Segment



Flex Reliability Solutions Segment



Benefits for Flex Enterprise

Operational Benefits

- Alignment to volume/mix delivery models
- Improved capacity utilization
- Capital deployment aligned with delivery models
- Improved ramp and materials management

Results

- Adjusted gross margin expansion
- Opex leverage
- Improved capital returns and efficiency

Commercial Benefits

- Unified go to market strategy
- More efficient sales coverage across segments
- Better ability to connect technology synergies

Flex Reliability Solutions

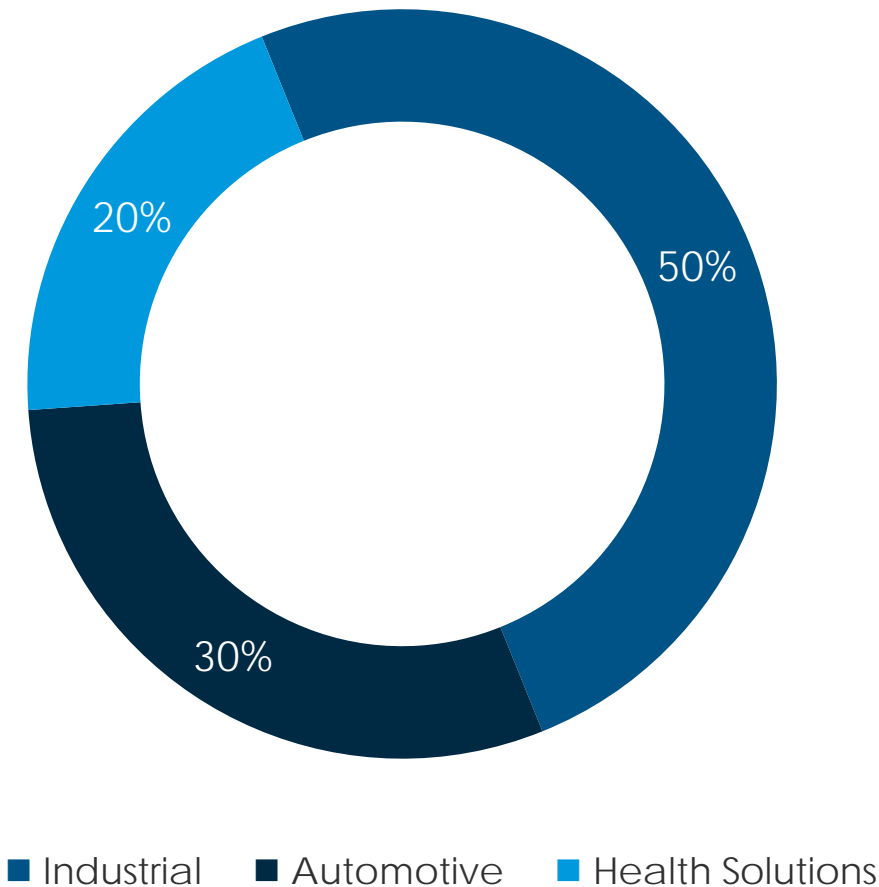
LTM Financial Snapshot (\$M)

Revenue	\$9,848
Operating Profit	\$623
Operating Margin	6.3%

Long-term Goal

Revenue Growth	Above market
Adjusted Operating Margin	High single digits

Sales by Business Group



Business Characteristics

- Higher margin, higher mix products
- Product life cycles of 4-10 years
- Increased capital intensity
- Greater design and engineering content
- 68% of total Flex design and engineering resources

Flex Agility Solutions

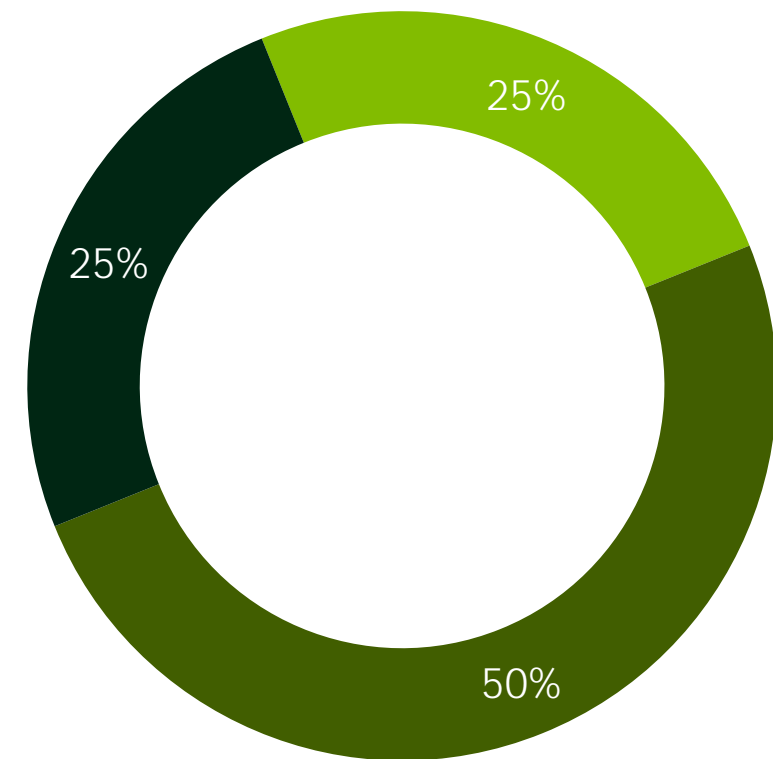
LTM Financial Snapshot (\$M)

Revenue	\$15,103
Operating Profit	\$387
Operating Margin	2.6%

Long-term Goal

Revenue Growth	In-line with GDP
Adj. Operating Margin	Low to mid-single digits

Sales by Business Group



■ Lifestyle ■ CEC ■ Consumer Devices

Business Characteristics

- Volume-variable, lower mix products
- Product life cycles of 1-3 years
- Focused on cost structure
- Lower capital intensity
- 40% of total Flex customer base

Our long-term financial framework

Revenue Growth

Organic growth at or above GDP
Portfolio mix focused on longer cycle business

Earnings Expansion

Mid single digits adjusted operating margin
10%+ annual adjusted EPS growth

Cash Generation

Disciplined investment levels
80%+ adjusted FCF conversion

Capital Allocation

Increased shareholder returns
Investment grade rated

Moving forward

- We have made deep and sustainable changes to our business
- Our mid-to-long term plan is to shift mix to a more diversified, higher value portfolio
- We are growing in specific, targeted markets where our differentiated capabilities in complex engineering-led programs create a win-win relationship
- The new Flex can deliver higher margins and consistent earnings – powered by a new operational model and emphasis on business excellence
- We will be consistent and disciplined in our capital allocation plans
- We are in a strong position to lead our industry and deliver a top quartile financial performance

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Q&A



Appendix: Reconciliation of GAAP to Non-GAAP Measures

	FY18		FY19		LTM	
(\$Thousands)		% of revenue		% of revenue		% of revenue
GAAP gross profit	\$1,595,882	6.3%	\$1,517,775	5.8%	\$1,352,624	5.4%
Stock-based compensation expense	19,102		19,554		16,041	
Customer related asset impairments	-		46,684		97,754	
Restructuring charges	66,845		99,005		184,488	
New revenue standard adoption impact	-		9,291		-	
Legal and other	26,631		15,123		33,274	
Non-GAAP gross profit	\$1,708,460	6.7%	\$1,707,432	6.5%	\$1,684,181	6.7%
GAAP SG&A expenses	\$1,019,399	4.0%	\$953,077	3.6%	\$863,307	3.5%
Stock-based compensation expense	(66,142)		(56,478)		(52,262)	
Customer related asset impairments, legal and other	(31,251)		(60,929)		(22,050)	
Non-GAAP SG&A expenses	\$922,006	3.6%	\$835,670	3.2%	\$788,995	3.2%
GAAP net income before income taxes	\$520,893		\$182,126		\$77,413	
Intangible amortization	78,640		74,396		66,240	
Stock-based compensation expense	85,244		76,032		68,303	
Customer related asset impairments	6,251		87,093		114,786	
Restructuring charges	90,691		113,313		212,003	
New revenue standard adoption impact	-		9,291		-	
Legal and other	51,631		35,644		38,293	
Other charges (income), net	(169,719)		110,414		135,934	
Interest and other, net	122,823		183,454		182,215	
Non-GAAP operating income	\$786,454	3.1%	\$871,763	3.3%	\$895,187	3.6%

71 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 summary financials of the respective periods.

Appendix: Reconciliation of GAAP to Non-GAAP Measures

	FY18	FY19	LTM
(\$Thousands, except per share amounts)			
GAAP income (loss)	\$428,534	\$93,399	(\$25,032)
Intangible amortization	78,640	74,396	66,240
Stock-based compensation expense	85,244	76,032	68,303
Restructuring Charges	90,691	113,313	212,003
Customer related asset impairments	6,251	87,093	114,786
New revenue standard adoption impact	-	9,291	-
Legal and other	51,631	35,644	38,476
Other charges (income), interest and other, net	(166,357)	109,980	147,487
Adjustments for taxes	10,217	3,978	7,421
Non-GAAP net income	\$584,851	\$603,126	\$629,684
Diluted earnings (loss) per share*:			
GAAP	\$0.80	\$0.18	(\$0.04)
Non-GAAP	\$1.09	\$1.14	\$1.23
Diluted shares used in computing per share amounts			
	536,598	530,070	
Net cash used in operating activities			
	(\$3,866,335)	(\$2,971,024)	(\$2,341,725)
Add: Cash collections of ABS positions and other	4,619,933	3,605,299	3,408,831
Less: Net capital expenditures	(517,217)	(631,387)	(399,469)
Adjusted free cash flow	\$236,381	\$2,888	\$667,637
GAAP free cash flow conversion**			
	-902%	-3181%	9355%
Non-GAAP adjusted free cash flow conversion**			
	40%	0%	106%

*LTM GAAP and Non-GAAP EPS are calculated using the sum of last 4 quarters GAAP and Non-GAAP EPS respectively. Please refer to the Investor Relations section of our website which includes summary financials of the respective periods for more details.

**GAAP free cash flow conversion is calculated by dividing the Company's net cash used in operating activities by GAAP net income for the respective periods. Adjusted free cash flow conversion is calculated by dividing the Company's adjusted free cash flow by Non-GAAP net income for the respective periods.

Appendix: Reconciliation of GAAP to Non-GAAP Measures

	LTM December 31, 2019
(\$Thousands)	
Segment income:	
Flex Agility Solutions	\$386,894
Flex Reliability Solutions	622,816
Corporate and Other*	(114,523)
Total segment income:	\$895,187
Operating margin:	
Flex Agility Solutions	2.6%
Flex Reliability Solutions	6.3%

	LTM December 31, 2019
(\$Thousands)	
Reconciliation of segment income to income before income taxes	
Total segment income	\$895,187
Intangible amortization	66,240
Stock-based compensation expense	68,303
Customer related asset impairments	114,786
Restructuring charges	212,003
Legal and other	38,293
Other charges, net	135,934
Interest and other, net	182,215
Income before income taxes	\$77,413

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