

# First Quarter Fiscal 2015 Results



Communications Networks • Industrial • Medical Systems • Defense & Aerospace • Embedded Computing & Storage

## Quarter Ended December 27, 2014

# Safe Harbor Statement



SANMINA

Certain statements made during this presentation, including the Company's outlook for the second quarter, 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, including adverse changes to the key markets we target; credit problems experienced by our customers; risks arising from our international operations; competition that could cause us to lose sales; consolidation among our customers and suppliers that could adversely affect our business; 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 may refer to certain non-GAAP financial information for historical periods. The corresponding GAAP financial information and a reconciliation of the non-GAAP results disclosed during this presentation to their more directly comparable GAAP measures is included on pages 18 and 19 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 presentation, the press 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.

# Non-GAAP Financial Results Compared to Outlook



SANMINA

	Q1'15 (A)	Q1'15 Outlook <u>WAS</u>
Revenue:	1.67B	\$1.65 - \$1.70B
Diluted earnings per share:	\$0.61	\$0.55 - \$0.60

# Financial Results

(Unaudited)



SANMINA

## Three Month Periods

(\$ in millions, except per share data)	Q1'15	Q4'14	Q1'14
<b>GAAP:</b>			
Revenue	\$1,671	\$1,686	\$1,447
Net income	\$23	\$133	\$23
Diluted earnings per share <sup>(1)</sup>	\$0.26	\$1.52	\$0.26
<b>Non-GAAP<sup>(2)</sup>:</b>			
Revenue	\$1,671	\$1,688	\$1,447
Gross profit	\$132	\$133	\$113
Operating expense	\$64	\$62	\$64
Operating income	\$68	\$71	\$49
Other expense	\$5	\$8	\$6
Taxes	\$10	\$10	\$7
Net income	\$53	\$53	\$35
Diluted earnings per share	\$0.61	\$0.61	\$0.41

<sup>(1)</sup>Fourth quarter fiscal 2014 GAAP diluted earnings per share includes a non-recurring tax benefit of \$1.01.

<sup>(2)</sup>Non-GAAP financial results exclude charges or gains relating to: stock-based compensation expenses, restructuring costs (including employee severance and benefits costs and charges related to excess facilities and assets), acquisition and integration costs (consisting of costs associated with the acquisition and integration of acquired businesses into our operations), impairment charges for goodwill and intangible assets, amortization expense and other infrequent or unusual items, including charges for distressed customers, to the extent material or which we consider to be of a non-operational nature in the applicable period. Please refer to "Reconciliation of Non-GAAP Measures" on slides 18 and 19 of this presentation.

Numbers may not foot due to rounding.

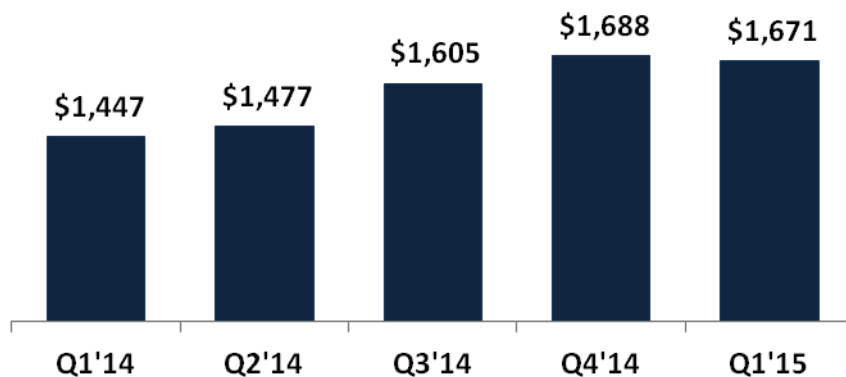
# Non-GAAP P&L Metrics

(\$ in Millions)

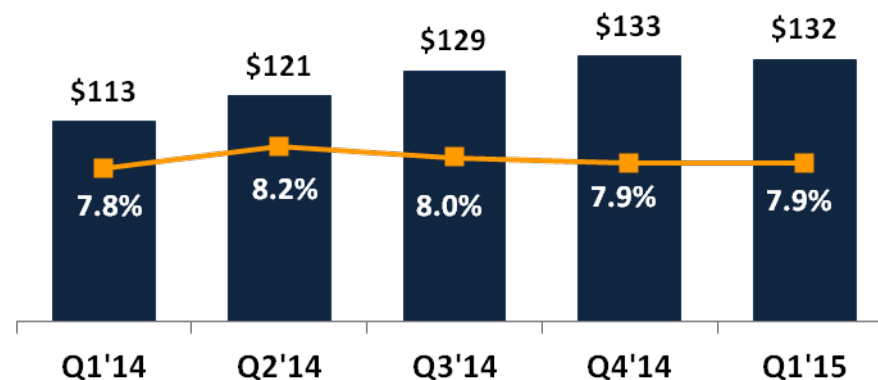


SANMINA

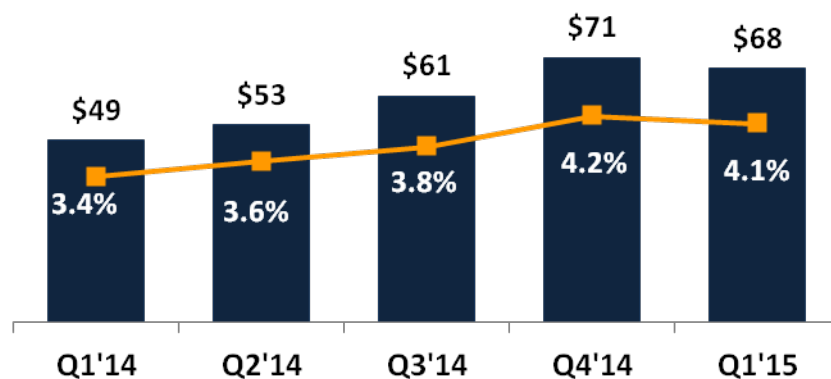
## Revenue



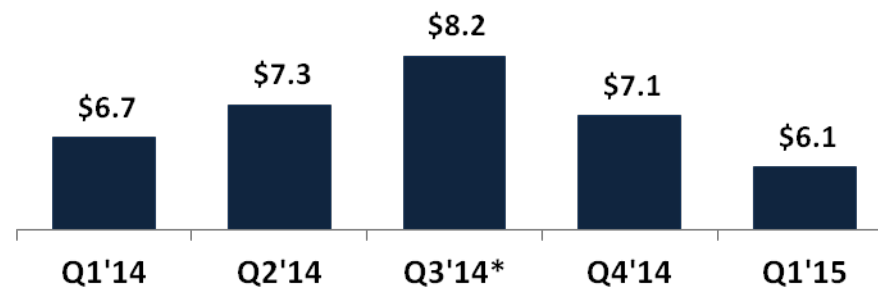
## Gross Profit / Margin



## Operating Income / Margin



## Net Interest Expense



\*Q3'14 includes \$1 million of additional interest incurred related to the redemption and refinancing of the 7% Senior Notes due 2019.

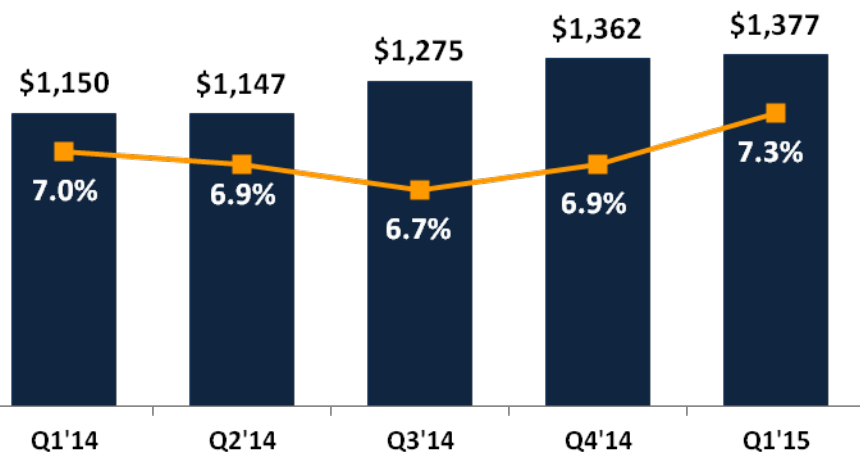
# Segment Reporting - Revenue and Non-GAAP Gross Margin\*

(\$ in Millions)



SANMINA

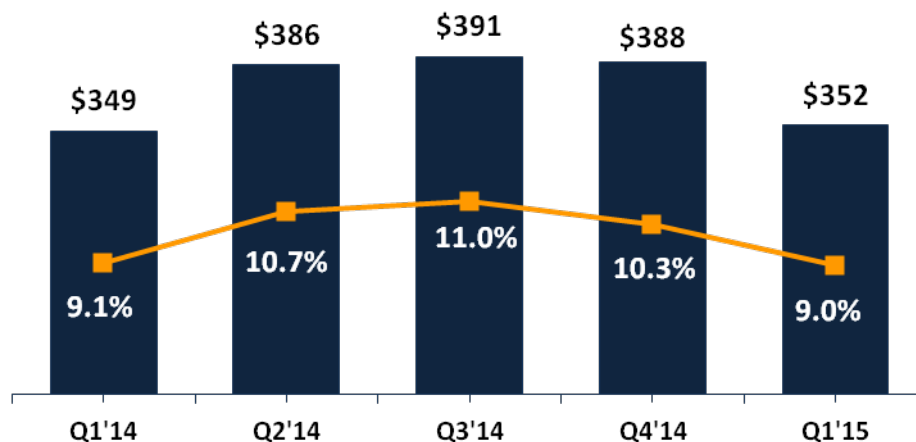
## Integrated Manufacturing Solutions



## Integrated Manufacturing Solutions

- PCB Assembly & Test
- Final System Assembly & Test
- Direct Order Fulfillment

## Components, Products and Services



## Components, Products & Services

- Components
  - Interconnect Systems
    - High Technology Printed Circuits
    - Backplane Assemblies
    - Cable Assemblies
  - Mechanical Systems
    - Precision Machining
    - Enclosures
    - Plastics
- Products
  - Computing & Storage
  - Defense & Aerospace
  - Memory & SSD Modules
  - Optical & RF Modules
- Services
  - Design & Engineering
  - Logistics
  - Repair

\*Non-GAAP revenue and gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP and exclude the same GAAP items that are excluded from the calculation of non-GAAP gross margin for the consolidated business. The reconciliation of non-GAAP gross margin for the consolidated business to GAAP gross margin is shown on slide 18.

# Summary Balance Sheet

(\$ in Millions)



SANMINA

	12/27/14	9/27/14	12/28/13
Cash and cash equivalents	\$391	\$467	\$407
Accounts receivable, net	\$973	\$979	\$917
Inventories	\$908	\$893	\$792
Property, plant and equipment, net	\$565	\$563	\$562
Other assets	\$389	\$411	\$352
Total assets	\$3,226	\$3,313	\$3,030
Accounts payable	\$1,080	\$1,140	\$925
Short-term debt	\$63	\$157	\$84
Long-term debt	\$427	\$387	\$561
Other liabilities	\$373	\$382	\$367
Total stockholders' equity	\$1,282	\$1,247	\$1,093
Total liabilities and stockholders' equity	\$3,226	\$3,313	\$3,030

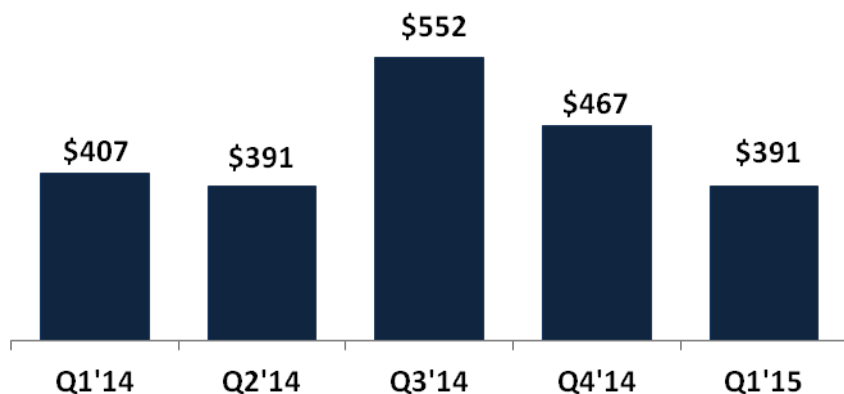
# Balance Sheet Metrics

(\$ in Millions)

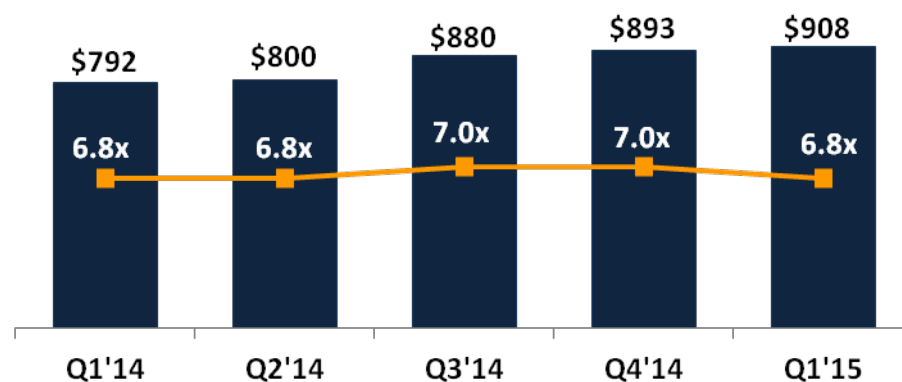


SANMINA

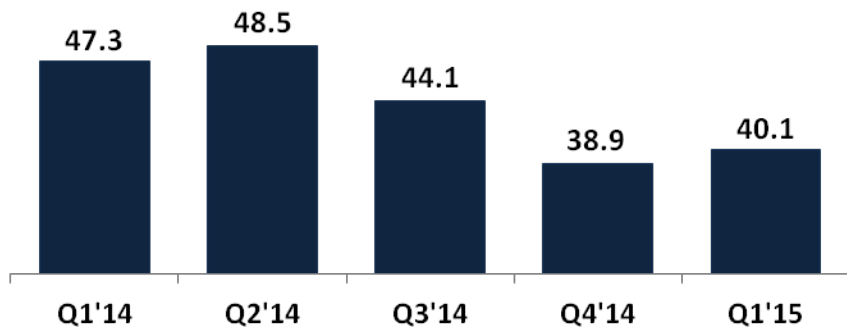
### Cash and Cash Equivalents



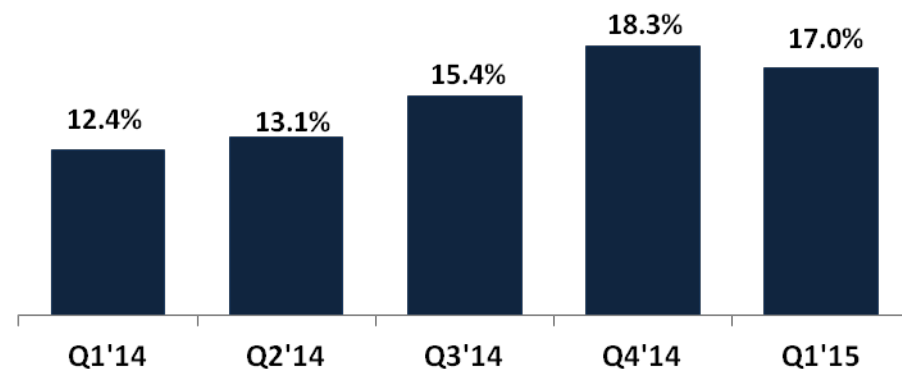
### Inventory \$ / Turns



### Cash Cycle Days



### ROIC





# Q2'15 Outlook<sup>(1)</sup>



SANMINA

The following outlook is for the second fiscal quarter ending March 28, 2015. These statements are forward-looking and actual results may differ materially.

Revenue:	\$1.575 - \$1.625B
----------	--------------------

Non-GAAP EPS:	\$0.50 - \$0.55
---------------	-----------------

<sup>(1)</sup> Outlook for the quarter ending March 28, 2015 is provided only on a non-GAAP basis. The comparable GAAP earnings or loss per share amount is not determinable without unreasonable effort due to inherent difficulties in predicting certain expenses and gains affecting GAAP earnings or loss, such as the amount and timing of Sanmina's restructuring costs, if any, that would be included in GAAP earnings.

## CEO Remarks



Communications Networks • Industrial • Medical Systems • Defense & Aerospace • Embedded Computing & Storage

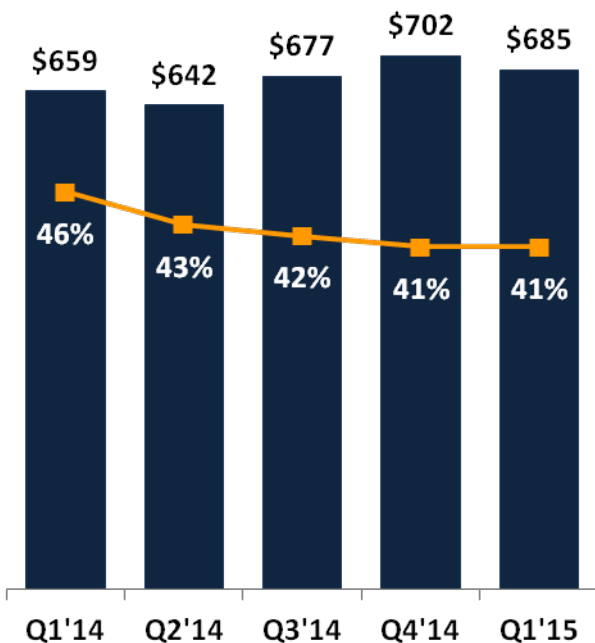
# End-Market Breakdown

(\$ in Millions)



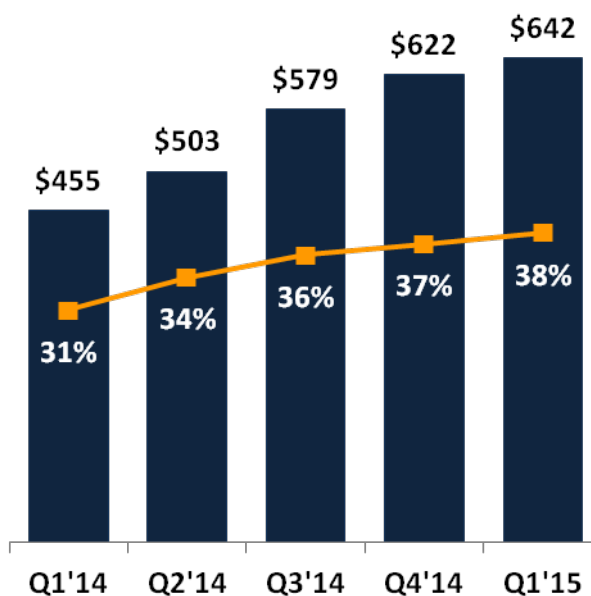
SANMINA

## Communications Networks



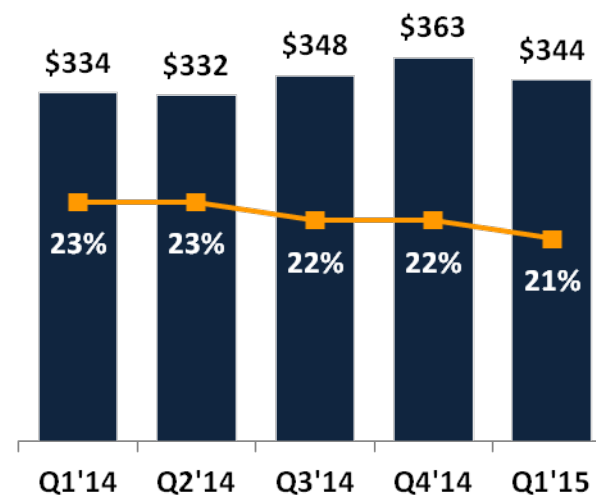
- Networking
- Optical infrastructure
- Wireless infrastructure

## Industrial/Medical/Defense



- Industrial equipment
- Energy
- Oil and gas
- Medical equipment
- Aerospace & defense

## Embedded Computing & Storage

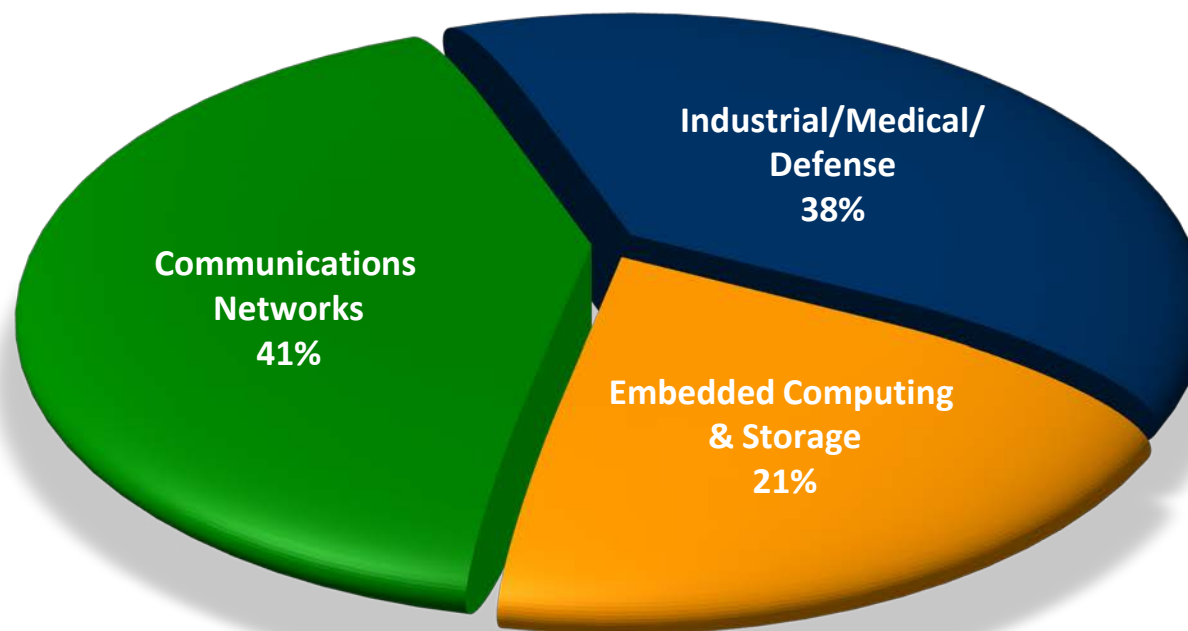


- Casino gaming equipment
- Set-top boxes
- Cinematography
- Point-of-sale equipment
- Automotive electronics
- Storage systems

# Q1'15 Revenue Breakdown By End-Market



SANMINA



**Communications Networks**  
(Networking, optical & wireless infrastructure)

**Industrial/Medical/Defense**  
(Industrial equipment, energy, oil and gas, medical equipment and aerospace & defense)

**Embedded Computing & Storage**  
(Casino gaming equipment, set-top boxes, cinematography, point-of-sale equipment, automotive electronics and storage systems)

Sequential

↓ 2.4%

↑ 3.2%

↓ 5.0%

Y-Y

↑ 4.0%

↑ 41.0%

↑ 3.2%

Numbers may not foot due to rounding.

## Q1 FY'15 Top 10 Customers - 50.0% of Revenue

# Q2'15 End-Market Outlook



SANMINA

Collaborative  
Design and  
Engineering

Interconnect  
Systems

Mechanical  
Systems

Optical / RF  
Solutions

Integrated  
Manufacturing  
Solutions

Products and  
Services

Direct Order  
Fulfillment  
and Logistics

Q2'15

## Communications Networks

(Networking, optical & wireless infrastructure)



## Industrial/Medical/Defense

(Industrial equipment, energy, oil and gas and medical equipment, aerospace & defense)

FLAT

## Embedded Computing & Storage

(Casino gaming equipment, set-top boxes, cinematography, point-of-sale equipment, automotive electronics and storage systems)

FLAT



- Q1'15:
  - Good quarter - In line with our expectations
  - Solid operating margin
- Q2'15:
  - Revenue down sequentially, primarily due to seasonality
  - Based on outlook, first half FY'15 should grow 10%+ compared to first half FY'14
- FY'15:
  - Continue to diversify in focused markets
  - Optimistic in our ability to drive growth
  - Opportunity to deliver more financial improvement

**Consistent and Predictable Results**





SANMINA

# Consolidated Financial Statements Reconciliation of GAAP vs. Non-GAAP



Communications Networks • Industrial • Medical Systems • Defense & Aerospace • Embedded Computing & Storage

## Quarter Ended December 27, 2014

What we make, makes a difference™

# GAAP Condensed Consolidated Balance Sheet



SANMINA

(\$ in thousands)	December 27, 2014 (Unaudited)	September 27, 2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 391,149	\$ 466,607
Accounts receivable, net	972,958	979,475
Inventories	907,735	893,178
Prepaid expenses and other current assets	109,664	111,714
Total current assets	<u>2,381,506</u>	<u>2,450,974</u>
Property, plant and equipment, net	564,557	563,016
Other	279,669	299,099
Total assets	<u>\$ 3,225,732</u>	<u>\$ 3,313,089</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,080,435	\$ 1,139,845
Accrued liabilities	110,000	110,357
Accrued payroll and related benefits	118,467	126,541
Short-term debt	63,416	157,394
Total current liabilities	<u>1,372,318</u>	<u>1,534,137</u>
Long-term liabilities:		
Long-term debt	426,866	386,681
Other	144,936	145,516
Total long-term liabilities	<u>571,802</u>	<u>532,197</u>
Stockholders' equity	1,281,612	1,246,755
Total liabilities and stockholders' equity	<u>\$ 3,225,732</u>	<u>\$ 3,313,089</u>



# GAAP Condensed Consolidated Statement of Operations

## (Unaudited)



SANMINA

(\$ in thousands, except per share data)	Three Months Ended	
	Dec. 27, 2014	Dec. 28, 2013
Net sales	\$ 1,671,162	\$ 1,447,498
Cost of sales	1,544,816	1,336,713
Gross profit	126,346	110,785
Operating expenses:		
Selling, general and administrative	59,418	59,182
Research and development	8,069	7,905
Amortization of intangible assets	425	474
Restructuring costs	3,000	3,704
Asset impairments	1,954	-
Total operating expenses	72,866	71,265
Operating income	53,480	39,520
Interest income	289	806
Interest expense	(6,437)	(7,473)
Other income (expense), net	(1,528)	878
Interest and other, net	(7,676)	(5,789)
Income before income taxes	45,804	33,731
Provision for income taxes	23,148	10,630
Net income	\$ 22,656	\$ 23,101
Basic income per share	\$ 0.27	\$ 0.28
Diluted income per share	\$ 0.26	\$ 0.26
Weighted-average shares used in computing per share amounts:		
Basic	82,548	83,766
Diluted	86,682	87,259

# Reconciliation of Non-GAAP Measures

## (Unaudited)



SANMINA

(\$ in thousands, except per share data)	Three Month Periods		
	Q1'15	Q4'14	Q1'14
GAAP Revenue	\$ 1,671,162	\$ 1,686,169	\$ 1,447,498
Adjustments			
Distressed customer charges (2)	-	1,856	-
<b>Non-GAAP Revenue</b>	<b>\$ 1,671,162</b>	<b>\$ 1,688,025</b>	<b>\$ 1,447,498</b>
GAAP Gross Profit	\$ 126,346	\$ 131,618	\$ 110,785
GAAP gross margin	7.6%	7.8%	7.7%
Adjustments			
Stock compensation expense (1)	1,576	1,986	1,202
Amortization of intangible assets	610	647	-
Recovery of contingency item (3)	-	(2,686)	-
Distressed customer charges (2)	3,942	1,856	673
<b>Non-GAAP Gross Profit</b>	<b>\$ 132,474</b>	<b>\$ 133,421</b>	<b>\$ 112,660</b>
<b>Non-GAAP gross margin</b>	<b>7.9%</b>	<b>7.9%</b>	<b>7.8%</b>
GAAP Operating Expenses	\$ 72,866	\$ 70,081	\$ 71,265
Adjustments			
Stock compensation expense (1)	(4,141)	(3,533)	(3,073)
Amortization of intangible assets	(425)	(425)	(474)
Distressed customer charges (2)	840	-	-
Restructuring costs	(3,000)	(3,979)	(3,704)
Asset impairments	(1,954)	-	-
<b>Non-GAAP Operating Expenses</b>	<b>\$ 64,186</b>	<b>\$ 62,144</b>	<b>\$ 64,014</b>
GAAP Operating Income	\$ 53,480	\$ 61,537	\$ 39,520
GAAP operating margin	3.2%	3.6%	2.7%
Adjustments			
Stock compensation expense (1)	5,717	5,519	4,275
Amortization of intangible assets	1,035	1,072	474
Distressed customer charges (2)	3,102	1,856	673
Restructuring costs	3,000	3,979	3,704
Recovery of contingency item (3)	-	(2,686)	-
Asset impairments	1,954	-	-
<b>Non-GAAP Operating Income</b>	<b>\$ 68,288</b>	<b>\$ 71,277</b>	<b>\$ 48,646</b>
<b>Non-GAAP operating margin</b>	<b>4.1%</b>	<b>4.2%</b>	<b>3.4%</b>

# Reconciliation of Non-GAAP Measures (Continued)

## (Unaudited)



SANMINA

(\$ in thousands, except per share data)	Three Month Periods		
	Q1'15	Q4'14	Q1'14
GAAP Interest and Other, net	\$ (7,676)	\$ (11,142)	\$ (5,789)
Adjustments			
Loss on repurchases of debt (4)	2,913	3,587	-
Litigation settlements (5)	(273)	-	-
<b>Non-GAAP Interest and Other, net</b>	<b>\$ (5,036)</b>	<b>\$ (7,555)</b>	<b>\$ (5,789)</b>
GAAP Provision for (Benefit from) Income Taxes	\$ 23,148	\$ (82,108)	\$ 10,630
Adjustments			
Deferred and non-recurring tax adjustments	(13,028)	92,416	(3,259)
<b>Non-GAAP Provision for Income Taxes</b>	<b>\$ 10,120</b>	<b>\$ 10,308</b>	<b>\$ 7,371</b>
GAAP Net Income	\$ 22,656	\$ 132,503	\$ 23,101
Adjustments:			
Operating income adjustments (see above)	14,808	9,740	9,126
Loss on repurchases of debt (4)	2,913	3,587	-
Litigation settlements (5)	(273)	-	-
Deferred and non-recurring tax adjustments	13,028	(92,416)	3,259
<b>Non-GAAP Net Income</b>	<b>\$ 53,132</b>	<b>\$ 53,414</b>	<b>\$ 35,486</b>
<b>GAAP Net Income Per Share:</b>			
Basic	\$ 0.27	\$ 1.61	\$ 0.28
Diluted	\$ 0.26	\$ 1.52	\$ 0.26
<b>Non-GAAP Net Income Per Share:</b>			
Basic	\$ 0.64	\$ 0.65	\$ 0.42
Diluted	\$ 0.61	\$ 0.61	\$ 0.41
Weighted-average shares used in computing per share amounts:			
Basic	82,548	82,528	83,766
Diluted	86,682	86,997	87,259

(1) Stock compensation expense was as follows:

	Three Month Periods		
	Q1'15	Q4'14	Q1'14
Cost of sales	\$ 1,576	\$ 1,986	\$ 1,202
Selling, general and administrative	4,103	3,491	3,071
Research and development	38	42	2
<b>Total</b>	<b>\$ 5,717</b>	<b>\$ 5,519</b>	<b>\$ 4,275</b>

- (2) Relates to inventory and bad debt reserves / recoveries associated with distressed customers.
- (3) Represents a non-recurring contingency that the Company resolved favorably.
- (4) Represents a loss, including write-off of unamortized debt issuance costs, on debt redeemed or repurchased prior to maturity.
- (5) Represents cash received in connection with certain litigation settlements.

**What we make, makes a difference™**



**S A N M I N A**