

# Second Quarter Fiscal 2015 Results



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

## Quarter Ended March 28, 2015

# Safe Harbor Statement



SANMINA

Certain statements made during this presentation, including the Company's outlook for the third 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

	Q2'15 (A)	Q2'15 Outlook <u>WAS</u>
Revenue:	1.53B	\$1.575 - \$1.625B
Diluted earnings per share:	\$0.50	\$0.50 - \$0.55

# Financial Results

(Unaudited)



SANMINA

## Three Month Periods

(\$ in millions, except per share data)	Q2'15	Q1'15	Q2'14
<b>GAAP:</b>			
Revenue	\$1,528	\$1,671	\$1,477
Net income	\$15	\$23	\$21
Diluted earnings per share	\$0.17	\$0.26	\$0.24
<b>Non-GAAP<sup>(1)</sup>:</b>			
Gross profit	\$117	\$132	\$121
Operating expense	\$61	\$64	\$68
Operating income	\$57	\$68	\$53
Other expense	\$6	\$5	\$7
Taxes	\$7	\$10	\$8
Net income	\$43	\$53	\$38
Diluted earnings per share	\$0.50	\$0.61	\$0.44

<sup>(1)</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.

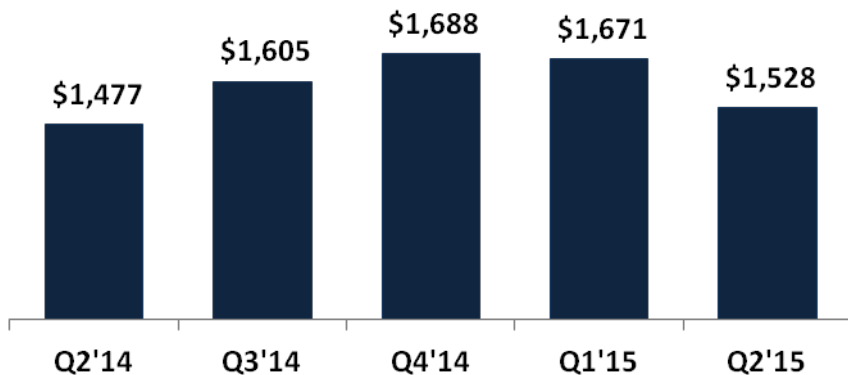
# Non-GAAP P&L Metrics

(\$ in Millions)

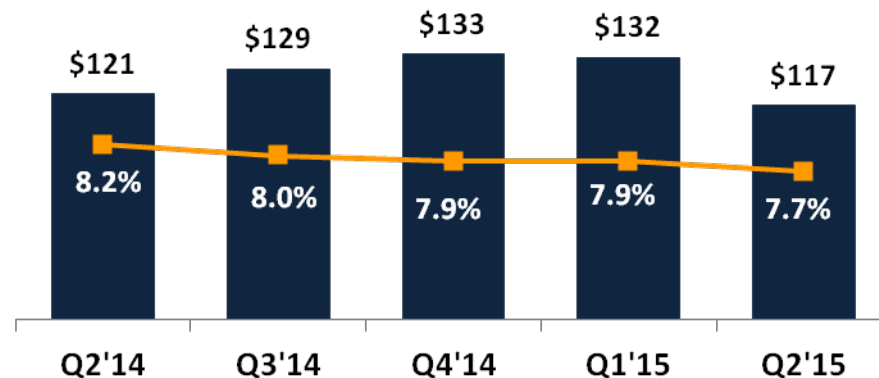


SANMINA

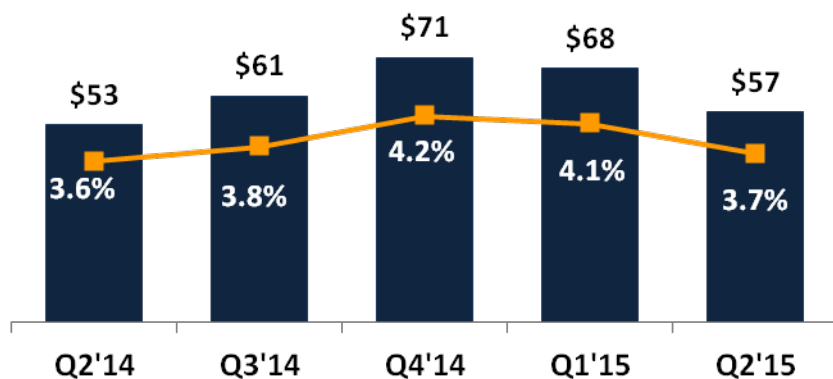
## Revenue



## 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.

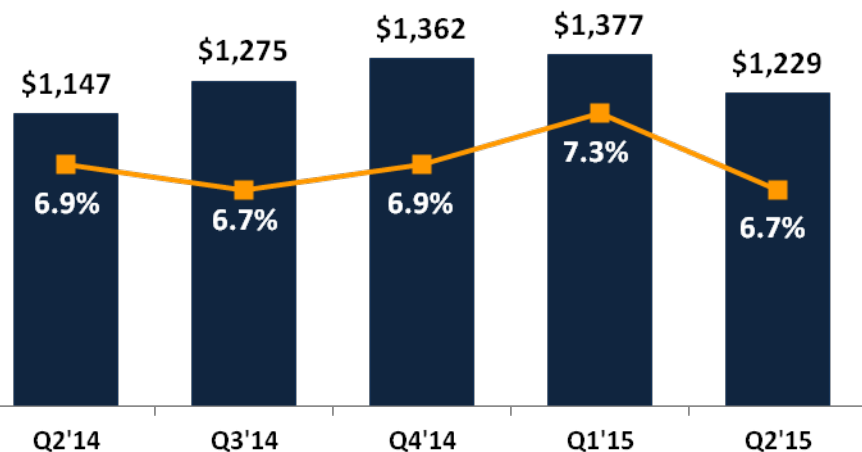
# Segment Reporting - Revenue and Non-GAAP Gross Margin\*

(\$ in Millions)



SANMINA

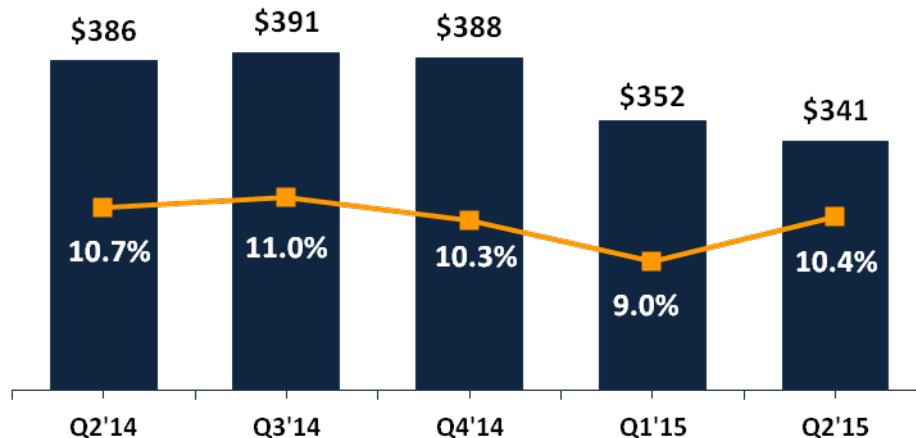
## Integrated Manufacturing Solutions



## 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

	3/28/15	12/27/14	3/29/14
Cash and cash equivalents	\$408	\$391	\$391
Accounts receivable, net	\$922	\$973	\$953
Inventories	\$858	\$908	\$800
Property, plant and equipment, net	\$553	\$565	\$546
Other assets	\$376	\$389	\$330
Total assets	\$3,116	\$3,226	\$3,020
Accounts payable	\$1,015	\$1,080	\$918
Short-term debt	\$43	\$63	\$86
Long-term debt	\$427	\$427	\$557
Other liabilities	\$354	\$373	\$356
Total stockholders' equity	\$1,277	\$1,282	\$1,104
Total liabilities and stockholders' equity	\$3,116	\$3,226	\$3,020

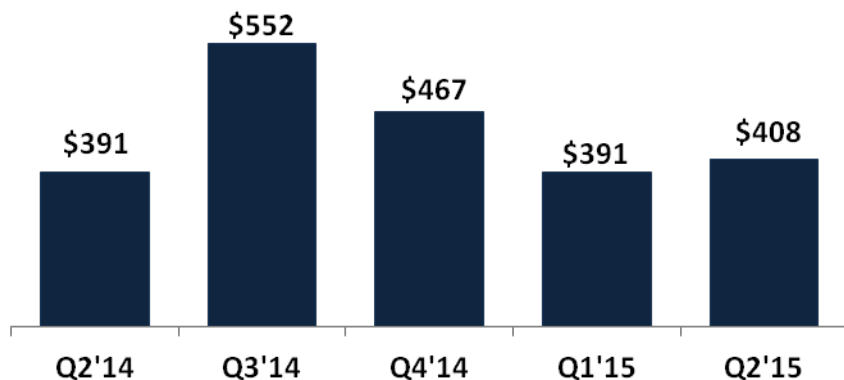
# Balance Sheet Metrics

(\$ in Millions)

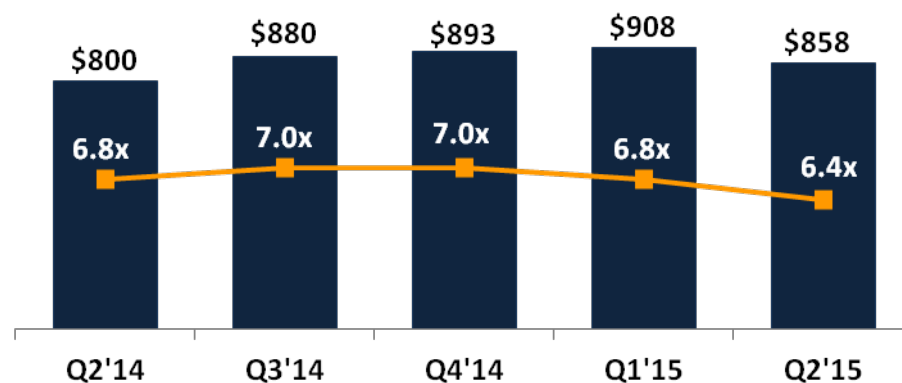


SANMINA

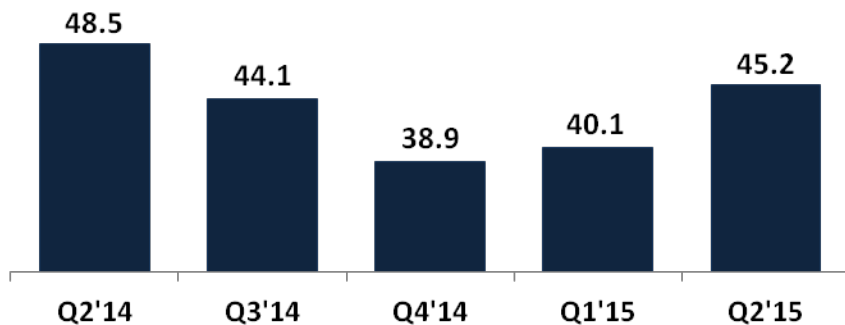
## Cash and Cash Equivalents



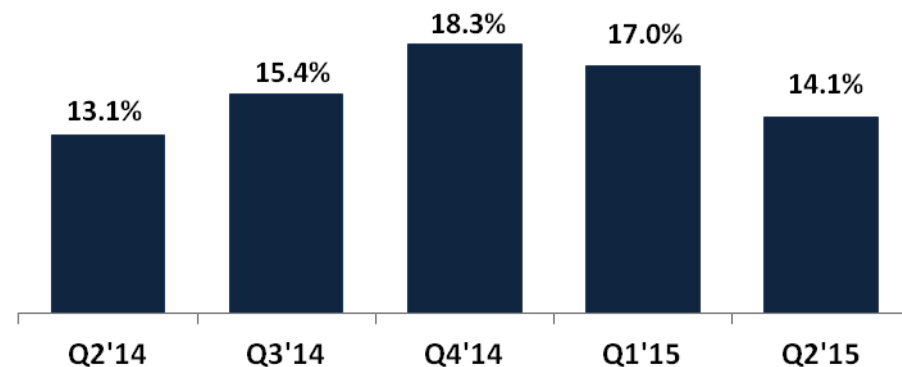
## Inventory \$ / Turns



## Cash Cycle Days



## ROIC





# Q3'15 Outlook<sup>(1)</sup>



SANMINA

The following outlook is for the third fiscal quarter ending June 27, 2015. These statements are forward-looking and actual results may differ materially.

Revenue:	\$1.50 - \$1.55B
----------	------------------

Non-GAAP EPS:	\$0.48 - \$0.52
---------------	-----------------

<sup>(1)</sup> Outlook for the quarter ending June 27, 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

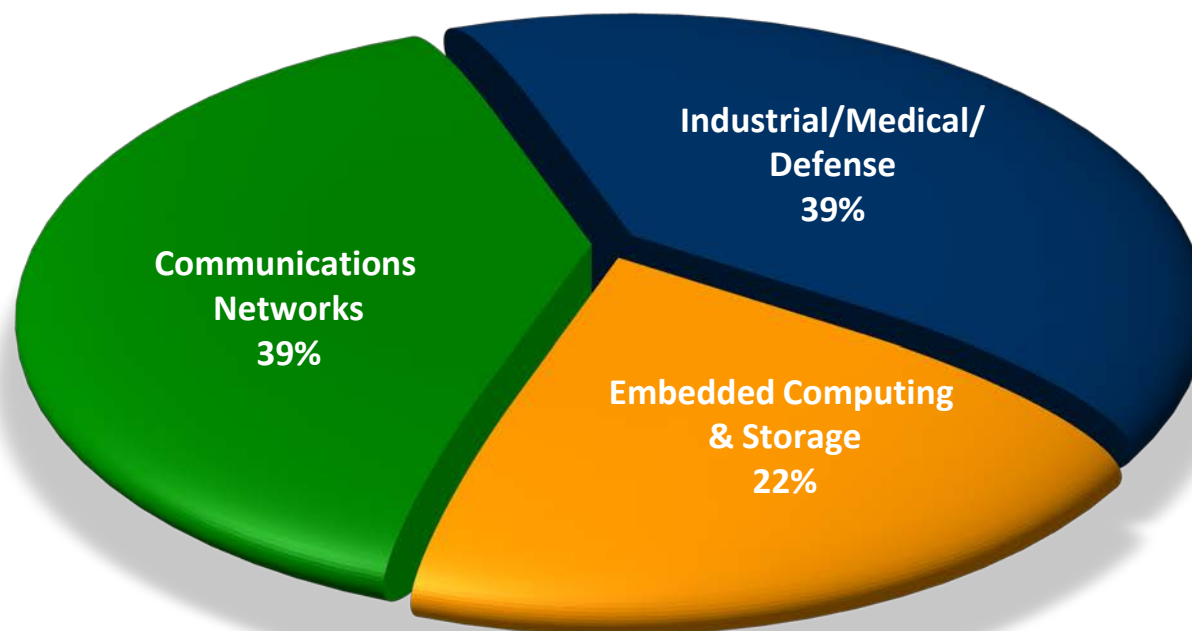


Communications Networks • Industrial • Medical Systems • Defense & Aerospace • Embedded Computing & Storage

# Q2'15 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

↓ 13.2%

↓ 5.9%

↓ 4.4%

Y-Y

↓ 7.4%

↑ 20.0%

↓ 0.8%

Numbers may not foot due to rounding.

## Q2 FY'15 Top 10 Customers - 49.6% of Revenue

# Q3'15 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

Q3'15

## Communications Networks

(Networking, optical & wireless infrastructure)



## Industrial/Medical/Defense

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



## Embedded Computing & Storage

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

Flat



- Q2'15:
  - Challenging environment, broad-based weakness across our end-markets
- Q3'15:
  - Revenue flat sequentially
  - Continued headwind in communications networks
  - Growth in industrial, medical and defense
  - Continue to diversify our end-markets
  - Expect to generate cash
- 2<sup>nd</sup> half of CY2015
  - Expect overall better demand in our focused market segments than the first half

**Investing in Talent and Technologies as We  
Provide More Value to Our Customers**





SANMINA

# Consolidated Financial Statements

## Reconciliation of GAAP vs. Non-GAAP



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

## Quarter Ended March 28, 2015

What we make, makes a difference™

# GAAP Condensed Consolidated Balance Sheet



SANMINA

(\$ in thousands)	March 28, 2015 (Unaudited)	September 27, 2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 407,717	\$ 466,607
Accounts receivable, net	921,740	979,475
Inventories	858,102	893,178
Prepaid expenses and other current assets	102,984	111,714
Total current assets	<u>2,290,543</u>	<u>2,450,974</u>
Property, plant and equipment, net	552,602	563,016
Other	273,308	299,099
Total assets	<u>\$ 3,116,453</u>	<u>\$ 3,313,089</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,014,930	\$ 1,139,845
Accrued liabilities	112,699	110,357
Accrued payroll and related benefits	100,551	126,541
Short-term debt	43,416	157,394
Total current liabilities	<u>1,271,596</u>	<u>1,534,137</u>
Long-term liabilities:		
Long-term debt	427,051	386,681
Other	140,956	145,516
Total long-term liabilities	<u>568,007</u>	<u>532,197</u>
Stockholders' equity	<u>1,276,850</u>	<u>1,246,755</u>
Total liabilities and stockholders' equity	<u>\$ 3,116,453</u>	<u>\$ 3,313,089</u>

# GAAP Condensed Consolidated Statement of Operations

## (Unaudited)



SANMINA

	Three Months Ended		Six Months Ended	
	March 28, 2015	March 29, 2014	March 28, 2015	March 29, 2014
(\$ in thousands, except per share data)				
Net sales	\$ 1,527,530	\$ 1,476,712	\$ 3,198,692	\$ 2,924,210
Cost of sales	1,412,267	1,357,745	2,957,083	2,694,458
Gross profit	115,263	118,967	241,609	229,752
Operating expenses:				
Selling, general and administrative	57,023	62,332	116,441	121,514
Research and development	7,559	8,829	15,628	16,734
Amortization of intangible assets	425	474	850	948
Restructuring costs	1,740	2,565	4,740	6,269
Asset impairments	-	-	1,954	-
Gain on sales of long-lived assets	(1,136)	(530)	(1,136)	(530)
Total operating expenses	65,611	73,670	138,477	144,935
Operating income	49,652	45,297	103,132	84,817
Interest income	265	174	554	980
Interest expense	(6,197)	(7,482)	(12,634)	(14,955)
Other income (expense), net	(365)	626	(1,893)	1,504
Interest and other, net	(6,297)	(6,682)	(13,973)	(12,471)
Income before income taxes	43,355	38,615	89,159	72,346
Provision for income taxes	28,607	17,775	51,755	28,405
Net income	\$ 14,748	\$ 20,840	\$ 37,404	\$ 43,941
Basic income per share	\$ 0.18	\$ 0.25	\$ 0.45	\$ 0.53
Diluted income per share	\$ 0.17	\$ 0.24	\$ 0.43	\$ 0.51
Weighted-average shares used in computing per share amounts:				
Basic	82,977	82,728	82,762	83,247
Diluted	86,897	86,144	86,797	86,723



# Reconciliation of Non-GAAP Measures

## (Unaudited)



SANMINA

	Three Month Periods			Six Month Periods	
	Q2'15	Q1'15	Q2'14	FY15	FY14
(\$ in thousands, except per share data)					
GAAP Gross Profit	\$ 115,263	\$ 126,346	\$ 118,967	\$ 241,609	\$ 229,752
GAAP gross margin	7.5%	7.6%	8.1%	7.6%	7.9%
Adjustments					
Stock compensation expense (1)	1,491	1,576	1,364	3,067	2,566
Amortization of intangible assets	460	610	777	1,070	777
Contingency item (3)	-	-	124	-	124
Distressed customer charges (2)	-	3,942	(290)	3,942	383
<b>Non-GAAP Gross Profit</b>	<b>\$ 117,214</b>	<b>\$ 132,474</b>	<b>\$ 120,942</b>	<b>\$ 249,688</b>	<b>\$ 233,602</b>
<b>Non-GAAP gross margin</b>	<b>7.7%</b>	<b>7.9%</b>	<b>8.2%</b>	<b>7.8%</b>	<b>8.0%</b>
GAAP Operating Expenses	\$ 65,611	\$ 72,866	\$ 73,670	\$ 138,477	\$ 144,935
Adjustments					
Stock compensation expense (1)	(3,997)	(4,141)	(3,393)	(8,138)	(6,466)
Amortization of intangible assets	(425)	(425)	(474)	(850)	(948)
Distressed customer charges (2)	-	840	-	840	-
Restructuring costs	(1,740)	(3,000)	(2,565)	(4,740)	(6,269)
Gain on sales of long-lived assets	1,196	-	530	1,196	530
Asset impairments	-	(1,954)	-	(1,954)	-
<b>Non-GAAP Operating Expenses</b>	<b>\$ 60,645</b>	<b>\$ 64,186</b>	<b>\$ 67,768</b>	<b>\$ 124,831</b>	<b>\$ 131,782</b>
GAAP Operating Income	\$ 49,652	\$ 53,480	\$ 45,297	\$ 103,132	\$ 84,817
GAAP operating margin	3.3%	3.2%	3.1%	3.2%	2.9%
Adjustments					
Stock compensation expense (1)	5,488	5,717	4,757	11,205	9,032
Amortization of intangible assets	885	1,035	1,251	1,920	1,725
Distressed customer charges (2)	-	3,102	(290)	3,102	383
Restructuring costs	1,740	3,000	2,565	4,740	6,269
Contingency item (3)	-	-	124	-	124
Gain on sales of long-lived assets	(1,196)	-	(530)	(1,196)	(530)
Asset impairments	-	1,954	-	1,954	-
<b>Non-GAAP Operating Income</b>	<b>\$ 56,569</b>	<b>\$ 68,288</b>	<b>\$ 53,174</b>	<b>\$ 124,857</b>	<b>\$ 101,820</b>
<b>Non-GAAP operating margin</b>	<b>3.7%</b>	<b>4.1%</b>	<b>3.6%</b>	<b>3.9%</b>	<b>3.5%</b>

# Reconciliation of Non-GAAP Measures (Continued)

## (Unaudited)



SANMINA

(\$ in thousands, except per share data)	Three Month Periods			Six Month Periods	
	Q2'15	Q1'15	Q2'14	FY15	FY14
GAAP Interest and Other, net	\$ (6,297)	\$ (7,676)	\$ (6,682)	\$ (13,973)	\$ (12,471)
Adjustments					
Loss on repurchases of debt (4)	-	2,913	-	2,913	-
Litigation settlements (5)	-	(273)	(261)	(273)	(261)
<b>Non-GAAP Interest and Other, net</b>	<b>\$ (6,297)</b>	<b>\$ (5,036)</b>	<b>\$ (6,943)</b>	<b>\$ (11,333)</b>	<b>\$ (12,732)</b>
GAAP Provision for Income Taxes	\$ 28,607	\$ 23,148	\$ 17,775	\$ 51,755	\$ 28,405
Adjustments					
Deferred and non-recurring tax adjustments	(21,698)	(13,028)	(9,823)	(34,726)	(13,082)
<b>Non-GAAP Provision for Income Taxes</b>	<b>\$ 6,909</b>	<b>\$ 10,120</b>	<b>\$ 7,952</b>	<b>\$ 17,029</b>	<b>\$ 15,323</b>
GAAP Net Income	\$ 14,748	\$ 22,656	\$ 20,840	\$ 37,404	\$ 43,941
Adjustments:					
Operating income adjustments (see above)	6,917	14,808	7,877	21,725	17,003
Loss on repurchases of debt (4)	-	2,913	-	2,913	-
Litigation settlements (5)	-	(273)	(261)	(273)	(261)
Deferred and non-recurring tax adjustments	21,698	13,028	9,823	34,726	13,082
<b>Non-GAAP Net Income</b>	<b>\$ 43,363</b>	<b>\$ 53,132</b>	<b>\$ 38,279</b>	<b>\$ 96,495</b>	<b>\$ 73,765</b>
<b>GAAP Net Income Per Share:</b>					
Basic	\$ 0.18	\$ 0.27	\$ 0.25	\$ 0.45	\$ 0.53
Diluted	\$ 0.17	\$ 0.26	\$ 0.24	\$ 0.43	\$ 0.51
<b>Non-GAAP Net Income Per Share:</b>					
Basic	\$ 0.52	\$ 0.64	\$ 0.46	\$ 1.17	\$ 0.89
Diluted	\$ 0.50	\$ 0.61	\$ 0.44	\$ 1.11	\$ 0.85
Weighted-average shares used in computing per share amounts:					
Basic	82,977	82,548	82,728	82,762	83,247
Diluted	86,897	86,682	86,144	86,797	86,723

(1) Stock compensation expense was as follows:

	Three Month Periods			Six Month Periods	
	Q2'15	Q1'15	Q2'14	FY15	FY14
Cost of sales	\$ 1,491	\$ 1,576	\$ 1,364	\$ 3,067	\$ 2,566
Selling, general and administrative	3,959	4,103	3,382	8,062	6,453
Research and development	38	38	11	76	13
<b>Total</b>	<b>\$ 5,488</b>	<b>\$ 5,717</b>	<b>\$ 4,757</b>	<b>\$ 11,205</b>	<b>\$ 9,032</b>

(2) Relates to inventory and bad debt reserves / recoveries associated with distressed customers.

(3) Represents a non-recurring contingency that the Company ultimately resolved favorably in Q4 FY14.

(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**