



SANMINA

# First Quarter Fiscal 2017



Industrial



Medical Systems



Defense & Aerospace



Communications Networks



Computing & Storage



Automotive

Quarter Ended December 31, 2016

# Safe Harbor Statement



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Certain statements made during this presentation, including the Company's outlook for the second quarter fiscal year 2017 and expectations for fiscal 2017 being another growth year, 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; 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.

# Financial Results Compared to Outlook



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	Q1'17 (A)	Q1'17 Outlook
Revenue:	\$1.72B	\$1.675 - \$1.725B
Non-GAAP Diluted earnings per share:	\$0.75	\$0.65 - \$0.70

# Financial Results

(Unaudited)



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## Three Month Periods

(\$ in millions, except per share data)	Q1'17	Q4'16	Q1'16
<b>GAAP:</b>			
Revenue	\$1,720	\$1,666	\$1,535
Gross profit	\$132	\$127	\$124
Operating expense	\$74	\$72	\$70
Operating income	\$59	\$55	\$54
Other expense	\$4	\$3	\$6
Taxes	\$10	(\$49)	\$21
Net income	\$45	\$101	\$27
Diluted earnings per share <sup>(1)</sup>	\$0.58	\$1.30	\$0.33
<b>Non-GAAP<sup>(2)</sup>:</b>			
Revenue	\$1,720	\$1,666	\$1,535
Gross profit	\$136	\$132	\$126
Operating expense	\$64	\$62	\$65
Operating income	\$72	\$69	\$61
Other expense	\$4	\$4	\$6
Taxes	\$10	\$9	\$8
Net income	\$58	\$56	\$47
Diluted earnings per share	\$0.75	\$0.72	\$0.58

<sup>(1)</sup>In the fourth quarter of 2016, the Company released valuation allowances attributable to certain U.S. and foreign deferred tax assets. As a result of these releases, fourth quarter GAAP diluted earnings per share include a tax benefit of \$1.24 per share.

<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 charges associated with distressed customers, litigation settlements, gains on sales of assets and redemptions of debt, discrete tax events and deferred tax changes, to the extent material in the applicable period. Please refer to "Reconciliation of Non-GAAP Measures" on slide 18 of this presentation.

Numbers may not foot due to rounding.

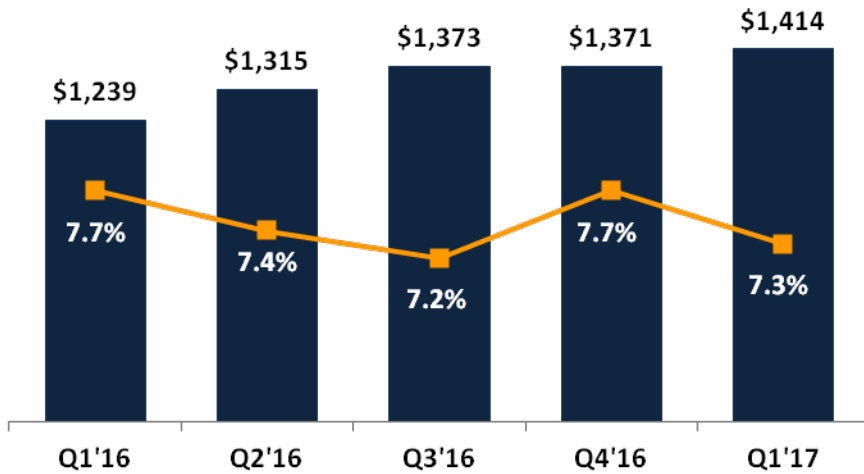
# Segment Reporting - Revenue and Non-GAAP Gross Margin\*

(\$ in Millions)



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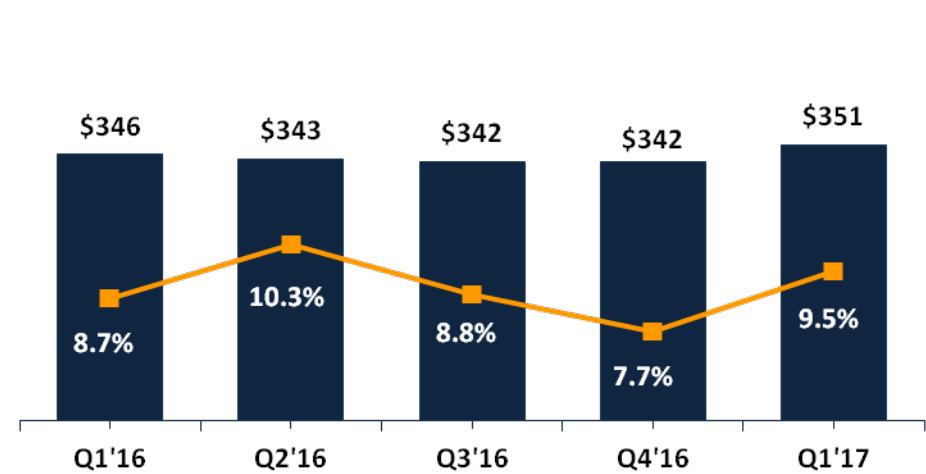
## Integrated Manufacturing Solutions



### 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.

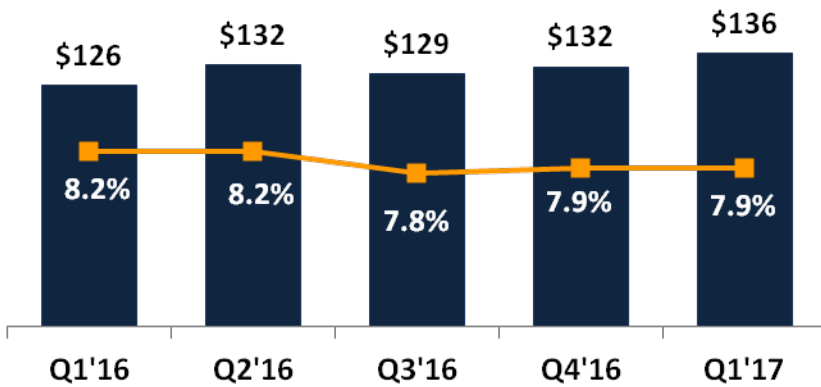
# Non-GAAP P&L Metrics

(\$ in Millions)

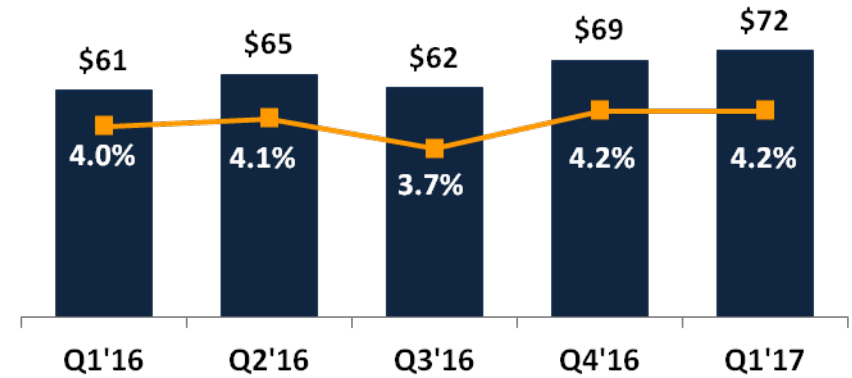


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### Gross Profit / Margin



### Operating Income / Margin



# Summary Balance Sheet

(\$ in Millions)



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	12/31/16	10/1/16
Cash and cash equivalents	\$405	\$398
Accounts receivable, net	\$993	\$974
Inventories	\$964	\$946
Property, plant and equipment, net	\$621	\$618
Deferred tax assets	\$513	\$514
Other assets	\$172	\$175
Total assets	\$3,668	\$3,625
Accounts payable	\$1,171	\$1,121
Short-term debt	\$43	\$28
Long-term debt	\$393	\$434
Other liabilities	\$397	\$432
Total stockholders' equity	\$1,663	\$1,610
Total liabilities and stockholders' equity	\$3,668	\$3,625

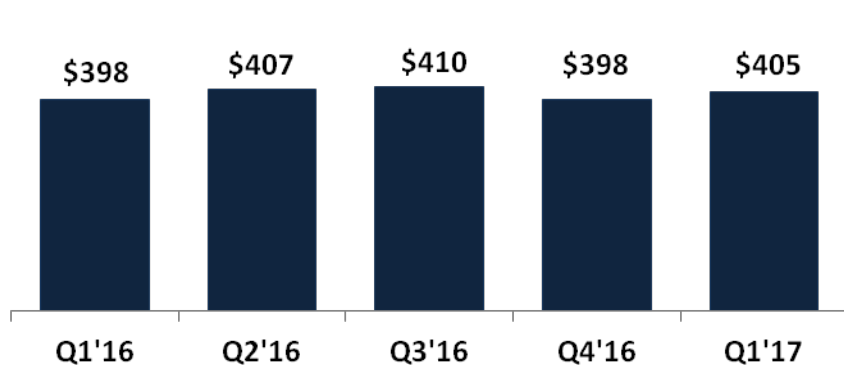
# Balance Sheet Metrics

(\$ in Millions)

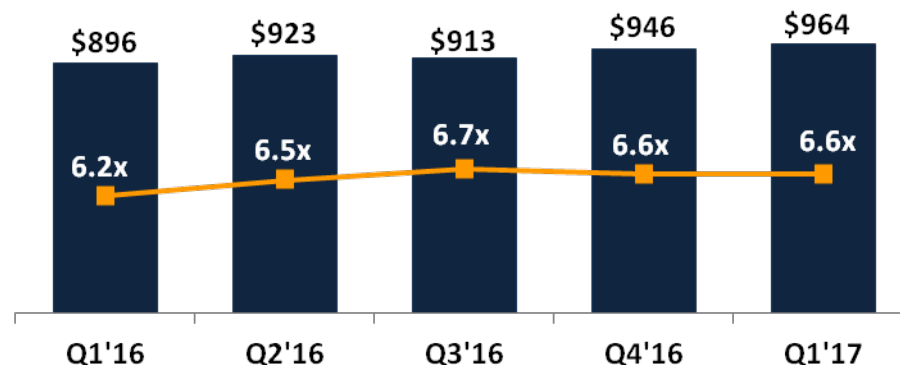


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### Cash and Cash Equivalents

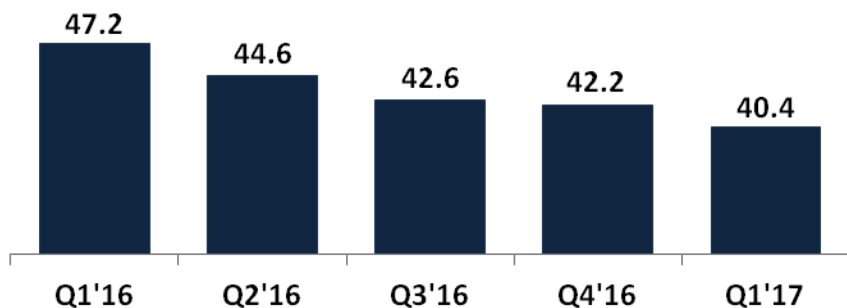


### Inventory \$ / Turns

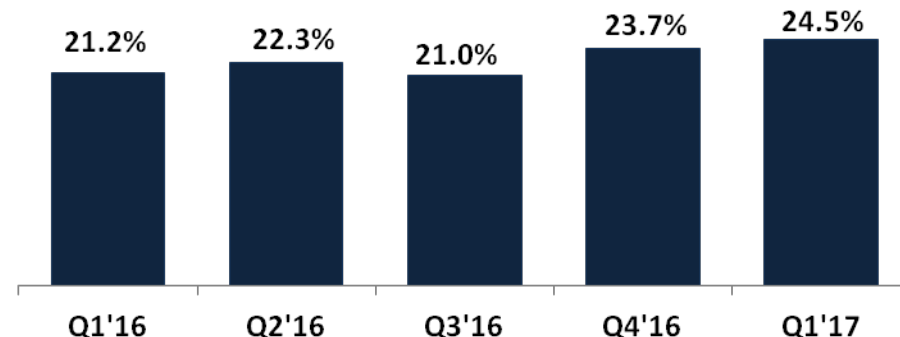


Inventory turns (annualized are calculated as the ratio of four times cost of sales for the quarter to average inventory).

### Cash Cycle Days



### Non-GAAP Pre-Tax ROIC



Refer to slide 19 for pre-tax ROIC calculation.

Cash cycle days is calculated as days inventory on hand (ratio of average inventory for the quarter to average daily cost of sales for the quarter) plus days sales outstanding (ratio of average net accounts receivable to average daily net sales for the quarter) minus accounts payable days (ratio of 365 days divided by accounts payable turns - ratio of four times cost of sales for the quarter to average accounts payable).



# Q2'17 Outlook<sup>(1)</sup>



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The following outlook is for the second fiscal quarter ending April 1, 2017. These statements are forward-looking and actual results may differ materially.

Revenue:	\$1.675 - \$1.725B
Non-GAAP EPS:	\$0.67 - \$0.72

<sup>(1)</sup> Outlook for the quarter ending April 1, 2017 is provided only on a non-GAAP basis. The comparable GAAP earnings or loss per share amount is not determinable due to inherent uncertainties associated with forecasting the timing and amount of acquisitions, restructuring activities, asset impairments and the incurrence of discrete tax events and deferred tax charges.



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# CEO Remarks



Industrial



Medical Systems



Defense & Aerospace



Communications Networks



Computing & Storage

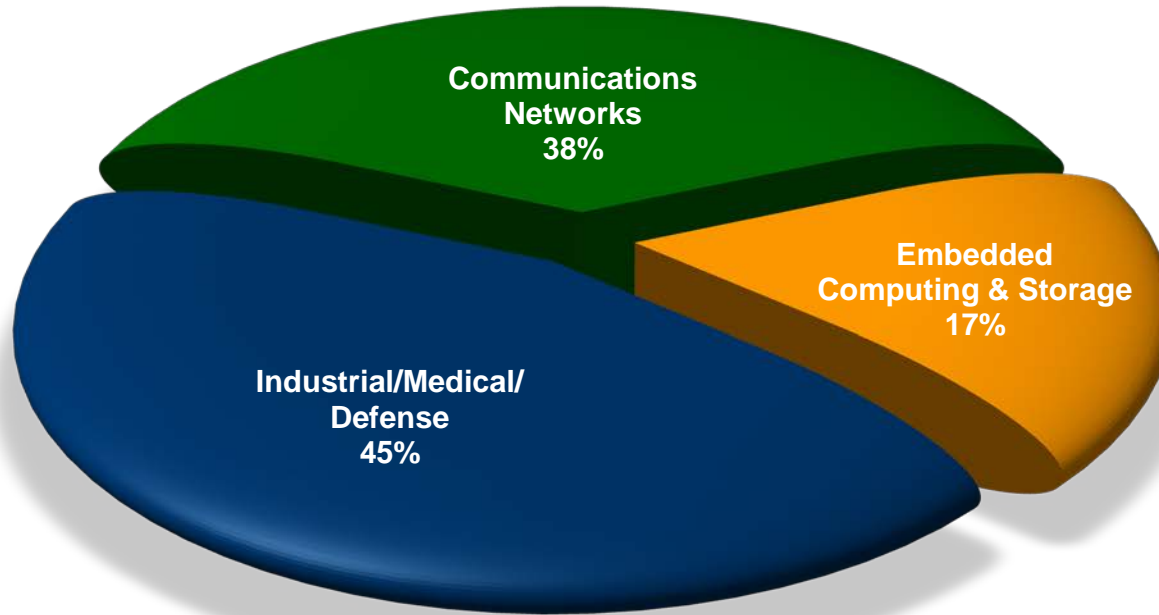


Automotive

# Q1'17 Revenue Breakdown By End-Market



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

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

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

Sequential

↑2.7%

↑4.1%

↑2.9%

Numbers may not foot due to rounding.

## Top 10 Customers - 51.8% of Revenue

# Q2'17 End-Market Outlook



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Collaborative Design and Engineering

Interconnect Systems

Mechanical Systems

Optical / RF Solutions

Integrated Manufacturing Solutions

Products and Services

Direct Order Fulfillment and Logistics

## Industrial/Medical/Defense

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

Stable

## Communications Networks

(Networking, optical & wireless infrastructure)

Stable

## Embedded Computing & Storage

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

Stable



Focused on Key Markets  
Providing Competitive Advantage

# R&D, NPI to Direct Fulfillment - "One-Stop Shop"



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R&D

New Product Introduction

Volume Manufacturing

Sustaining Engineering, EOL



## Design & Introduction

- Close to Customer
- Product Design, DfX, Technology & Components

## Regional Manufacturing

- Transfer for Best Solution
- Global/Regional Supply Chain

## Logistics

- BTO, CTO, Direct Fulfillment
- Repair, Refurbishment

25 Countries - One "IT" Platform

Global/Regional Solutions for Entire Product Life Cycle

# Summary



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- Q1'17:
  - Revenue growth - In line with guidance
  - Consistent operating margin
  - EPS expanded- up 4% sequentially and 30% year-over-year
  - Solid cash flow from operations
- Q2'17:
  - Good demand
  - Continue to generate cash
- FY'17:
  - Strong first half, expect strong second half fiscal 2017
  - Continue to drive profitable growth and shareholder value

**Focused On Our Customers' Success**



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# Consolidated Financial Statements Reconciliation of GAAP vs Non-GAAP



Industrial



Medical Systems



Defense & Aerospace



Communications Networks



Computing & Storage



Automotive

Quarter Ended December 31, 2016

# GAAP Condensed Consolidated Balance Sheet



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(in thousands)	December 31, 2016 (Unaudited)	October 1, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 405,240	\$ 398,288
Accounts receivable, net	993,049	973,680
Inventories	963,905	946,239
Prepaid expenses and other current assets	55,394	57,445
Total current assets	<u>2,417,588</u>	<u>2,375,652</u>
Property, plant and equipment, net	620,911	617,524
Deferred tax assets	513,020	514,314
Other	116,468	117,732
Total assets	<u>\$ 3,667,987</u>	<u>\$ 3,625,222</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,171,230	\$ 1,121,135
Accrued liabilities	115,371	124,386
Accrued payroll and related benefits	105,232	127,326
Short-term debt	43,416	28,416
Total current liabilities	<u>1,435,249</u>	<u>1,401,263</u>
Long-term liabilities:		
Long-term debt	393,298	434,059
Other	176,674	180,097
Total long-term liabilities	<u>569,972</u>	<u>614,156</u>
Stockholders' equity	1,662,766	1,609,803
Total liabilities and stockholders' equity	<u>\$ 3,667,987</u>	<u>\$ 3,625,222</u>



# GAAP Condensed Consolidated Statement of Operations (Unaudited)



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	Three Months Ended	
	December 31, 2016	January 2, 2016
(in thousands, except per share data)		
Net sales	\$ 1,719,977	\$ 1,534,714
Cost of sales	1,587,815	1,411,076
Gross profit	132,162	123,638
Operating expenses:		
Selling, general and administrative	65,140	57,693
Research and development	8,171	9,647
Amortization of intangible assets	918	692
Restructuring costs	728	553
Asset impairments	-	1,000
Gain on sales of long-lived assets	(1,451)	-
Total operating expenses	73,506	69,585
Operating income	58,656	54,053
Interest income	201	148
Interest expense	(5,267)	(5,878)
Other income (expense), net	1,257	(218)
Interest and other, net	(3,809)	(5,948)
Income before income taxes	54,847	48,105
Provision for income taxes	9,983	20,967
Net income	\$ 44,864	\$ 27,138
Basic income per share	\$ 0.61	\$ 0.35
Diluted income per share	\$ 0.58	\$ 0.33
Weighted-average shares used in computing per share amounts:		
Basic	73,554	77,921
Diluted	77,175	81,205

# Reconciliation of Non-GAAP Measures (Unaudited)



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(\$ in thousands, except per share data)	Three Month Periods		
	Q1'17	Q4'16	Q1'16
GAAP Gross Profit	\$ 132,162	\$ 127,271	\$ 123,638
GAAP gross margin	7.7%	7.6%	8.1%
Adjustments			
Stock compensation expense (1)	2,863	2,471	1,405
Amortization of intangible assets	902	902	668
Distressed customer charges (2)	-	957	-
<b>Non-GAAP Gross Profit</b>	<b>\$ 135,927</b>	<b>\$ 131,601</b>	<b>\$ 125,711</b>
<b>Non-GAAP gross margin</b>	<b>7.9%</b>	<b>7.9%</b>	<b>8.2%</b>
GAAP Operating Expenses	\$ 73,506	\$ 72,221	\$ 69,585
Adjustments			
Stock compensation expense (1)	(9,114)	(6,477)	(2,647)
Amortization of intangible assets	(918)	(918)	(692)
Distressed customer charges (2)	-	(1,276)	-
Restructuring costs	(728)	(1,210)	(553)
Gain on sales of long-lived assets	1,451	-	-
Asset impairments	-	-	(1,000)
<b>Non-GAAP Operating Expenses</b>	<b>\$ 64,197</b>	<b>\$ 62,340</b>	<b>\$ 64,693</b>
GAAP Operating Income	\$ 58,656	\$ 55,050	\$ 54,053
GAAP operating margin	3.4%	3.3%	3.5%
Adjustments			
Stock compensation expense (1)	11,977	8,948	4,052
Amortization of intangible assets	1,820	1,820	1,360
Distressed customer charges (2)	-	2,233	-
Restructuring costs	728	1,210	553
Gain on sales of long-lived assets	(1,451)	-	-
Asset impairments	-	-	1,000
<b>Non-GAAP Operating Income</b>	<b>\$ 71,730</b>	<b>\$ 69,261</b>	<b>\$ 61,018</b>
<b>Non-GAAP operating margin</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.0%</b>
GAAP Interest and Other, net	\$ (3,809)	\$ (3,420)	\$ (5,948)
Adjustments			
Litigation settlements (3)	-	(1,023)	-
<b>Non-GAAP Interest and Other, net</b>	<b>\$ (3,809)</b>	<b>\$ (4,443)</b>	<b>\$ (5,948)</b>
GAAP Provision for (Benefit from) Income Taxes	\$ 9,983	\$ (49,175)	\$ 20,967
Adjustments			
Deferred and non-recurring tax adjustments	205	58,316	(12,707)
<b>Non-GAAP Provision for Income Taxes</b>	<b>\$ 10,188</b>	<b>\$ 9,141</b>	<b>\$ 8,260</b>
GAAP Net Income	\$ 44,864	\$ 100,805	\$ 27,138
Adjustments:			
Operating income adjustments (see above)	13,074	14,211	6,965
Litigation settlements (3)	-	(1,023)	-
Deferred and non-recurring tax adjustments	(205)	(58,316)	12,707
<b>Non-GAAP Net Income</b>	<b>\$ 57,733</b>	<b>\$ 55,677</b>	<b>\$ 46,810</b>
<b>GAAP Net Income Per Share:</b>			
Basic	\$ 0.61	\$ 1.37	\$ 0.35
Diluted	\$ 0.58	\$ 1.30	\$ 0.33
<b>Non-GAAP Net Income Per Share:</b>			
Basic	\$ 0.78	\$ 0.76	\$ 0.60
Diluted	\$ 0.75	\$ 0.72	\$ 0.58
<b>Weighted-average shares used in computing per share amounts:</b>			
Basic	73,554	73,549	77,921
Diluted	77,175	77,371	81,205

(1) Stock compensation expense was as follows:

	Three Month Periods		
	Q1'17	Q4'16	Q1'16
Cost of sales	\$ 2,863	\$ 2,471	\$ 1,405
Selling, general and administrative	8,840	6,246	2,566
Research and development	274	231	81
Total	<b>\$ 11,977</b>	<b>\$ 8,948</b>	<b>\$ 4,052</b>

(2) Relates to inventory and bad debt reserves associated

(3) Represents cash received in connection with certain litigation settlements.

# Pre-tax Return on Invested Capital (ROIC) (Unaudited)



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	<u>Q1 FY17</u>
GAAP operating income	\$ 58,656
	x <u>4</u>
Annualized GAAP operating income	234,624
Average invested capital (1)	÷ <u>1,170,448</u>
<b>GAAP pre-tax ROIC</b>	<b><u>20.0%</u></b>
Non-GAAP operating income	\$ 71,730
	x <u>4</u>
Annualized non-GAAP operating income	286,920
Average invested capital (1)	÷ <u>1,170,448</u>
<b>Non-GAAP pre-tax ROIC</b>	<b><u>24.5%</u></b>

(1) Invested capital is defined as total assets (not including cash and cash equivalents and deferred tax assets) less total liabilities (excluding short-term and long-term debt).

# Condensed Consolidated Cash Flow

(Unaudited)



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(in thousands)	Three Month Periods	
	Q1'17	Q1'16
GAAP Net Income	\$ 44,864	\$ 27,138
Depreciation and amortization	28,972	25,751
Other, net*	14,098	17,648
Net change in net working capital	<u>(34,007)</u>	<u>(7,877)</u>
Cash provided by operating activities	<u>53,927</u>	<u>62,660</u>
Net purchases of property & equipment	<u>(18,085)</u>	<u>(28,708)</u>
Cash used in investing activities	<u>(18,085)</u>	<u>(28,708)</u>
Net share repurchases	(2,980)	(24,384)
Payments for previous acquisitions	(2,262)	-
Net borrowing activities	<u>(25,000)</u>	<u>(24,000)</u>
Cash used in financing activities	<u>(30,242)</u>	<u>(48,384)</u>
Effect of exchange rate changes	<u>1,352</u>	<u>626</u>
Net change in cash & cash equivalents	<u>\$ 6,952</u>	<u>\$(13,806)</u>
Free cash flow:		
Cash provided by operating activities	\$ 53,927	\$ 62,660
Net purchases of property & equipment	<u>(18,085)</u>	<u>(28,708)</u>
	<u>\$ 35,842</u>	<u>\$ 33,952</u>

\*Primarily stock-based compensation expense and changes in deferred income taxes.

**What we make, makes a difference™**



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