

Q3 FY'22 Financial Results

August 1, 2022



SANMINA



Today's Presenters



Jure Sola
Chairman & CEO



Kurt Adzema
EVP & CFO





Safe Harbor Statement

Certain statements made during this presentation, including our outlook for the fourth quarter and fiscal year 2022 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, most notably ongoing supply chain constraints, including those resulting from the continuing impacts of the COVID-19 pandemic, and geopolitical uncertainty, including from the conflict in Ukraine. Other factors that could cause our results to differ from our outlook include adverse changes to the key markets we target; significant uncertainties that can cause our future sales and net income to be variable; reliance on a small number of customers for a substantial portion of our sales; risks arising from our international operations; 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 will refer to certain non-GAAP financial information. The corresponding GAAP financial information and a reconciliation of such non-GAAP financial information to their most directly comparable GAAP measures are included on slide 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 during this presentation, whether as a result of new information, future events or otherwise, unless otherwise required by law.

Financial Review

Kurt Adzema

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Q3'22 Non-GAAP Financial Highlights

	Q3'22	Outlook <u>WAS</u>
Revenue	\$2.02B	\$1.825B - \$1.925B
Gross Margin	8.4%	8.0% - 8.5%
Operating Margin	5.5%	4.8% - 5.3%
Diluted EPS	\$1.30	\$1.05 - \$1.15

Strong Demand and Solid Execution

P&L Performance

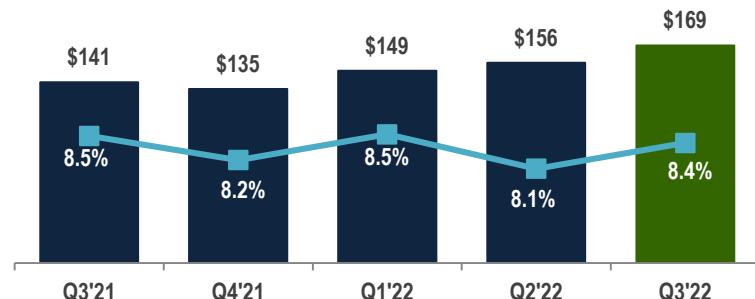
(\$ in Millions, except per share data)



Revenue



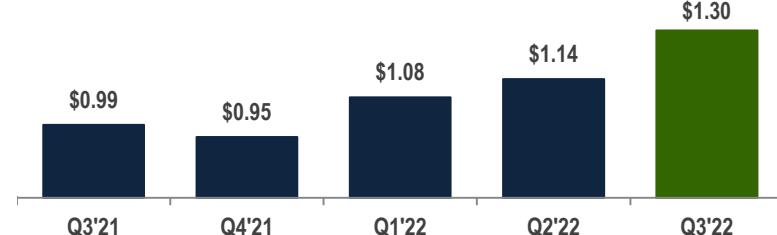
Non-GAAP Gross Profit / Margin



Non-GAAP Operating Income / Margin



Non-GAAP Diluted Earnings Per Share



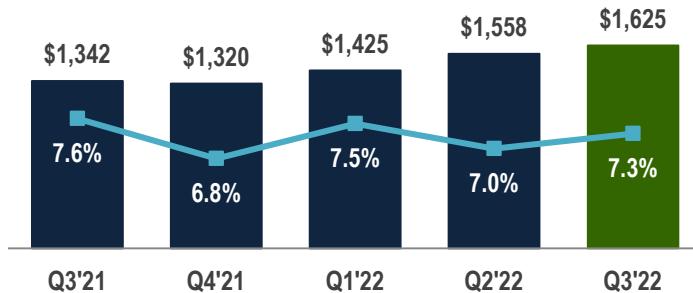
Segment Reporting – Revenue and Non-GAAP Gross Margin*

(\$ in Millions)

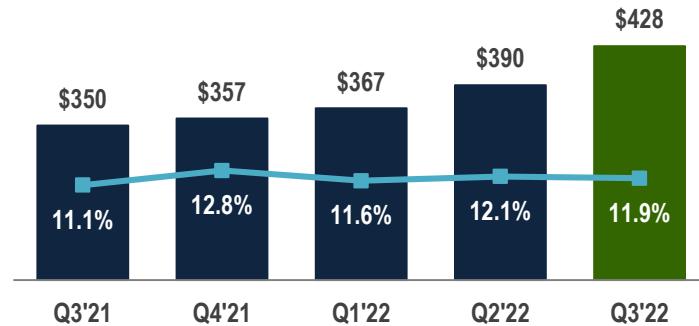


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Integrated Manufacturing Solutions



Components, Products and Services



*Revenue and non-GAAP gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP and, in the case of gross margin, excludes the same items that are excluded from the calculation of non-GAAP gross margin for the consolidated business.

Strong Balance Sheet

(\$ in Millions)



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	7/2/2022
Cash and cash equivalents	\$ 493
Accounts receivable, net	1,228
Contract assets	459
Inventories	1,591
Property, plant and equipment, net	546
Deferred tax assets	212
Other assets	213
Total assets	\$ 4,744
Accounts payable	\$ 1,977
Short-term debt	19
Long-term debt	298
Other liabilities	646
Total stockholders' equity	1,804
Total liabilities and stockholders' equity	\$ 4,744

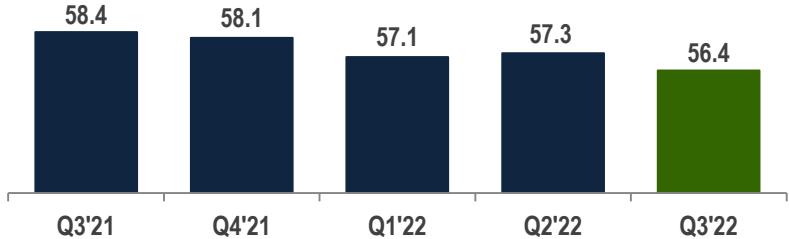
- Debt to cash ratio: 0.64x
- Liquidity: \$1.3B
- Cash flow from operations: \$102M
- Free cash flow: \$65M
- Share repurchases:
 - Q3: 3.1M for ~\$124M
 - YTD: 7.4M for ~\$293M
 - Remaining authorization: \$188M



Balance Sheet Metrics

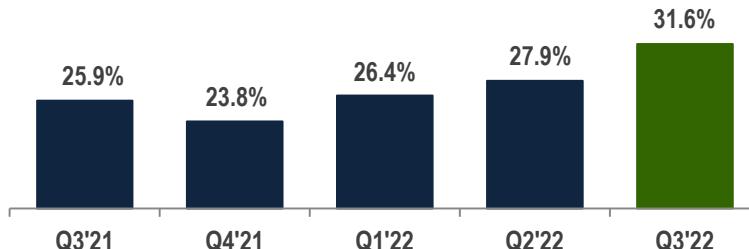
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Cash Cycle Days



Cash cycle days (a measure of how quickly we convert investments in inventory to cash) is calculated as days inventory on hand (ratio of average inventory for the quarter to average daily non-GAAP 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 non-GAAP cost of sales for the quarter to average accounts payable).

Non-GAAP Pre-Tax ROIC



Focused on Working Capital Management



Q4'22 Outlook

The following outlook for the fourth fiscal quarter ending October 1, 2022*.

Q4'22	
Revenue:	\$1.95B - \$2.05B
GAAP Diluted EPS:	\$1.09 - \$1.19
Non-GAAP Diluted EPS:	\$1.27 - \$1.37

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CEO Remarks

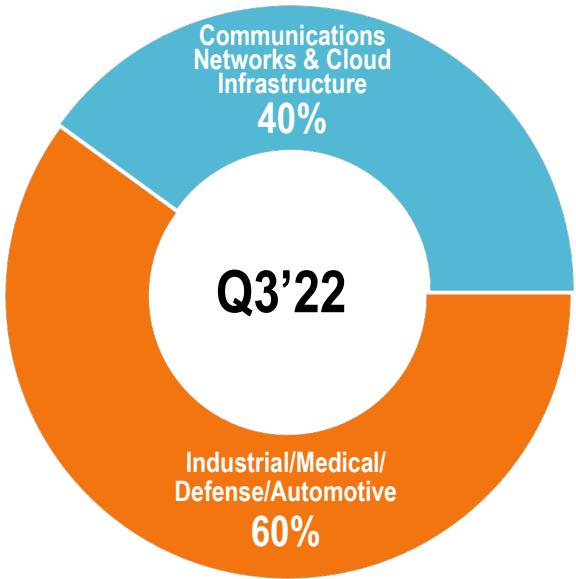
Jure Sola





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Q3'22 Revenue by End-Market



(\$ in Millions)	Q3'22	Growth %	Q2'22	Q1'22	Q4'21	Q3'21
Communications Networks & Cloud Infrastructure	\$801	Q/Q: 5.9% Y/Y: 14.4%	\$757	\$702	\$724	\$701
Industrial/Medical/Defense/Automotive	\$1,218	Q/Q: 5.5% Y/Y: 27.2%	\$1,155	\$1,055	\$920	\$957
Total	\$2,019	Q/Q: 5.6% Y/Y: 21.8%	\$1,912	\$1,757	\$1,644	\$1,658

Numbers may not foot due to rounding.

Q3'22 Top 10 Customers – 47.7% of Revenue

Q4'22 End-Market Outlook



Communications Networks

Networking, IP routing, advanced optical systems and 5G networks



Industrial

Security and safety, inverters and renewable energy systems, test and measurement, semiconductor equipment and heavy machinery



Medical

Lab diagnostic, ventilator, patient monitoring, ultrasound, MRI, CT scan, blood glucose sensor & meters, medication delivery



Cloud Infrastructure

Enterprise computing and storage



Defense and Aerospace

Tactical communications, military aircraft onboard voice and data communications and counter-unmanned aerial systems



Automotive

LIDAR and radar systems, e-motor power management systems, infotainment, safety systems and electronic control systems

Broad-based Demand

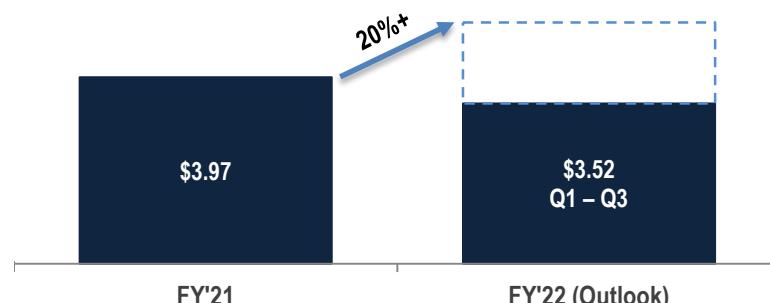
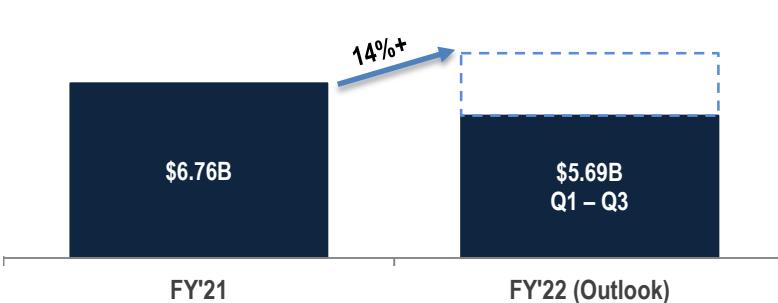
Q4'22 and FY'22 Outlook



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Q4'22 Revenue Outlook
\$1.95B - \$2.05B

Q4'22 Non-GAAP EPS Outlook
\$1.27 - \$1.37



FY'22 To Be A Good Growth Year



Summary

- **Q3'22**
 - Revenue: \$2.02B, exceeded outlook - \uparrow 5.6% sequentially, \uparrow 21.8% y/y
 - Non-GAAP operating margin: 5.5% - expanded 50 bps
 - Non-GAAP diluted EPS: \$1.30, exceeded outlook - \uparrow 14.4% sequentially, \uparrow 31.7% y/y
 - Free cash flow: \$65M
- **Q4'22**
 - Demand remains strong
 - Continue to work through supply chain constraints
 - Revenue outlook: \$1.95B - \$2.05B
 - Non-GAAP diluted EPS: \$1.27 - \$1.37

Well Positioned to Manage Through Dynamic Market

Consolidated Financial
Statements
Reconciliation of
GAAP vs. Non-GAAP

Quarter Ended
July 2, 2022



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Condensed Consolidated Balance Sheets
(in thousands)
(GAAP)

	July 2, 2022	October 2, 2021
(Unaudited)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 493,305	\$ 650,026
Accounts receivable, net	1,228,435	1,192,434
Contract assets	459,306	348,741
Inventories	1,591,111	1,036,511
Prepaid expenses and other current assets	63,827	53,952
Total current assets	<u>3,835,984</u>	<u>3,281,664</u>
Property, plant and equipment, net	545,673	532,985
Deferred tax assets	212,407	235,117
Other	149,608	156,953
Total assets	<u>\$ 4,743,672</u>	<u>\$ 4,206,719</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,976,533	\$ 1,464,693
Accrued liabilities	303,076	161,896
Accrued payroll and related benefits	133,319	117,648
Short-term debt, including current portion of long-term debt	18,750	18,750
Total current liabilities	<u>2,431,678</u>	<u>1,762,987</u>
Long-term liabilities:		
Long-term debt	298,345	311,572
Other	209,716	253,532
Total long-term liabilities	<u>508,061</u>	<u>565,104</u>
Stockholders' equity	1,803,933	1,878,628
Total liabilities and stockholders' equity	<u>\$ 4,743,672</u>	<u>\$ 4,206,719</u>



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Sanmina Corporation
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(GAAP)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net sales	\$ 2,019,059	\$ 1,657,741	\$ 5,687,914	\$ 5,112,667
Cost of sales	1,853,870	1,521,151	5,225,789	4,691,744
Gross profit	165,189	136,590	462,125	420,923
Operating expenses:				
Selling, general and administrative	61,506	57,438	184,798	177,547
Research and development	5,071	5,269	15,320	15,427
Gain on sale of assets	-	-	(4,610)	-
Restructuring and other costs	3,994	(382)	8,340	13,402
Total operating expenses	70,571	62,325	203,848	206,376
Operating income	94,618	74,265	258,277	214,547
Interest income	540	217	1,198	691
Interest expense	(5,615)	(4,823)	(15,362)	(14,657)
Other income (expense), net	(7,774)	29,258	(7,110)	37,268
Interest and other, net	(12,849)	24,652	(21,274)	23,302
Income before income taxes	81,769	98,917	237,003	237,849
Provision for (benefit from) income taxes	2,226	(18,458)	45,606	25,416
Net income	\$ 79,543	\$ 117,375	\$ 191,397	\$ 212,433
Basic income per share	\$ 1.33	\$ 1.79	\$ 3.07	\$ 3.25
Diluted income per share	\$ 1.29	\$ 1.74	\$ 2.98	\$ 3.17
Weighted-average shares used in computing per share amounts:				
Basic	59,970	65,427	62,404	65,306
Diluted	61,702	67,352	64,292	67,055



Sanmina Corporation
Reconciliation of GAAP to Non-GAAP Measures
(in thousands, except per share amounts)
(Uaudited)

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	Q3'22	Q2'22	Q1'22	Q4'21	Q3'21
GAAP Gross Profit	\$ 165,189	\$ 152,447	\$ 144,489	\$ 130,882	\$ 136,590
GAAP gross margin	8.2%	8.0%	8.2%	8.0%	8.2%
Adjustments					
Stock compensation expense (1)	3,724	2,948	3,783	3,710	3,712
Amortization of intangible assets	251	263	262	274	284
Legal and other (3)	-	-	833	500	-
Non-GAAP Gross Profit	\$ 169,164	\$ 155,658	\$ 149,367	\$ 135,366	\$ 140,586
Non-GAAP gross margin	8.4%	8.1%	8.5%	8.2%	8.5%
GAAP Operating Expenses	\$ 70,571	\$ 70,221	\$ 63,056	\$ 64,129	\$ 62,325
Adjustments					
Stock compensation expense (1)	(6,959)	(6,382)	(5,249)	(5,119)	(5,003)
Legal and other (3)	(500)	-	-	(330)	-
Distressed customer charges (2)	-	-	-	-	428
Restructuring costs	(3,994)	(2,932)	(1,414)	(1,655)	382
Transaction costs	(200)	(500)	-	-	-
Gain on sales of long-lived assets	-	-	4,610	-	-
Non-GAAP Operating Expenses	\$ 58,918	\$ 60,407	\$ 61,003	\$ 57,025	\$ 58,132
GAAP Operating Income	\$ 94,618	\$ 82,226	\$ 81,433	\$ 66,753	\$ 74,265
GAAP operating margin	4.7%	4.3%	4.6%	4.1%	4.5%
Adjustments					
Stock compensation expense (1)	10,683	9,330	9,032	8,829	8,715
Amortization of intangible assets	251	263	262	274	284
Legal and other (3)	500	-	833	830	-
Distressed customer charges (2)	-	-	-	-	(428)
Restructuring costs	3,994	2,932	1,414	1,655	(382)
Transaction costs	200	500	-	-	-
Gain on sales of long-lived assets	-	-	(4,610)	-	-
Non-GAAP Operating Income	\$ 110,246	\$ 95,251	\$ 88,364	\$ 78,341	\$ 82,454
Non-GAAP operating margin	5.5%	5.0%	5.0%	4.8%	5.0%
GAAP Interest and Other, net	\$ (12,849)	\$ (5,929)	\$ (2,496)	\$ 2,403	\$ 24,652
Adjustments					
Gain on liquidation of foreign entity	-	-	-	-	(8,493)
Gain on sale of intellectual property	-	-	-	-	(15,000)
Interest and other (3)	-	(110)	-	(7,692)	(3,440)
Non-GAAP Interest and Other, net	\$ (12,849)	\$ (6,039)	\$ (2,496)	\$ (5,289)	\$ (2,281)
GAAP Provision for Income Taxes	\$ 2,226	\$ 23,077	\$ 20,303	\$ 12,591	\$ (18,458)
Adjustments					
Tax impact of non-GAAP adjustments	534	346	167	347	452
Discrete tax items	18,394	(3,526)	(384)	3,337	37,583
Deferred tax adjustments	(4,110)	(3,856)	(5,488)	(7,061)	(5,979)
Non-GAAP Provision for Income Taxes	\$ 17,044	\$ 16,041	\$ 14,598	\$ 9,214	\$ 13,598
GAAP Net Income	\$ 79,543	\$ 53,220	\$ 58,634	\$ 56,565	\$ 117,375
Adjustments:					
Operating income adjustments (see above)	15,628	13,025	6,931	11,588	8,189
Interest and other (see above)	-	(110)	-	(7,692)	(26,933)
Adjustments for taxes	(14,818)	7,036	5,705	3,377	(32,056)
Non-GAAP Net Income	\$ 80,353	\$ 73,171	\$ 71,270	\$ 63,838	\$ 66,575
GAAP Net Income Per Share:					
Basic	\$ 1.33	\$ 0.85	\$ 0.91	\$ 0.87	\$ 1.79
Diluted	\$ 1.29	\$ 0.83	\$ 0.89	\$ 0.84	\$ 1.74
Non-GAAP Net Income Per Share:					
Basic	\$ 1.34	\$ 1.16	\$ 1.11	\$ 0.98	\$ 1.02
Diluted	\$ 1.30	\$ 1.14	\$ 1.08	\$ 0.95	\$ 0.99
Weighted-average shares used in computing per share amounts:					
Basic	59,970	62,845	64,399	65,352	65,427
Diluted	61,702	64,271	66,233	67,146	67,352

(1) Stock compensation expense was as follows:

	Three Month Periods				
	Q3'22	Q2'22	Q1'22	Q4'21	Q3'21
Cost of sales	\$ 3,724	\$ 2,948	\$ 3,783	\$ 3,710	\$ 3,712
Selling, general and administrative	6,819	6,276	5,135	5,009	4,913
Research and development	140	106	114	110	90
Total	\$ 10,683	\$ 9,330	\$ 9,032	\$ 8,829	\$ 8,715

(2) Relates to accounts receivable and inventory write-downs (recoveries) associated with distressed customers.

(3) Represents expenses, charges and recoveries associated with certain legal matters.

Earnings Per Share Outlook:

	Q4 FY22 EPS Range*	
	Low	High
GAAP diluted earnings per share	\$ 1.09	\$ 1.19
Stock compensation expense	\$ 0.18	\$ 0.18
Non-GAAP diluted earnings per share	\$ 1.27	\$ 1.37

* Due to uncertainty regarding the timing of recognition of restructuring charges, impairment charges and charges for other unusual or infrequent items, if any, that could be incurred during the fourth quarter of FY22, an estimate of such charges is not included in the outlook for Q4 FY22 GAAP EPS.



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Condensed Consolidated Cash Flow
(In thousands)
(Unaudited)

	Three Month Periods				
	Q3'22	Q2'22	Q1'22	Q4'21	Q3'21
GAAP Net Income	\$ 79,543	\$ 53,220	\$ 58,634	\$ 56,565	\$ 117,375
Depreciation and amortization	27,065	27,567	27,465	27,452	27,373
Other, net	18,739	15,429	12,101	9,673	3,339
Net change in net working capital	<u>(23,664)</u>	<u>(17,243)</u>	<u>(29,900)</u>	<u>(1,969)</u>	<u>(44,366)</u>
Cash provided by operating activities	<u>101,683</u>	<u>78,973</u>	<u>68,300</u>	<u>91,721</u>	<u>103,721</u>
Purchases of long-term investments	(700)	(1,000)	-	(1,000)	(1,705)
Net purchases of property & equipment	(37,434)	(27,263)	(17,362)	(29,490)	(17,182)
Proceeds from sale of intellectual property	-	-	-	-	5,000
Cash paid for businesses acquired	-	-	-	-	(21,408)
Cash used in investing activities	<u>(38,134)</u>	<u>(28,263)</u>	<u>(17,362)</u>	<u>(30,490)</u>	<u>(35,295)</u>
Net share repurchases	(124,365)	(113,146)	(67,773)	(32,394)	(15,698)
Net borrowing activities	(4,688)	(4,688)	(4,688)	(4,688)	(4,688)
Proceeds from other notes receivable	500	-	-	2,500	-
Cash used in financing activities	<u>(128,553)</u>	<u>(117,834)</u>	<u>(72,461)</u>	<u>(34,582)</u>	<u>(20,386)</u>
Effect of exchange rate changes	<u>(1,584)</u>	<u>(700)</u>	<u>(786)</u>	<u>(467)</u>	<u>628</u>
Net change in cash & cash equivalents	<u>\$ (66,588)</u>	<u>\$ (67,824)</u>	<u>\$ (22,309)</u>	<u>\$ 26,182</u>	<u>\$ 48,668</u>
Free cash flow:					
Cash provided by operating activities	\$ 101,683	\$ 78,973	\$ 68,300	\$ 91,721	\$ 103,721
Net purchases of property & equipment	(37,434)	(27,263)	(17,362)	(29,490)	(17,182)
Proceeds from sale of intellectual property	500	-	-	2,500	5,000
	<u>\$ 64,749</u>	<u>\$ 51,710</u>	<u>\$ 50,938</u>	<u>\$ 64,731</u>	<u>\$ 91,539</u>



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Pre-Tax Return on Invested Capital (ROIC)
 (In thousands)
 (Unaudited)

	Three Month Periods				
	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21
Pre-tax Return on Invested Capital (ROIC)					
GAAP operating income	\$ 94,618	\$ 82,226	\$ 81,433	\$ 66,753	\$ 74,265
x 4.0	4.0	4.0	4.0	4.0	4.0
Annualized GAAP operating income	378,472	328,904	325,732	267,012	297,060
Average invested capital (1)	÷ 1,397,241	1,365,669	1,337,989	1,316,373	1,274,041
GAAP pre-tax ROIC	27.1%	24.1%	24.3%	20.3%	23.3%
Non-GAAP operating income	\$ 110,246	\$ 95,251	\$ 88,364	\$ 78,341	\$ 82,454
x 4.0	4.0	4.0	4.0	4.0	4.0
Annualized non-GAAP operating income	440,984	381,004	353,456	313,364	329,816
Average invested capital (1)	÷ 1,397,241	1,365,669	1,337,989	1,316,373	1,274,041
Non-GAAP pre-tax ROIC	31.6%	27.9%	26.4%	23.8%	25.9%

(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).



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