

Q1 FY'22 Results

January 31, 2022



Today's Presenters



Jure Sola
Chairman & CEO



Kurt Adzema
EVP & CFO





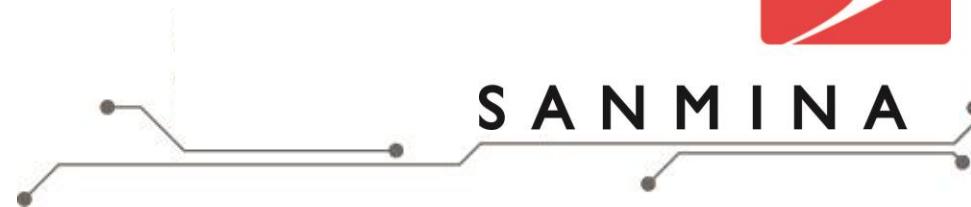
Safe Harbor Statement

Certain statements made during this presentation, including our outlook for the second quarter of fiscal year 2022 and our expectations for improvements in revenue, margins and inventory as supply chain constraints are resolved 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, mostly notably the ongoing impacts of the COVID-19 pandemic, which include disruption to the supply chain that have prevented the Company from shipping all product for which there is demand. 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 18 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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Q1'22 Non-GAAP Financial Highlights

	Q1'22	Outlook <u>WAS</u>
Revenue	\$1.76B	\$1.6B - \$1.7B
Gross Margin	8.5%	8.0% - 8.6%
Operating Margin	5.0%	4.6% - 5.2%
Diluted EPS	\$1.08	\$0.90- \$1.00

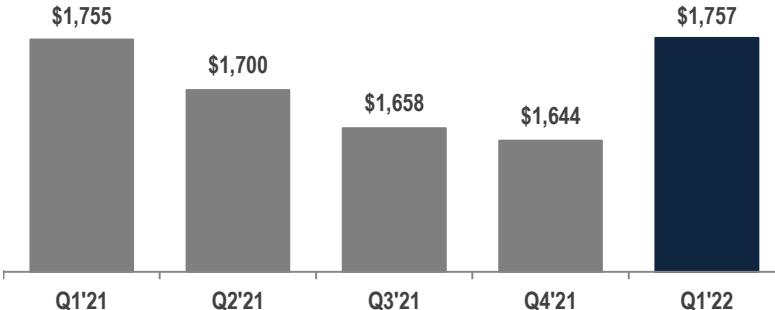
Continued to Deliver Solid Financial Results

P&L Performance

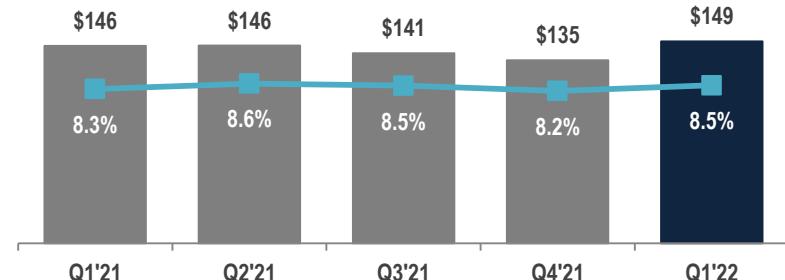
(\$ in Millions, except per share data)



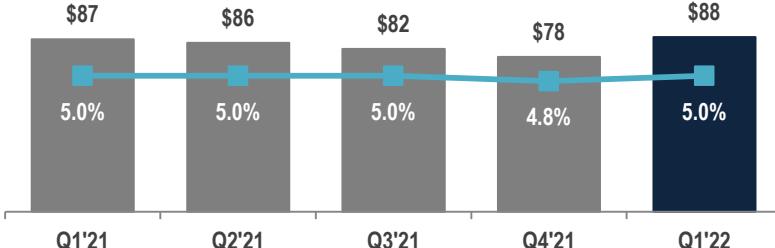
Revenue



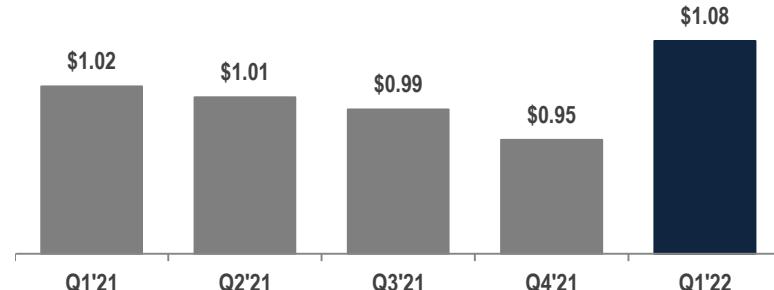
Non-GAAP Gross Profit / Margin



Non-GAAP Operating Income / Margin



Non-GAAP Diluted Earnings Per Share



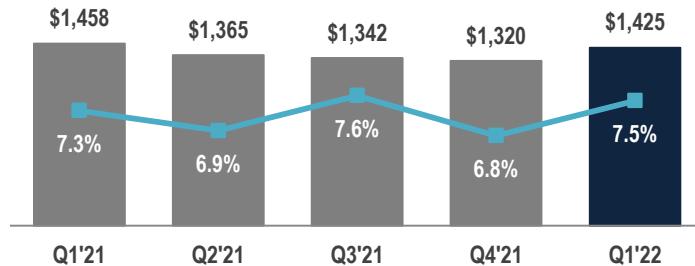
Segment Reporting – Revenue and Non-GAAP Gross Margin*

(\$ in Millions)

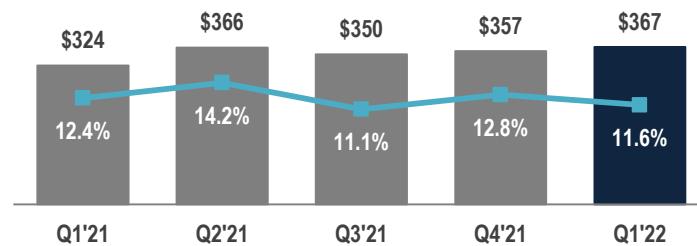


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Integrated Manufacturing Solutions



Components, Products and Services



Non-GAAP Gross Margin 8.5%

*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.

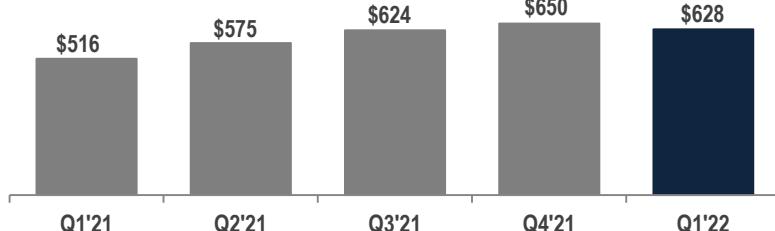
Balance Sheet Metrics

(\$ in Millions)



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Cash and Cash Equivalents

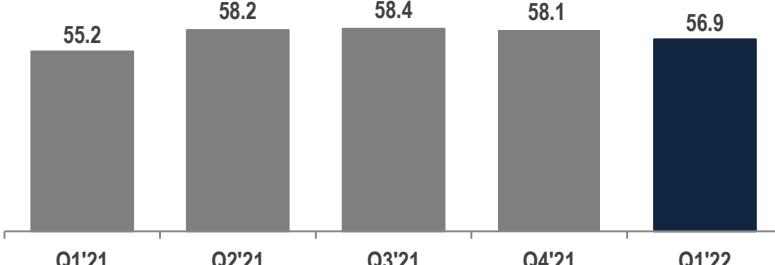


Inventory \$ / Turns



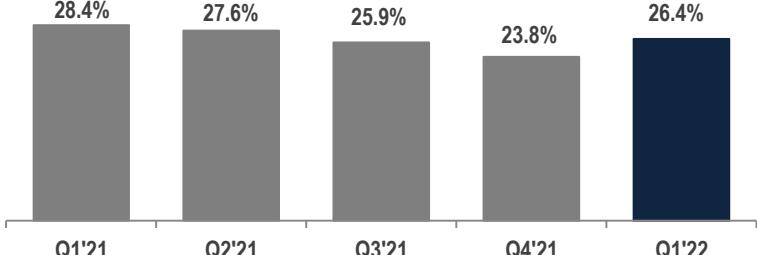
Annualized Inventory turns (a measure of how quickly we sell inventory) are calculated as the ratio of four times non-GAAP cost of sales for the quarter to average inventory.

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



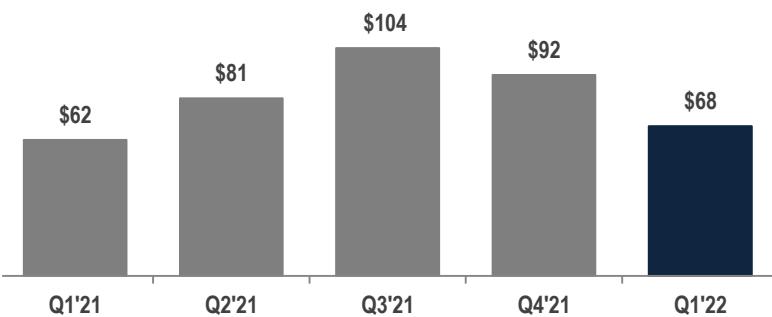


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Consistent Cash Generation

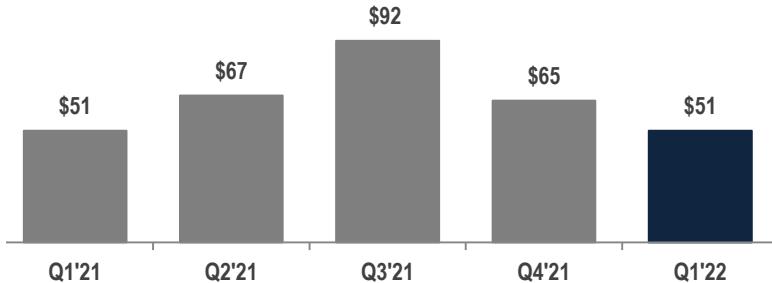
(\$ in Millions)

Cash Flow From Operations



- Strong balance sheet
- Debt to cash ratio: 0.5x
- Liquidity: \$1.4 billion
- Share repurchases: 1.55 million for \$60 million

Free Cash Flow





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Q2'22 Outlook

The following outlook for the second fiscal quarter ending April 2, 2022*.

Q2'22	
Revenue:	\$1.7B - \$1.8B
GAAP Diluted EPS:	\$0.80 - \$0.90
Non-GAAP Diluted EPS:	\$0.95 - \$1.05

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CEO Remarks

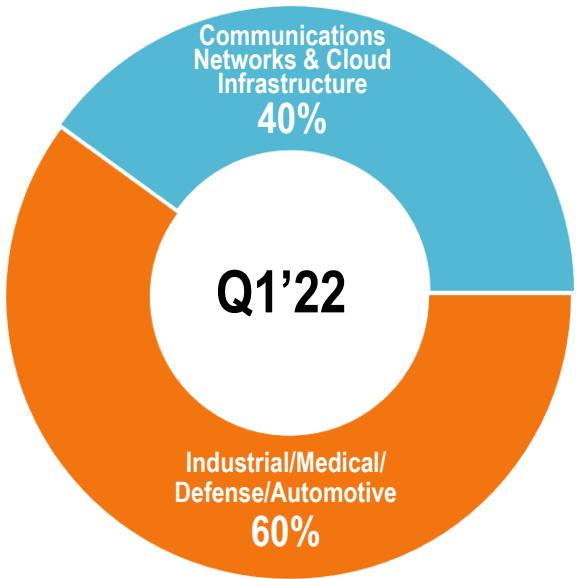
Jure Sola





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Revenue by End-Market



(\$ in Millions)	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
Communications Networks & Cloud Infrastructure	\$702	\$724	\$701	\$719	\$723
Industrial/Medical/ Defense/Automotive	\$1,055	\$920	\$957	\$981	\$1,033
Total	\$1,757	\$1,644	\$1,658	\$1,700	\$1,755

Numbers may not foot due to rounding.

Q1'22 Top 10 Customers – 48% of Revenue



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Q2'22 End-Market Outlook



Communications Networks

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



Cloud Infrastructure

Enterprise computing and storage

Communications Networks and Cloud Infrastructure

Q/Q: FLAT

I/M/D/A

Q/Q: FLAT



Industrial

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



Defense and Aerospace

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



Medical

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



Automotive

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

Continue to See Strong Demand



Summary

■ Q1'22

- Revenue: Above outlook, strong execution
- Non-GAAP operating margin: 5.0%
- Non-GAAP diluted EPS: \$1.08, exceeded outlook
- Free cash flow: \$51M

■ Q2'22

- Demand remains strong
- Expect supply constraints to continue
- Revenue outlook: \$1.7B - \$1.8B
- Non-GAAP diluted EPS outlook: \$0.95 - \$1.05

Solid Execution = Results

Consolidated Financial
Statements
Reconciliation of
GAAP vs. Non-GAAP

Quarter Ended
January 1, 2022



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Sanmina Corporation
Condensed Consolidated Balance Sheets
(in thousands)
(GAAP)

	January 1, 2022	October 2, 2021
(Unaudited)		
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 627,717	\$ 650,026
Accounts receivable, net	1,298,327	1,192,434
Contract assets	364,407	348,741
Inventories	1,242,440	1,036,511
Prepaid expenses and other current assets	59,188	53,952
Total current assets	<u>3,592,079</u>	<u>3,281,664</u>
Property, plant and equipment, net	525,159	532,985
Deferred tax assets	227,239	235,117
Other	157,533	156,953
Total assets	<u>\$ 4,502,010</u>	<u>\$ 4,206,719</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,694,592	\$ 1,464,693
Accrued liabilities	236,227	161,896
Accrued payroll and related benefits	115,738	117,648
Short-term debt, including current portion of long-term debt	18,750	18,750
Total current liabilities	<u>2,065,307</u>	<u>1,762,987</u>
Long-term liabilities:		
Long-term debt	307,160	311,572
Other	248,326	253,532
Total long-term liabilities	<u>555,486</u>	<u>565,104</u>
Stockholders' equity	1,881,217	1,878,628
Total liabilities and stockholders' equity	<u>\$ 4,502,010</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	
	January 1, 2022	January 2, 2021
Net sales	\$ 1,757,325	\$ 1,755,249
Cost of sales	1,612,836	1,614,014
Gross profit	<u>144,489</u>	<u>141,235</u>
Operating expenses:		
Selling, general and administrative	61,475	58,967
Research and development	4,777	4,805
Gain on sale of property	(4,610)	-
Restructuring and other costs	1,414	1,904
Total operating expenses	<u>63,056</u>	<u>65,676</u>
Operating income	81,433	75,559
Interest income	309	230
Interest expense	(4,877)	(4,954)
Other income, net	2,072	1,867
Interest and other, net	<u>(2,496)</u>	<u>(2,857)</u>
Income before income taxes	78,937	72,702
Provision for income taxes	20,303	24,681
Net income	<u>\$ 58,634</u>	<u>\$ 48,021</u>
Basic income per share	\$ 0.91	\$ 0.74
Diluted income per share	\$ 0.89	\$ 0.72
Weighted-average shares used in computing per share amounts:		
Basic	64,399	65,243
Diluted	66,233	66,818



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

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	Three Month Periods				
	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
GAAP Gross Profit	\$ 144,489	\$ 130,882	\$ 136,590	\$ 143,098	\$ 141,235
GAAP gross margin	8.2%	8.0%	8.2%	8.4%	8.0%
Adjustments					
Stock compensation expense (1)	3,783	3,710	3,712	3,629	3,421
Amortization of intangible assets	262	274	284	-	-
Legal and other (3)	833	500	-	-	1,873
Distressed customer charges (2)	-	-	-	(296)	(325)
Non-GAAP Gross Profit	\$ 149,367	\$ 135,366	\$ 140,586	\$ 146,431	\$ 146,204
Non-GAAP gross margin	8.5%	8.2%	8.5%	8.6%	8.3%
GAAP Operating Expenses	\$ 63,056	\$ 64,129	\$ 62,325	\$ 78,375	\$ 65,676
Adjustments					
Stock compensation expense (1)	(5,249)	(5,119)	(5,003)	(5,595)	(4,788)
Legal and other (3)	-	(330)	-	-	-
Distressed customer charges (2)	-	-	428	-	-
Restructuring costs	(1,414)	(1,655)	382	(11,880)	(1,904)
Gain on sales of long-lived assets	4,610	-	-	-	-
Non-GAAP Operating Expenses	\$ 61,003	\$ 57,025	\$ 58,132	\$ 60,900	\$ 58,984
Non-GAAP operating margin	5.0%	4.8%	5.0%	5.0%	5.0%
GAAP Operating Income	\$ 81,433	\$ 66,753	\$ 74,265	\$ 64,723	\$ 75,559
GAAP operating margin	4.6%	4.1%	4.5%	3.8%	4.3%
Adjustments					
Stock compensation expense (1)	9,032	8,829	8,715	9,224	8,209
Amortization of intangible assets	262	274	284	-	-
Legal and other (3)	833	830	-	-	1,873
Distressed customer charges (2)	-	-	(428)	(296)	(325)
Restructuring costs	1,414	1,655	(382)	11,880	1,904
Gain on sales of long-lived assets	(4,610)	-	-	-	-
Non-GAAP Operating Income	\$ 88,364	\$ 78,341	\$ 82,454	\$ 85,531	\$ 87,220
Non-GAAP operating margin	5.0%	4.8%	5.0%	5.0%	5.0%
GAAP Interest and Other, net	\$ (2,496)	\$ 2,403	\$ 24,652	\$ 1,507	\$ (2,857)
Adjustments					
Gain on liquidation of foreign entity	-	-	(8,493)	-	-
Gain on sale of intellectual property	-	-	(15,000)	-	-
Legal and other (3)	-	(7,692)	(3,440)	(4,807)	-
Non-GAAP Interest and Other, net	\$ (2,496)	\$ (5,289)	\$ (2,281)	\$ (3,300)	\$ (2,857)
GAAP Provision for Income Taxes	\$ 20,303	\$ 12,591	\$ (18,458)	\$ 19,193	\$ 24,681
Adjustments					
Tax impact of non-GAAP adjustments	167	347	452	284	280
Discrete tax items	(384)	3,337	37,583	(232)	(6,451)
Deferred tax adjustments	(5,488)	(7,061)	(5,979)	(4,454)	(2,481)
Non-GAAP Provision for Income Taxes	\$ 14,598	\$ 9,214	\$ 13,598	\$ 14,791	\$ 16,029
GAAP Net Income	\$ 58,634	\$ 56,565	\$ 117,375	\$ 47,037	\$ 48,021
Adjustments:					
Operating income adjustments (see above)	6,931	11,588	8,189	20,808	11,661
Interest and other (see above)	-	(7,692)	(26,933)	(4,807)	-
Adjustments for taxes	5,705	3,377	(32,056)	4,402	8,652
Non-GAAP Net Income	\$ 71,270	\$ 63,838	\$ 66,575	\$ 67,440	\$ 68,334
GAAP Net Income Per Share:					
Basic	\$ 0.91	\$ 0.87	\$ 1.79	\$ 0.72	\$ 0.74
Diluted	\$ 0.89	\$ 0.84	\$ 1.74	\$ 0.70	\$ 0.72
Non-GAAP Net Income Per Share:					
Basic	\$ 1.11	\$ 0.98	\$ 1.02	\$ 1.03	\$ 1.05
Diluted	\$ 1.08	\$ 0.95	\$ 0.99	\$ 1.01	\$ 1.02
Weighted-average shares used in computing per share amounts:					
Basic	64,399	65,352	65,427	65,249	65,243
Diluted	66,233	67,146	67,352	66,957	66,818

(1) Stock compensation expense was as follows:

	Three Month Periods				
	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
Cost of sales	\$ 3,783	\$ 3,710	\$ 3,712	\$ 3,629	\$ 3,421
Selling, general and administrative	5,135	5,009	4,913	5,479	4,718
Research and development	114	110	90	116	70
Total	\$ 9,032	\$ 8,829	\$ 8,715	\$ 9,224	\$ 8,209

(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:

	Q2 FY22 EPS Range*	
	Low	High
GAAP diluted earnings per share	\$ 0.80	\$ 0.90
Stock compensation expense	\$ 0.15	\$ 0.15
Non-GAAP diluted earnings per share	\$ 0.95	\$ 1.05

* 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 second quarter of FY22, an estimate of such charges is not included in the outlook for Q2 FY22 GAAP EPS.



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Sanmina Corporation
Pre-tax Return on Invested Capital (ROIC)
(in thousands)
(Unaudited)

	Three Month Periods				
	Q1 FY22	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21
GAAP operating income	\$ 81,433	\$ 66,753	\$ 74,265	\$ 64,723	\$ 75,559
x 4.0	4.0	4.0	4.0	4.0	4.0
Annualized GAAP operating income	325,732	267,012	297,060	258,892	302,236
÷ Average invested capital (1)	<u>1,337,989</u>	<u>1,316,373</u>	<u>1,274,041</u>	<u>1,237,417</u>	<u>1,229,805</u>
GAAP pre-tax ROIC	<u>24.3%</u>	<u>20.3%</u>	<u>23.3%</u>	<u>20.9%</u>	<u>24.6%</u>
Non-GAAP operating income	\$ 88,364	\$ 78,341	\$ 82,454	\$ 85,531	\$ 87,220
x 4.0	4.0	4.0	4.0	4.0	4.0
Annualized non-GAAP operating income	353,456	313,364	329,816	342,124	348,880
÷ Average invested capital (1)	<u>1,337,989</u>	<u>1,316,373</u>	<u>1,274,041</u>	<u>1,237,417</u>	<u>1,229,805</u>
Non-GAAP pre-tax ROIC	<u>26.4%</u>	<u>23.8%</u>	<u>25.9%</u>	<u>27.6%</u>	<u>28.4%</u>

(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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Sanmina Corporation
Condensed Consolidated Cash Flow Statement
(in thousands)
(Unaudited)

	Three Month Periods				
	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
GAAP Net Income	\$ 58,634	\$ 56,565	\$ 117,375	\$ 47,037	\$ 48,021
Depreciation and amortization	27,465	27,452	27,373	27,196	27,635
Other, net	12,101	9,673	3,339	19,498	11,556
Net change in net working capital	(29,900)	(1,969)	(44,366)	(12,642)	(25,401)
Cash provided by operating activities	<u>68,300</u>	<u>91,721</u>	<u>103,721</u>	<u>81,089</u>	<u>61,811</u>
Purchases of long-term investments	-	(1,000)	(1,705)	-	-
Net purchases of property & equipment	(17,362)	(29,490)	(17,182)	(14,349)	(11,191)
Proceeds from sale of intellectual property	-	-	5,000	-	-
Cash paid for businesses acquired	-	-	(21,408)	-	-
Cash used in investing activities	<u>(17,362)</u>	<u>(30,490)</u>	<u>(35,295)</u>	<u>(14,349)</u>	<u>(11,191)</u>
Net share repurchases	(67,773)	(32,394)	(15,698)	(1,502)	(11,472)
Net borrowing activities	(4,688)	(4,688)	(4,688)	(4,688)	(4,688)
Proceeds from other notes receivable	-	2,500	-	-	-
Cash used in financing activities	<u>(72,461)</u>	<u>(34,582)</u>	<u>(20,386)</u>	<u>(6,190)</u>	<u>(16,160)</u>
Effect of exchange rate changes	<u>(786)</u>	<u>(467)</u>	<u>628</u>	<u>(1,404)</u>	<u>1,044</u>
Net change in cash & cash equivalents	<u>\$ (22,309)</u>	<u>\$ 26,182</u>	<u>\$ 48,668</u>	<u>\$ 59,146</u>	<u>\$ 35,504</u>
Free cash flow:					
Cash provided by operating activities	\$ 68,300	\$ 91,721	\$ 103,721	\$ 81,089	\$ 61,811
Net purchases of property & equipment	(17,362)	(29,490)	(17,182)	(14,349)	(11,191)
Proceeds from sale of intellectual property	-	2,500	5,000	-	-
	<u>\$ 50,938</u>	<u>\$ 64,731</u>	<u>\$ 91,539</u>	<u>\$ 66,740</u>	<u>\$ 50,620</u>



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