



# Results for Q1 Fiscal 2022

Earnings Announcement: July 29<sup>th</sup>, 2021  
(Quarter Ended July 2<sup>nd</sup>, 2021)

# Risks and Non-GAAP Disclosures

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to future expected revenues and earnings per share, and our consideration of alternatives relating to our Nextracker business. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. These risks include: the effects of the COVID-19 pandemic on our business, results of operations and financial condition; that we may not achieve our future revenues and earnings; the effects that the current macroeconomic environment could have on our business and demand for our products; uncertainties and risks relating to our ability to successfully complete a transaction for our Nextracker business, including the potential initial public offering of our Nextracker business, including the possibility that we may not be able to consummate the transaction on the expected timeline or at all, or that we will achieve the anticipated benefits of the transaction; the effects that current credit and market conditions could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations to us; the challenges of effectively managing our operations, including our ability to control costs and manage changes in our operations; litigation and regulatory investigations and proceedings; our compliance with legal and regulatory requirements; the possibility that benefits of the Company's restructuring actions may not materialize as expected; that the expected revenue and margins from recently launched programs may not be realized; our dependence on industries that continually produce technologically advanced products with short product life cycles; the short-term nature of our customers' commitments and rapid changes in demand may cause supply chain and other issues which adversely affect our operating results; our dependence on a small number of customers; the impact of component shortages and logistical constraints, including their impact on our revenues; our industry is extremely competitive; we may be exposed to financially troubled customers or suppliers; geopolitical risk, including the termination and renegotiation of international trade agreements and trade policies, including the impact of tariffs and related regulatory actions; the success of certain of our activities depends on our ability to protect our intellectual property rights and we may be exposed to claims of infringement or breach of license agreements; a breach of our IT or physical security systems, or violation of data privacy laws, may cause us to incur significant legal and financial exposure; we may be exposed to product liability and product warranty liability; and that recently proposed changes or future changes in tax laws in certain jurisdictions where we operate could materially impact our tax expense. In addition, the COVID-19 pandemic increases the likelihood and potential severity of many of the foregoing risks.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities. Any securities to be offered in any offering may not be sold nor may offers to buy be accepted prior to the time a registration statement becomes effective. Additional information concerning these, and other risks is described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended March 31, 2021. The forward-looking statements in this presentation are based on current expectations and Flex assumes no obligation to update these forward-looking statements. Our share repurchase program does not obligate the Company to repurchase a specific number of shares and may be suspended or terminated at any time without prior notice.

Please refer to the appendix section of this presentation for reconciliation of the Non-GAAP financial measures to the most directly comparable GAAP measures. If this presentation references historical non-GAAP financial measures, these measures are located on the "Investor Relations" section of our website, [www.flex.com](http://www.flex.com) along with the required reconciliation to the most comparable GAAP financial measures.

The figures presented in this presentation have been rounded. This may lead to individual values not adding up to the totals presented.

The following business segment acronyms will be used throughout this presentation:

## Flex Reliability Solutions

**Automotive:** autonomous, connectivity, electrification and smart technologies.

**Health Solutions:** medical devices, medical equipment, and drug delivery.

**Industrial:** capital equipment, industrial devices, renewable including our Nextracker business, grid edge and power systems.

## Flex Agility Solutions

**CEC:** data infrastructure, edge infrastructure and communications infrastructure.

**Lifestyle:** appliances, consumer packaging, floorcare, micro mobility and audio.

**Consumer Devices:** mobile and high velocity consumer devices.





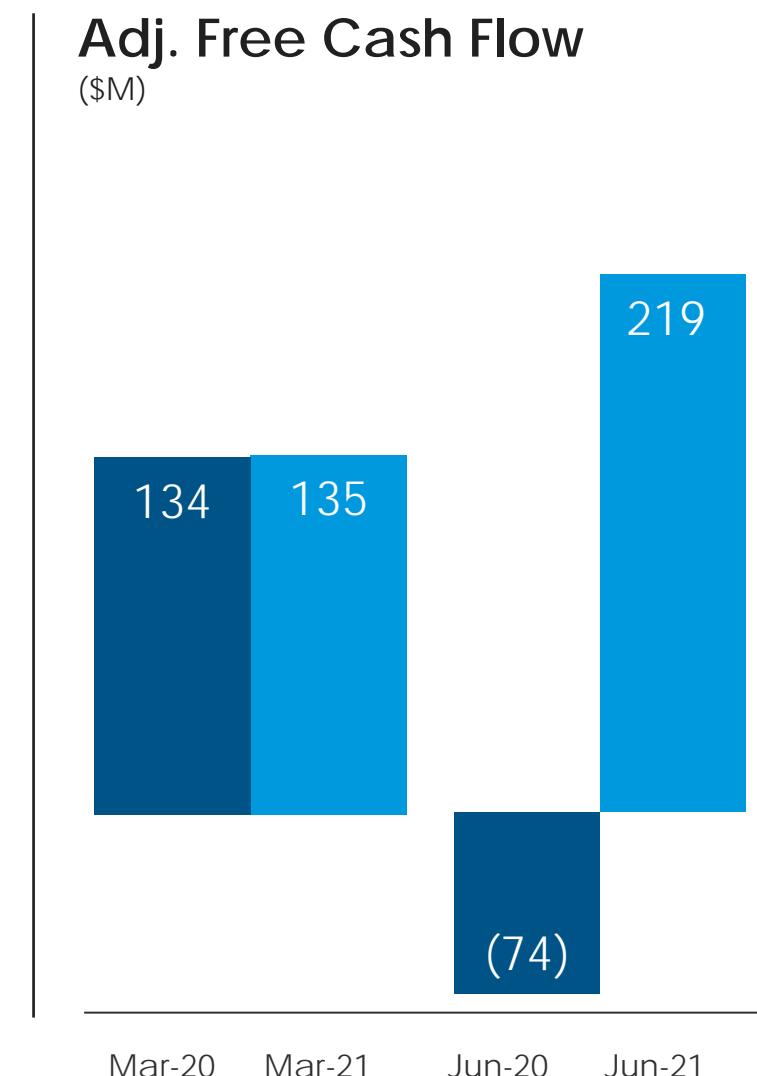
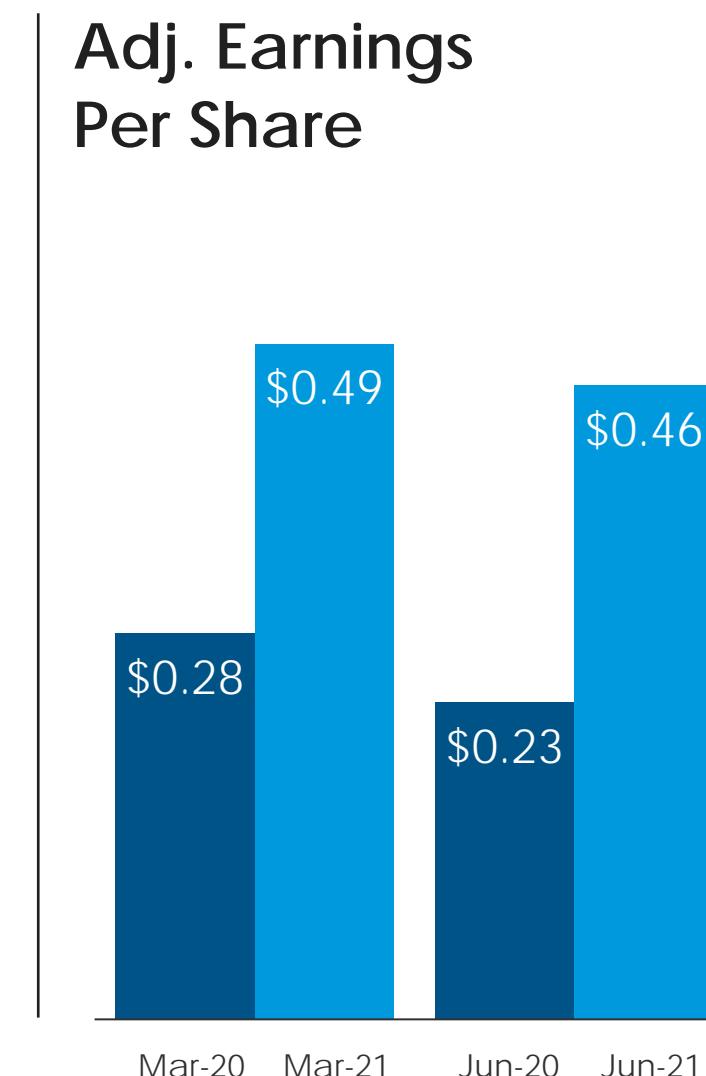
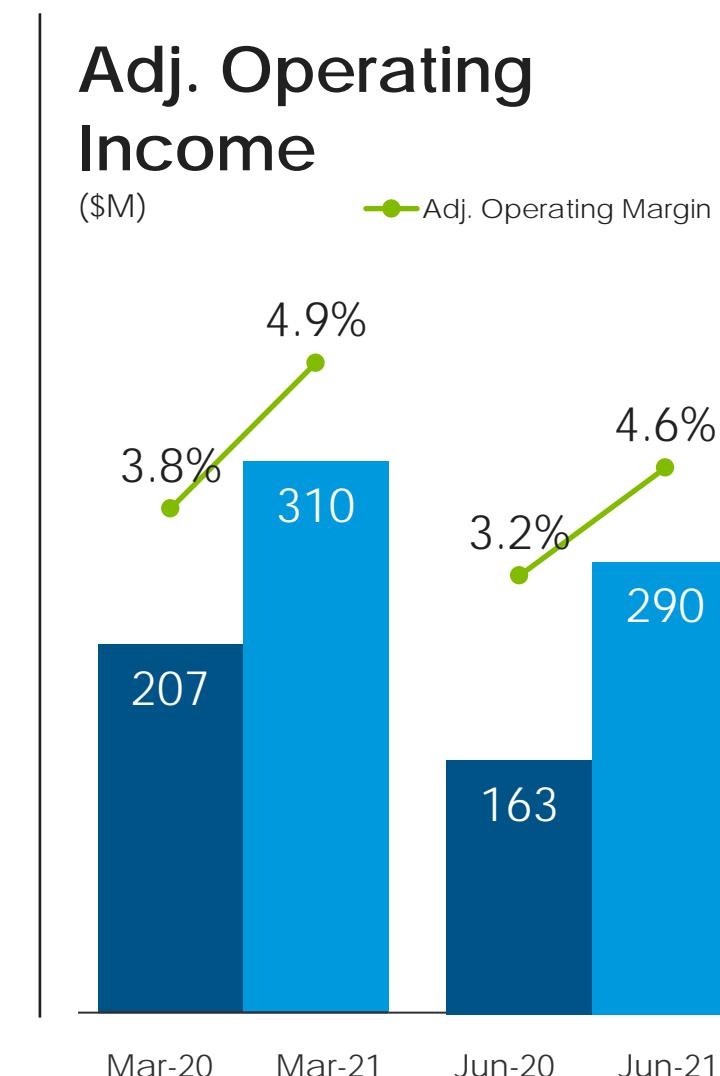
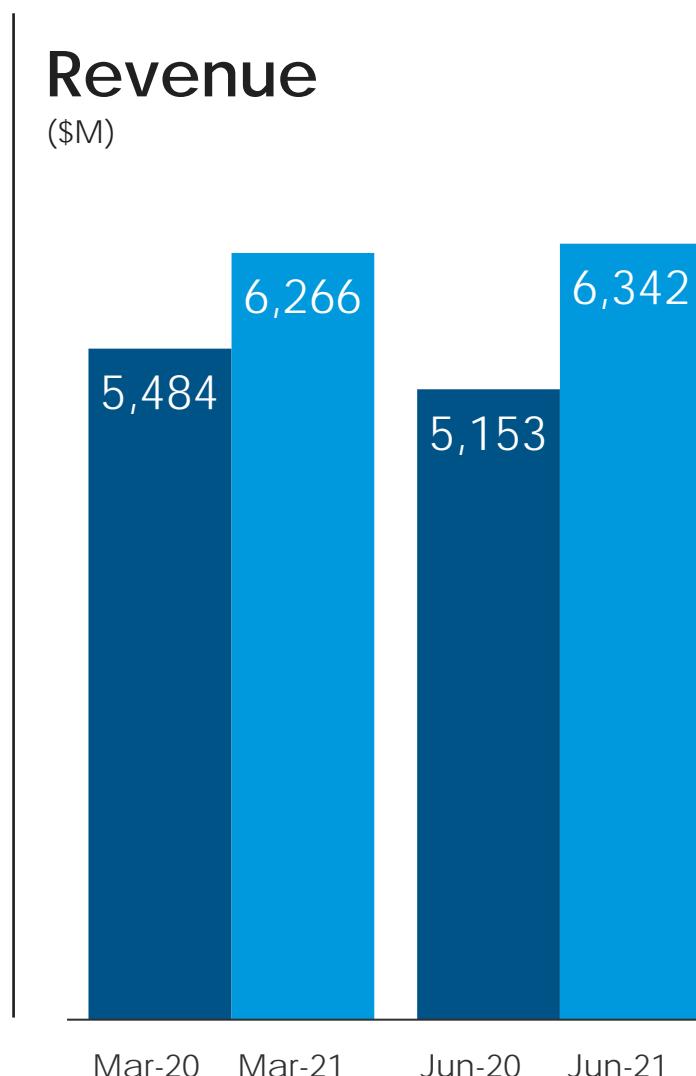
# Business Update

Revathi Advaithi, CEO

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# Q1 FY2022 Financial Summary

Another quarter of solid execution against robust demand, and despite global supply chain challenges



# Q1 FY2022 Highlights

- Adj Operating Margins up 120bp since June quarter of Calendar 2019 (pre-COVID)
- Continue to gain share through expansions at current customers as well as new customer wins across the enterprise
- Demand remains very strong on continued global recovery
- Executing through supply chain and logistical constraints
- Margins benefiting from focused efforts on improving mix, and programs that drive operating and productivity efficiencies

# Q1 2022 Financial Results

Paul Lundstrom, CFO

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# Q1 FY2022 Income Statement Summary

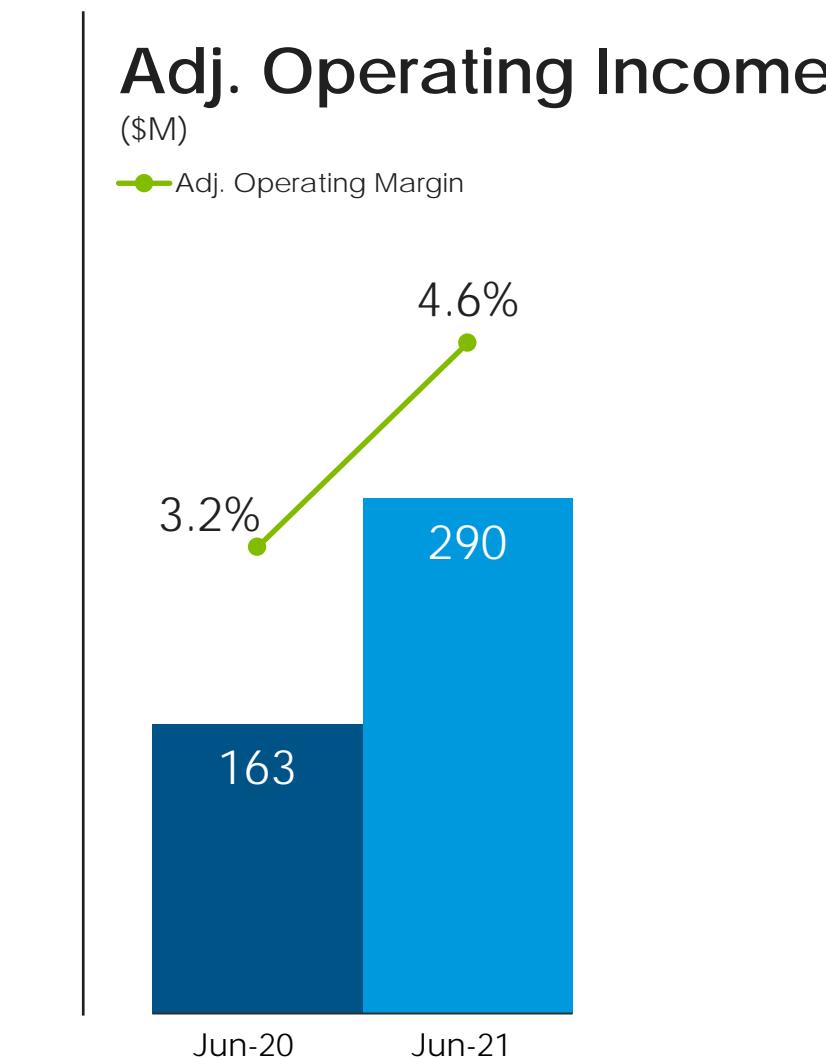
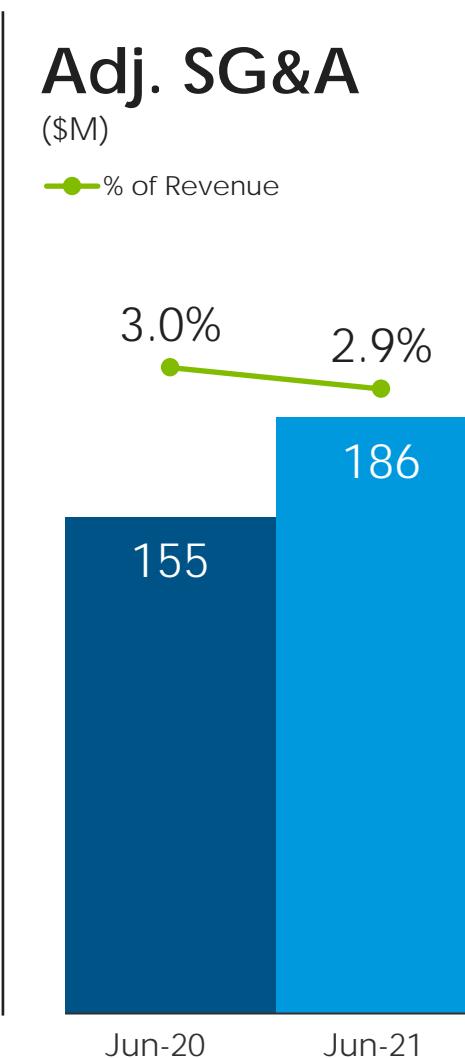
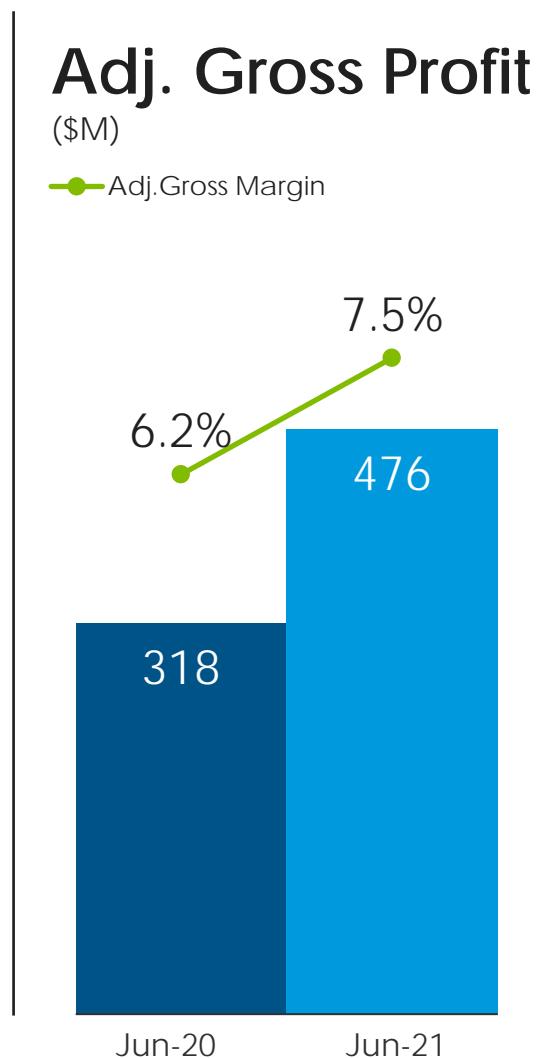
Strong execution across the enterprise resulting in year over year growth and margin expansion

(\$M, except per share amounts)

	Prior Yr	Current Qtr
	June 26, 2020	July 2, 2021
Net sales	\$5,153	\$6,342
Adjusted operating income	163	290
Adjusted net income	116	230
Adjusted EPS	\$0.23	\$0.46
GAAP income before income taxes	\$67	\$233
GAAP net income	\$52	\$206
GAAP EPS	\$0.10	\$0.41

# Q1 FY2022 Quarterly Financial Highlights

Operating at a higher level through better execution, mix shift and new wins



# Q1 FY2022 Segment Performance

	Revenue		Adj. Operating Income & Margin					
	(\$B)	Y/Y	(\$M)	Y/Y	Margin %	Y/Y		
<b>Flex Reliability Solutions**</b>	\$2.9	29.8%	\$170	47.8%	<b>5.8%</b>	70 bps	<p><b>Health Solutions:</b> Strong chronic care, improved elective, critical returning to pre-COVID levels. Continued new wins.</p> <p><b>Automotive:</b> Demand strong, continued wins in ADAS and EV</p> <p><b>Industrial:</b> Strong Industrial demand, share gains from superior SCM execution. Expanding footprint in EV charging. Nextracker affected by higher freight</p>	
<b>Flex Agility Solutions</b>	\$3.4	17.8%	\$137	90.9%	<b>4.0%</b>	150 bps	<p><b>CEC:</b> Demand intact with ongoing 5G rollouts, optical, Enterprise IT and Cloud.</p> <p><b>Lifestyle:</b> Continued robust demand for high-end durable goods and new business ramps</p> <p><b>Consumer Devices:</b> Good demand with improvements in developing markets, but COVID disruptions remain a factor</p>	
Corporate Services & Other*	--	--	(\$17)	--	--	--	--	
<b>Total</b>	<b>\$6.3</b>	<b>23.1%</b>	<b>\$290</b>	<b>78%</b>	<b>4.6%</b>	<b>140 bps</b>		

\* Corporate Services and Other: centralized administrative costs that are not included in the assessment of the performance of each of the identified segments

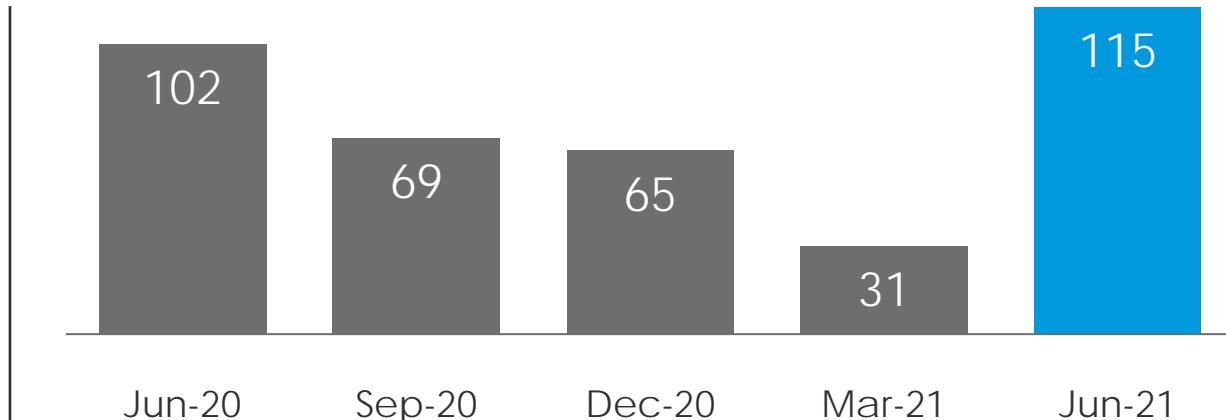
\*\* Includes Nextracker Revenue of \$0.3 billion in Q1 for both Fiscal 22 and Fiscal 21, and Adj EBITDA margin of 8% and 13% for Q1 Fiscal 22 and Q1 Fiscal 21, respectively

# Cash Flow Highlights

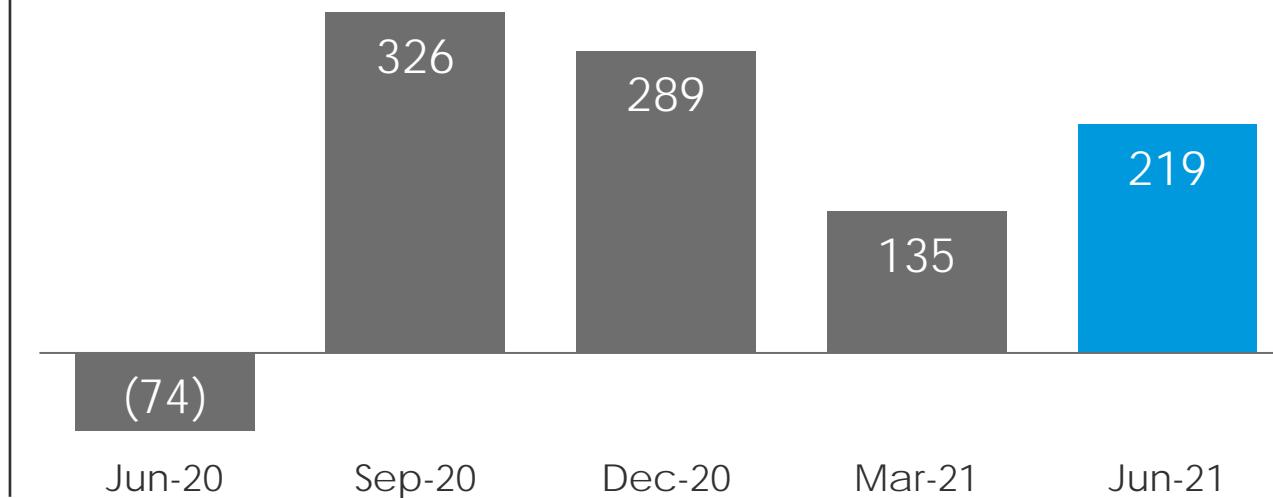
Sustained strong cash flow generation

	3-Months Ended	
	(July 2, 2021)	
(\$M)		
<b>GAAP net income</b>	<b>\$206</b>	
Depreciation, amortization and other impairment charges	118	
Change in working capital and other, net	10	
<b>Operating Cash Flow</b>	<b>334</b>	
Net Capex	(115)	
<b>Adjusted Free Cash Flow</b>	<b>219</b>	
Payments for share repurchases	(162)	
Debt proceeds, net	(1)	
<b>Net change in cash and cash equivalents</b>	<b>\$56</b>	

**Net Capital Expenditures\*** (\$M)



**Adjusted Free Cash Flow** (\$M)



\*Net Capital Expenditures is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.

# Q2 FY2022 Update – Sept 2022

Demand is strong; managing through component constraints

## Flex Reliability Solutions Segment

Revenue up low to high single digits % Y/Y



Automotive



Health Solutions



Industrial

- Demand indicators remain very strong thru 2H
- Wins in ADAS and EV should start to ramp in Q3-Q4 for late FY22 / FY23 revenue

- Chronic care and elective demand strength will continue
- Critical care continuing to normalize to pre-COVID levels
- Multiple new product wins ramping

- Solid core foundation and strong execution driving diversified growth
- Renewables demand outlook very strong, logistics challenges should bottom in Q2

## Flex Agility Solutions Segment

Revenue up low to high single digits % Y/Y



Lifestyle



Communications,  
Enterprise & Cloud



Consumer Devices

- Demand remains strong, with return to work providing new upgrade cycles
- Winning new customer logos and continuing to expand with our base customers.

- Consistent demand across all end markets
- Comm infrastructure buildup continues to align with 5g rollout
- Cloud outlook remains strong

- Improved demand in mobile and devices end markets
- Regional COVID resurgence remains an elevated risk

# Q2 FY2022 Guidance – Sep 2022

	<b>Guidance</b>	<b>Segment Revenue Outlook (Y/Y)</b>
Revenue	\$6.1 - \$6.5 Billion	Up low to high single digits
Adjusted Operating Income	\$250 - \$290 million	Up low to high single digits
Adjusted Earnings Per Share	\$0.37 - \$0.43	Up low to high single digits
GAAP Income Before Income Taxes	\$175 – \$210 million	
GAAP Earnings Per Share	\$0.29 – \$0.35	
Interest & Other Expense	~\$40 million	
Adjusted Income Tax Rate	High end of 10% to 15%	
WASO	~ 499 million shares	

<sup>11</sup> Guidance for adjusted operating income excludes approximately \$25 million for stock-based compensation, \$15 million intangible amortization expense, and approximately \$40 million for interest and other expenses from GAAP income before income taxes. Guidance for GAAP earnings per share includes approximately \$0.03 for net intangible amortization and \$0.05 for stock-based compensation expense not included in adjusted earnings per share.



# FY2022 Guidance - Updated

Prior Guidance		Updated Guidance
Revenue	\$25 - \$26 billion	\$25.5 - \$26.5 billion
Adjusted Operating Margin <sup>1</sup>	4.4% to 4.6%	4.5% to 4.7%
Adjusted Earnings Per Share	\$1.60 - \$1.75	\$1.70 - \$1.85
GAAP Earnings Per Share <sup>2</sup>	\$1.30 – \$1.45	\$1.42 – \$1.57

1. Adjusted operating margin does not include the below impacts when comparing to GAAP income before tax as a % of revenue: 0.6% interest and other, 0.4% stock-based compensation and 0.2% intangible amortization.

12 2. Guidance for GAAP earnings per share includes \$0.19 for stock-based compensation and \$0.09 for net intangible amortization not included in the adjusted earnings per share guidance

# Moving forward

- Continue to drive new business, customer expansions and renewals towards higher value business
- Expertly managing global component and logistical constraints
- More consistent earnings, higher margin level, strong cash flow is the new norm for Flex
- Solid capital allocation strategy to fund growth and drive efficiency, and return cash to shareholders

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# Thank you.

For more information, please  
visit [investors.flex.com](http://investors.flex.com)



# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter-ended July 02, 2021	Quarter-ended March 31, 2021	Quarter-ended June 26, 2020	Quarter-ended March 31, 2020	Quarter-ended June 28, 2019
(\$ in Millions)**					
GAAP income before income taxes	\$233	\$260	\$67	\$45	\$64
Intangible amortization	15	15	15	15	17
Stock-based compensation expense	20	18	13	18	15
Customer related asset impairments (recoveries), legal and other	-	(30)	27	9	2
Restructuring charges	-	26	10	17	56
Interest and other, net	22	22	31	103	53
Non-GAAP operating income	\$290	\$310	\$163	\$207	\$208
Non-GAAP operating margin*	4.6%	4.9%	3.2%	3.8%	3.4%

\*We calculate our Non-GAAP operating margin as current quarter Non-GAAP operating income divided by current quarter revenue.

\*\*Amounts may not sum due to rounding.

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter-ended July 02, 2021	Quarter-ended March 31, 2021	Quarter-ended June 26, 2020	Quarter-ended March 31, 2020
(\$ in Millions, except for EPS)*				
GAAP net income	\$206	\$240	\$52	\$48
Intangible amortization	15	15	15	15
Stock-based compensation expense	20	18	13	18
Restructuring charges	-	26	10	17
Customer related asset impairments (recoveries), legal and other	-	(30)	27	9
Interest and other, net	(3)	1	1	66
Adjustments for taxes	(8)	(21)	(3)	(31)
Non-GAAP net income	\$230	\$248	\$116	\$143
Diluted earnings per share:				
GAAP	\$0.41	\$0.47	\$0.10	\$0.10
NON-GAAP	\$0.46	\$0.49	\$0.23	\$0.28
Diluted shares used in computing per share amounts	499	507	502	506

\*Amounts may not sum due to rounding.

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# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter-ended			Quarter-ended		
	July 02, 2021	% of revenue		June 26, 2020	% of revenue	
<hr/>						
(\$ in Millions)						
GAAP gross profit	\$471	7.4%		\$304	5.9%	
Stock-based compensation expense	5			4		
Restructuring charges	-			10		
Non-GAAP gross profit	\$476	7.5%		\$318	6.2%	
<hr/>						
GAAP SG&A expenses	\$201	3.2%		\$191	3.7%	
Stock-based compensation expense	(15)			(9)		
Legal and other	-			(27)		
Non-GAAP SG&A expenses	\$186	2.9%		\$155	3.0%	

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# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended		Quarter- Ended
	July 02, 2021		July 02, 2021
(\$ in Millions)		(\$ in Millions)	
Segment income:		Reconciliation of segment income to income before income taxes	
Flex Agility Solutions	\$137	Total segment income	\$290
Flex Reliability Solutions	170	Intangible amortization	15
Corporate and Other*	(17)	Stock-based compensation expense	20
Total segment income:	<u>\$290</u>	Interest and other, net	22
Operating margin**:		Income before income taxes	<u>\$233</u>
Flex Agility Solutions	4.0%		
Flex Reliability Solutions	5.8%		

\*Corporate and Other: corporate service costs that are not included in the assessment of the performance of each of the identified reporting segments.

\*\*We calculate our segment operating margin as current quarter segment operating income divided by current quarter revenue.

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter-ended July 02, 2021	Quarter-ended March 31, 2021	Quarter-ended December 31, 2020	Quarter-ended September 25, 2020	Quarter-ended June 26, 2020	Quarter-ended March 31, 2020
(\$ in Millions)*						
Net cash provided by (used in) operating activities	\$334	\$161	\$348	\$265	(\$629)	\$166
Reduction in ABS levels and other	-	5	6	132	657	51
Net capital expenditures	(115)	(31)	(65)	(69)	(102)	(83)
Adjusted free cash flow	\$219	\$135	\$289	\$326	(\$74)	\$134

*Adjusted free cash flow is calculated as operating cash flow for the quarter less net capital expenditures. In fiscal year 2021, we proactively and strategically reduced the outstanding balance of our ABS programs which is fully paid and wind down as year end of FY21. Proceeds from our debt issuance replaced the funding from the ABS programs for working capital purposes. We reduced the balance on this short-term financing products throughout FY21 which had the accounting effect of reducing our cash flow from operations and was excluded from our adjusted free cash flow calculation. Adjusted free cash flow prior to FY21 also included the collection of the deferred purchase price receivables which the Company repurchased as part of the ABS program amended in FY20. Adjusted free cash flow is a non-GAAP financial measure and may not be defined and calculated by other companies in the same manner.*

*\*Amounts may not sum due to rounding.*

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

# Appendix: Reconciliation of GAAP to Non-GAAP Measures - Nextracker

	Quarter - ended	Quarter - ended
	July 02, 2021	June 26, 2020
Revenue (billions)	\$0.3	\$0.3
Net income (% of Revenue)	5%	9%
Intangible amortization and stock-based compensation	1%	1%
Depreciation	0%	0%
Interest, net	0%	0%
Adjustments for taxes	2%	3%
Adjusted EBITDA (% of Revenue)	8%	13%