



Results for Q3 Fiscal 2022

Earnings Announcement: January 26, 2022

Quarter Ended: December 31, 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 expected future revenues and earnings; the effects that the current macroeconomic environment could have on our business and demand for our products; the impact of component shortages and logistical constraints, including their impact on our revenues; 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 possibility that we may not fully realize the projected benefits of the Anord Mardix acquisition, including our expectation that the acquisition will be accretive to our fiscal year 2023 adjusted earnings per share; 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; 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.

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 and in subsequent quarterly reports on Form 10-Q. 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. 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.

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 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:



- 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.



- 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.





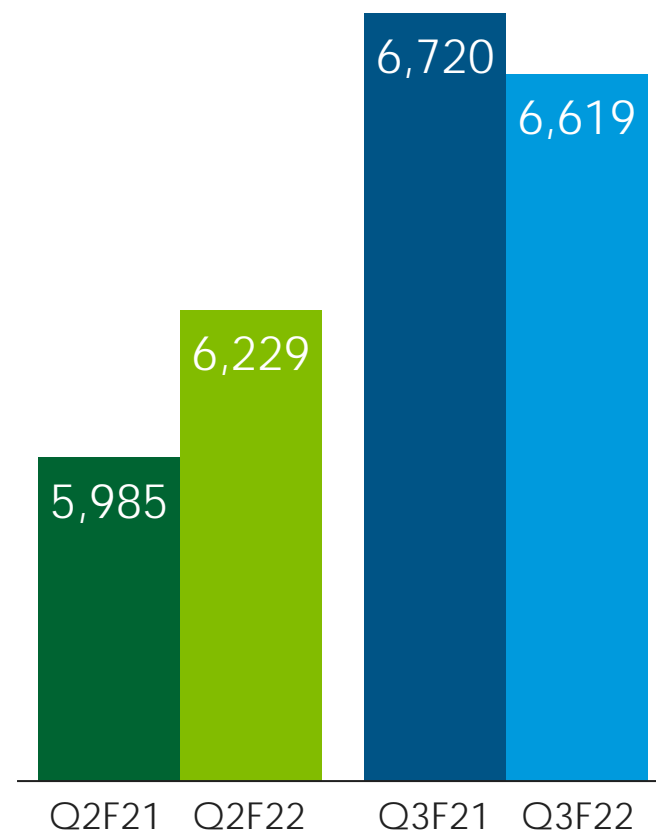
Business Update

Revathi Advaiti, CEO

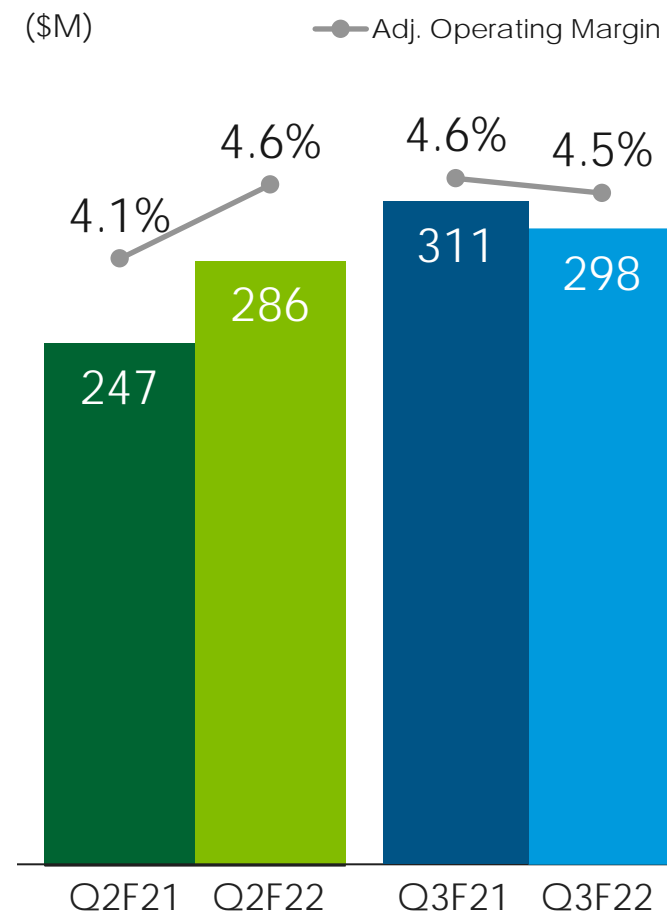
Q3 FY2022 Financial Summary

Significant demand across every end-market; upside limited by global supply chain challenges

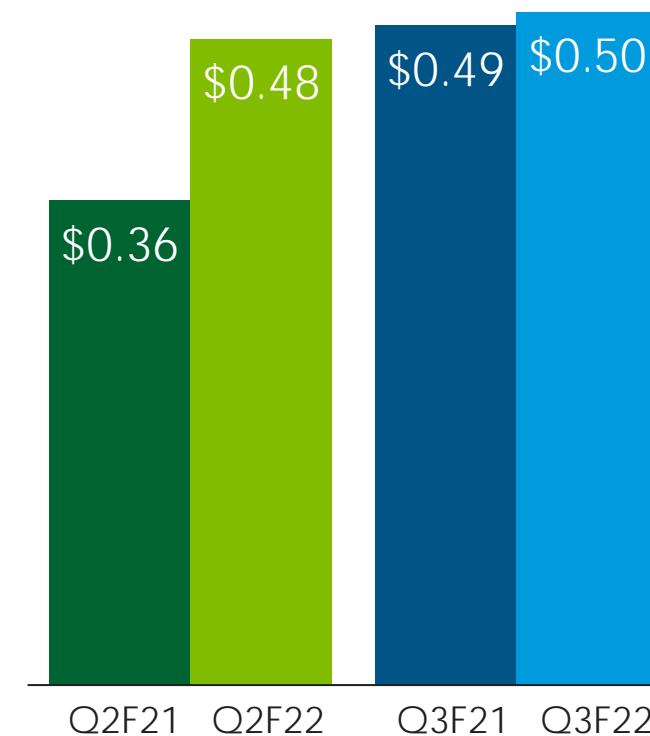
Revenue (\$M)



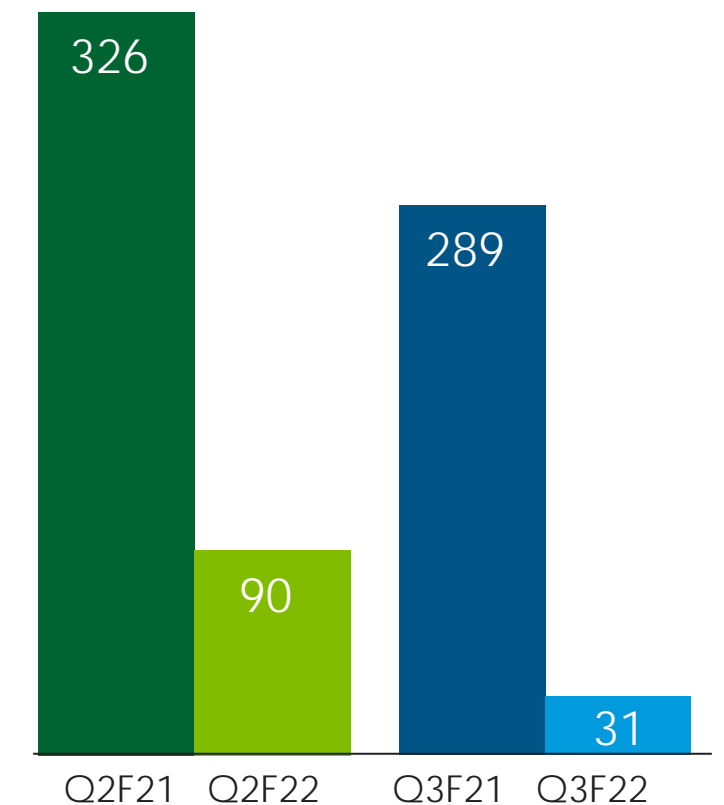
Adj. Operating Income (\$M)



Adj. Earnings Per Share



Adj. Free Cash Flow (\$M)





Q3 2022 Financial Results

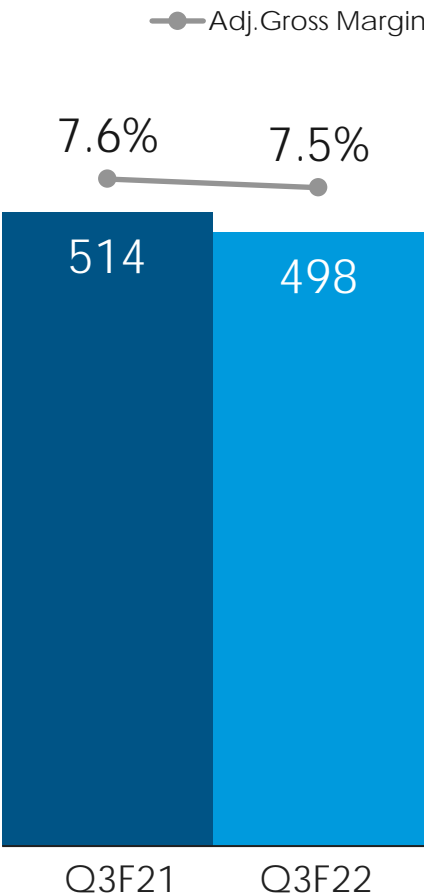
Paul Lundstrom, CFO

Q3 FY2022 Income Statement Summary

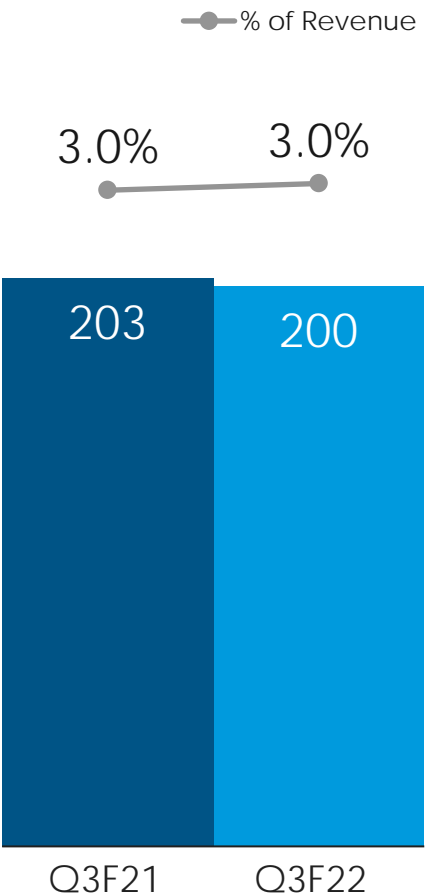
	Prior Year	Current Quarter
	December 31, 2020	December 31, 2021
(\$M, except per share amounts)		
Revenue	\$6,720	\$6,619
Adjusted Operating Income	\$311	\$298
Adjusted Net Income	\$251	\$238
Adjusted Earnings Per Share	\$0.49	\$0.50
GAAP Operating Income	\$240	\$251
GAAP Net Income	\$208	\$227
GAAP Earnings Per Share	\$0.41	\$0.48

Q3 FY2022 Financial Highlights

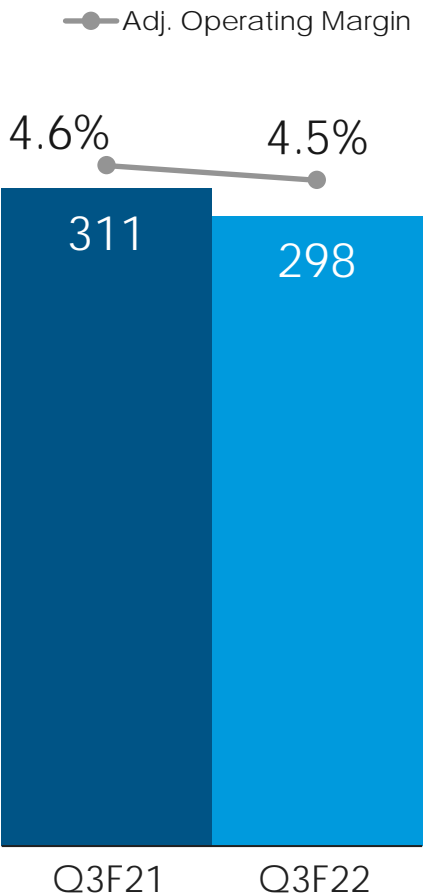
Adj. Gross Profit
(\$M)



Adj. SG&A
(\$M)



Adj. Operating Income
(\$M)



Q3 FY2022 Segment Performance

	Revenue		Adj. Operating Income & Margin				
	(\$B)	Y/Y	(\$M)	Y/Y	Margin %	Y/Y	
Flex Reliability^A Solutions	\$3.0	5.3%	\$154	(13.7%)	5.1%	(110 bps)	Automotive: Healthy underlying demand offset by continued supply issues Health Solutions: As expected, revenue was down slightly compared to the strong performance in the prior year period driven by tough comps related to last year's COVID-related critical care peak. Industrial: Strong demand across the board
Flex Agility Solutions	\$3.6	(6.6%)	\$163	7.0%	4.6%	60 bps	CEC: Robust demand particularly in cloud, 5G and optical Lifestyle: Demand remained strong; tailwinds with new product ramps and customer wins Consumer Devices: Headwind from planned project completion, but overall demand was largely solid
Corporate Services & Other^B	--	--	(\$19)	--	--	--	
Total	\$6.6	(1.5%)	\$298	(4.3%)	4.5%	(10 bps)	

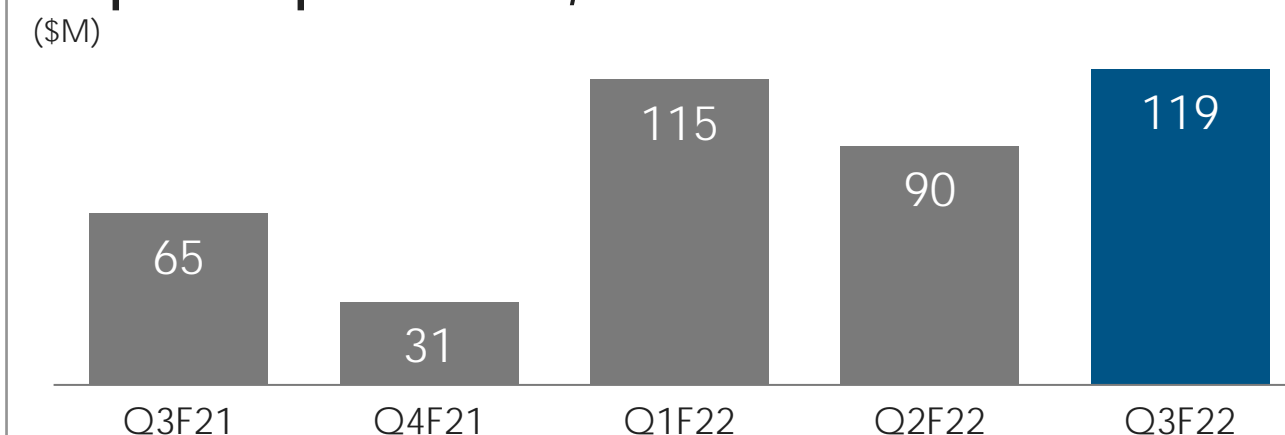
A. Includes Nextracker Revenue of \$0.34 billion in Q3 Fiscal 22 vs. \$0.29 billion Q3 Fiscal 21, and Adj EBITDA margin of 6% for Q3 Fiscal 22 vs. 16% for Q3 Fiscal 21.

B. Corporate Services and Other includes centralized administrative costs that are not included in the assessment of the performance of each of the identified segments.

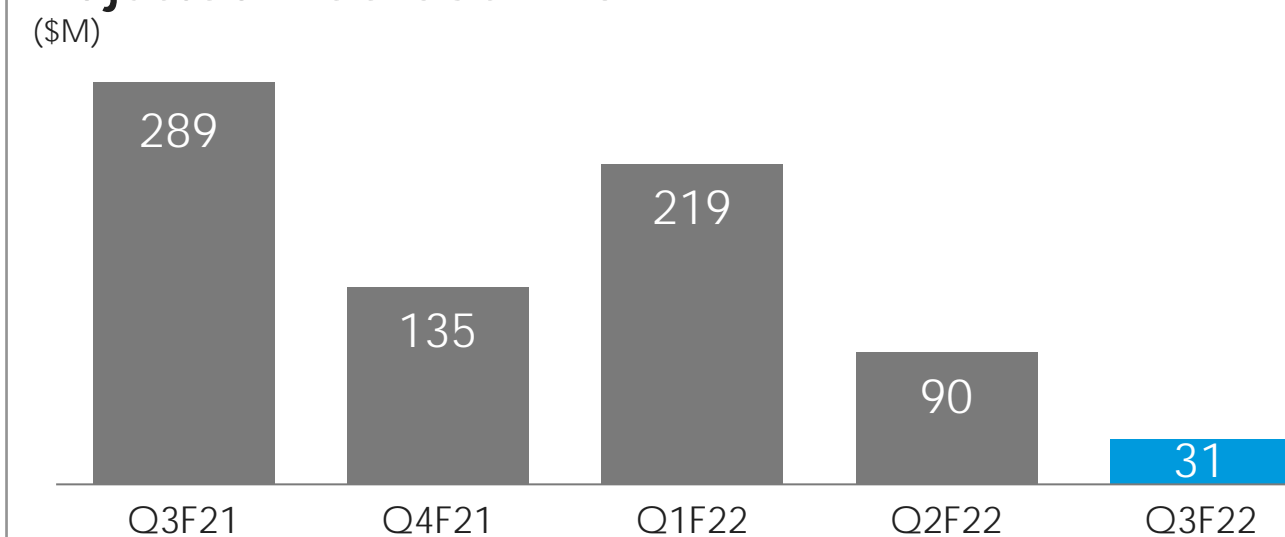
Q3 FY2022 Cash Flow Highlights

	3-Months Ended	9-Months Ended
	December 31, 2021	
GAAP Net Income	\$227	\$769
Depreciation, Amortization and other Impairment Charges	122	357
Change in Working Capital and other, net	(199)	(462)
Operating Cash Flow	150	664
Capital Expenditures, net^A	(119)	(324)
Adjusted Free Cash Flow	31	340
Payments for Share Repurchases	(90)	(580)
Debt Proceeds, net	679	691
Payments for Acquired Businesses, net	(523)	(523)
Other Investing And Financing, net	19	9
Net Change In Cash And Cash Equivalents	\$116	(\$63)

Capital Expenditures, Net^A



Adjusted Free Cash Flow



A. Capital Expenditures, net is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.

Q4 FY2022 Segment Outlook

Strong, secular growth and emerging opportunities underpin strategic end-market focus

Flex Reliability Solutions



Automotive

- Growth is balanced geographically, but weighted to newer technologies such as EV and advanced safety
- Demand remains strong, driven by both inventory replenishment and technology transitions



Health Solutions

- Customers continue to shift to new designs in addition to dual/multi-sourcing
- New program ramps will be a multi-year tailwind



Industrial

- Seeing broad demand in power, robotics, EV charging, solar components and capital equipment
- Continued strong growth in multi-year bookings

Flex Agility Solutions



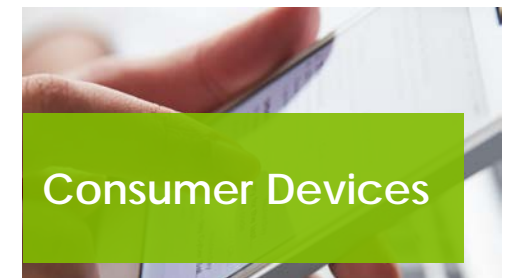
Communications, Enterprise & Cloud

- Cloud growth very robust driven by hyperscale and colocation
- 5G and optical demand continues to trend positively



Lifestyle

- Winning new customer logos and continuing to expand our portfolio
- Demand remains healthy despite seasonally-weaker quarter, channel inventory remains low



Consumer Devices

- Bookings support ongoing efforts to diversify customer mix
- Planned program completion continues in the quarter

FY2022 Guidance

	October Guidance		Updated Guidance
Revenue	\$24.8 - \$25.8 billion	»»»	\$25.4 - \$25.8 billion
Adjusted Operating Margin ^A	4.4% to 4.6%		4.5% to 4.6%
Adjusted Earnings Per Share ^B	\$1.70 - \$1.85		\$1.85 - \$1.90
GAAP Earnings Per Share	\$1.71 - \$1.86		\$1.90 - \$1.95

A. Adjusted operating margin does not include the impact of 0.4% for stock-based compensation and 0.3% for intangible amortization when comparing to GAAP operating margin.

B. Adjusted earnings per share excludes \$0.19 for stock-based compensation expense and \$0.12 for net intangible amortization offset by (\$0.36) for other gains, net of restructuring costs, primarily related to \$0.31 non-cash income from a favorable operational tax ruling recorded in Q2FY22.

Q4 FY2022 Guidance

	Guidance
Revenue	\$6.2 - \$6.6 billion
Adjusted Operating Income ^A	\$265 - \$305 million
Adjusted Earnings Per Share ^B	\$0.41 - \$0.46
GAAP Operating Income	\$215 - \$255 million
GAAP Earnings Per Share	\$0.32 - \$0.37
Interest & Other Expense	~\$40 million
Adjusted Income Tax Rate	High end of 10% to 15%
Weighted Average Shares Outstanding	~ 474 million

Segment Revenue Outlook

(Y/Y)

**Flex Reliability
Solutions**

Up mid-to-high
single digits

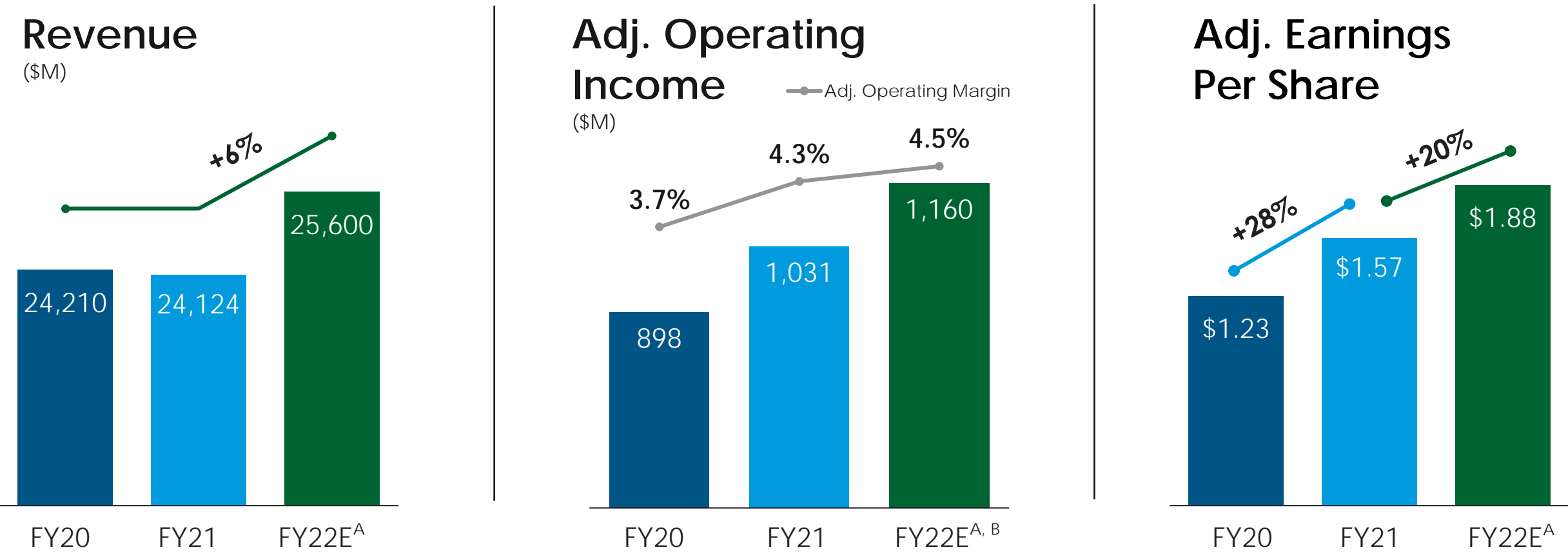
**Flex Agility
Solutions**

Relatively flat

A. Adjusted operating income excludes approximately \$25 million for stock-based compensation and \$22 million for intangible amortization from GAAP operating income.

B. Adjusted earnings per share excludes \$0.04 for net intangible amortization and \$0.05 for stock-based compensation expense included in GAAP earnings per share.

Performance Recap



2020 Investor Day: Long-term framework

Revenue Growth

Organic growth at or above GDP
Mix focused on longer cycle business

Earnings Expansion

Mid-single digits adjusted operating margin
10%+ annual adjusted EPS growth

A. FY22E are based off the mid-point of our implied guidance.
B. Adjusted operating income excludes approximately \$90 million for stock-based compensation, \$70 million for intangible amortization, and \$15 million for restructuring charges from GAAP operating income.



Driving growth beyond F2022

Focus on strategic end-markets aligned to global trends driving strong multi-year bookings

Tech transitions in electrification & autonomy, accelerating 5G, optical, and point-of-care diagnostics

Outsourcing expanding as customers look to harden supply chains, require increasingly complex manufacturing, regionalize production

Secular growth in digitalization, data center, and infrastructure investments



Appendix

Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended December 31, 2021	Quarter- ended October 01, 2021	Quarter- ended December 31, 2020	Quarter- ended September 25, 2020
(\$ in Millions)				
GAAP operating income	\$251	\$237	\$240	\$175
Intangible Amortization	15	15	16	16
Stock-based compensation expense	25	24	25	24
Restructuring charges	2	9	30	35
Legal and other	5	1	-	(3)
Non-GAAP operating income	\$298	\$286	\$311	\$247
Non-GAAP operating margin*	4.5%	4.6%	4.6%	4.1%

*We calculate our Non-GAAP operating margin as current quarter Non-GAAP 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	Quarter- ended	Quarter- ended	Quarter- ended
(\$ in Millions, except for EPS)*	December 31, 2021	October 01, 2021	December 31, 2020	September 25, 2020
GAAP net income	\$227	\$336	\$208	\$113
Intangible amortization	15	15	16	16
Stock-based compensation expense	25	24	25	24
Restructuring charges	2	9	30	35
Legal and other	5	1	-	(3)
Interest and other, net	(18)	(152)	(25)	(3)
Adjustments for taxes	(17)	1	(3)	(2)
Non-GAAP net income	\$238	\$233	\$251	\$180
Diluted earnings per share:				
GAAP	\$0.48	\$0.69	\$0.41	\$0.22
Non-GAAP	\$0.50	\$0.48	\$0.49	\$0.36
Diluted shares used in computing per share amounts	474	487	508	504

*Amounts may not sum due to rounding.

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter-ended		Quarter-ended	
	December 31, 2021		December 31, 2020	
(\$ in Millions)*		% of revenue		% of revenue
GAAP gross profit	\$491	7.4%	\$479	7.1%
Stock-based compensation expense	6		6	
Restructuring charges	2		29	
Legal and Other	(1)		-	
Non-GAAP gross profit	\$498	7.5%	\$514	7.6%
GAAP SG&A expenses	\$225	3.4%	\$223	3.3%
Stock-based compensation expense	(19)		(19)	
Legal and other	(6)		-	
Non-GAAP SG&A expenses	\$200	3.0%	\$203	3.0%

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended
	December 31, 2021
(\$ in Millions)	
Segment income:	
Flex Agility Solutions	\$163
Flex Reliability Solutions	154
Corporate and Other*	(19)
Total segment income:	\$298
Operating margin**:	
Flex Agility Solutions	4.6%
Flex Reliability Solutions	5.1%

	Quarter- Ended
	December 31, 2021
(\$ in Millions)	
Reconciliation of segment income	
Total segment income	\$298
Intangible Amortization	15
Stock-based compensation expense	25
Restructuring charges	2
Legal and other	5
Operating income	\$251

*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.

Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended
(\$ in Millions)	December 31, 2021	October 01, 2021	July 02, 2021	March 31, 2021	December 31, 2020
Net cash provided by operating activities	\$150	\$180	\$334	\$161	\$348
Reduction in ABS levels and other	-	-	-	5	6
Net capital expenditures	(119)	(90)	(115)	(31)	(65)
Adjusted free cash flow	\$31	\$90	\$219	\$135	\$289

	Nine-months ended
(\$ in Millions)*	December 31, 2021
Net cash provided in operating activities	\$664
Net capital expenditures	(324)
Adjusted free cash flow	\$340

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 wound down as of FY21 year-end. 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 is a non-GAAP financial measure and may not be defined and calculated by other companies in the same manner.

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 December 31, 2021	Quarter - ended December 31, 2020
Revenue (billions)	\$0.34	\$0.29
Net income (% of Revenue)	4%	11%
Intangible amortization and stock-based compensation	1%	2%
Depreciation	0%	0%
Interest, net	0%	0%
Adjustments for taxes	1%	3%
Adjusted EBITDA (% of Revenue)	6%	16%



Thank you.

For more information, please visit
investors.flex.com

