

flex<sup>®</sup>

# Q3 FY24 Earnings Presentation

Quarter End: December 31, 2023

Earnings Announcement: January 31, 2024





# Risks, Forward-Looking Statements and non-GAAP Disclaimers

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to our future financial results and our guidance for future financial performance (including expected revenues, operating income, margins and earnings per share). These forward-looking statements are based on current expectations, forecasts and assumptions involving risks and uncertainties that could cause the actual outcomes and 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: that we may not achieve our expected future operating results; the effects that the current and future macroeconomic environment, including inflation, slower growth or recession, a potential U.S. federal government shutdown, and currency exchange rate fluctuations, could have on our business and demand for our products; the impact of fluctuations in the pricing or availability of raw materials and components, labor and energy, and logistical constraints; risks related to the recently completed spin-off of Nextracker, and the transactions related thereto, including the qualification of these transactions for their intended tax treatment; risks associated with acquisitions and divestitures, including the possibility that we may not fully realize their projected benefits; geopolitical risks, including impacts from the termination and renegotiation of international trade agreements and trade policies, the ongoing conflicts between Russia and Ukraine and between Israel and Hamas, disruptions caused by the attacks on shipping vessels in the Red Sea, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, any of which could lead to disruption, instability, and volatility in global markets and negatively impact our operations and financial performance; the effects that current and future 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 and our ability to pass through costs to our customers; the challenges of effectively managing our operations, including our ability to control costs and manage changes in our operations; hiring and retaining key personnel; litigation and regulatory investigations and proceedings; our compliance with legal and regulatory requirements; changes in laws, regulations, or policies that may impact our business, including those related to climate change; 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 issues, excess and obsolete inventory, 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; 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 and disrupt our operations; physical and operational risks from natural disasters, severe weather events, or climate change; our ability to meet environmental, social and governance expectations or standards or achieve sustainability goals; we may be exposed to product liability and product warranty liability; that recently proposed changes or future changes in tax laws in certain jurisdictions where we operate could materially impact our tax expense; and the impact and effects on our business, results of operations and financial condition of a public health issue, including a pandemic, or catastrophic event.

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, 2023 and in subsequent quarterly reports on Form 10-Q, as well as the registration statement, including the proxy statement/prospectus, and other documents filed by Flex or Nextracker, as applicable, with the U.S. Securities and Exchange Commission in connection with the spin-off of Nextracker referred to above. 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. Certain forward-looking non-GAAP financial measures are not reconciled to the most directly comparable GAAP measures as the reconciling information is not available without an unreasonable effort.

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**  
next generation mobility, autonomous, connectivity, electrification, and smart technologies
- Health Solutions**  
medical devices, medical equipment, and drug delivery
- Industrial**  
capital equipment, industrial devices, renewables, and grid edge

**Flex Agility Solutions**

- Communications, Enterprise and Cloud (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

**Nextracker**





# Business update

Revathi Advaiti  
Chief Executive Officer

# Executive summary

## Q3 financial performance – TOTAL FLEX

REVENUE	ADJ. OPERATING INCOME	ADJ. NET INCOME	ADJ. EARNINGS PER SHARE
<b>\$7.1B</b>	<b>\$477M</b>	<b>\$309M</b>	<b>\$0.71</b>

## Q3 financial performance – CORE FLEX<sup>A</sup>

REVENUE	ADJ. OPERATING INCOME	ADJ. NET INCOME	ADJ. EARNINGS PER SHARE
<b>\$6.4B</b>	<b>\$315M</b>	<b>\$234M</b>	<b>\$0.54</b>

See Appendix for GAAP to non-GAAP reconciliations.

A. Core Flex represents Flex, excluding Flex’s 51.47% economic interest in Nextracker, which was consolidated within Flex, and which was distributed to Flex shareholders in a tax-free spinoff in Flex’s fourth quarter ending March 31, 2024. Core Flex is a non-GAAP measure that does not reflect discontinued operations presented under GAAP.





# Business update

## MARKET TRENDS

### Focus markets

- Cloud /AI demand strength continues
- Networking expected to benefit from longer-term AI-driven demand
- Automotive Q3 strength based on our diversified portfolio
- Potential supply chain impact from the Red Sea situation

## FLEX EXECUTION

### Margins expanding

- Q3 record Core Flex and Agility adj. operating margins
- Anticipate continued operating margin expansion in Q4

### Awards

- Cisco's 2023 Electronic Manufacturing Services (EMS) Partner of the Year award

### Nextracker

- Completed final step: tax-free spin to Flex shareholders



# Financial results

Paul Lundstrom  
Chief Financial Officer

# Key financials

## TOTAL FLEX

Revenue

Adj. Gross Profit / Margin

Adj. Operating Income / Margin

Adj. Earnings Per Share

Q3F23

\$7,756M

\$595M / 7.7%

\$372M / 4.8%

\$0.62

Q3F24

\$7,103M

\$712M / 10.0%

\$477M / 6.7%

\$0.71

## CORE FLEX

Revenue

Adj. Gross Profit / Margin

Adj. Operating Income / Margin

Adj. Earnings Per Share

Q3F23

\$7,254M

\$512M / 7.1%

\$312M / 4.3%

\$0.49

Q3F24

\$6,422M

\$500M / 7.8%

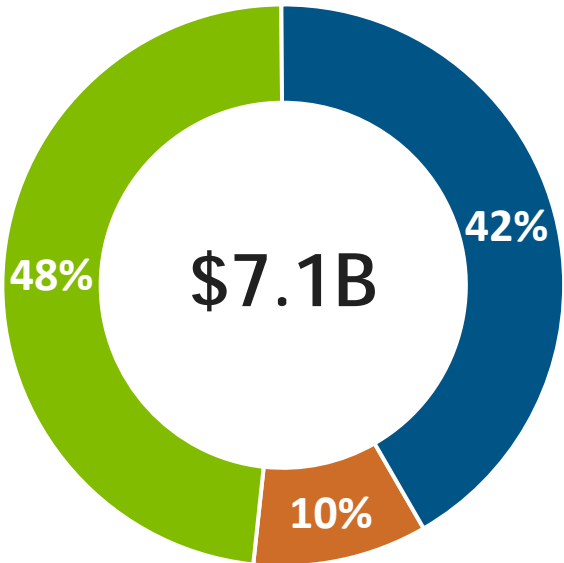
\$315M / 4.9%

\$0.54

See Appendix for GAAP to non-GAAP reconciliations.

# Segment performance

	REVENUE <sup>A</sup>		ADJ. OPERATING INCOME		ADJ. OPERATING MARGIN		TOTAL FLEX REVENUE <sup>C</sup>
	(\$B)	Y/Y GROWTH	(\$M)	Y/Y GROWTH	%	Y/Y CHANGE	
Flex Reliability Solutions							
	\$3.0	(8%)	\$159	11%	5.4%	100 bps	
Flex Agility Solutions							
	\$3.5	(14%)	\$174	(4%)	5.0%	50 bps	
Nextracker							
	\$0.7	38%	\$162	170%	22.8%	1,110 bps	
CORPORATE SERVICES AND OTHER <sup>B</sup>	--	--	(\$18)	--	--	--	
TOTAL	\$7.1	(8%)	\$477	28%	6.7%	190 bps	

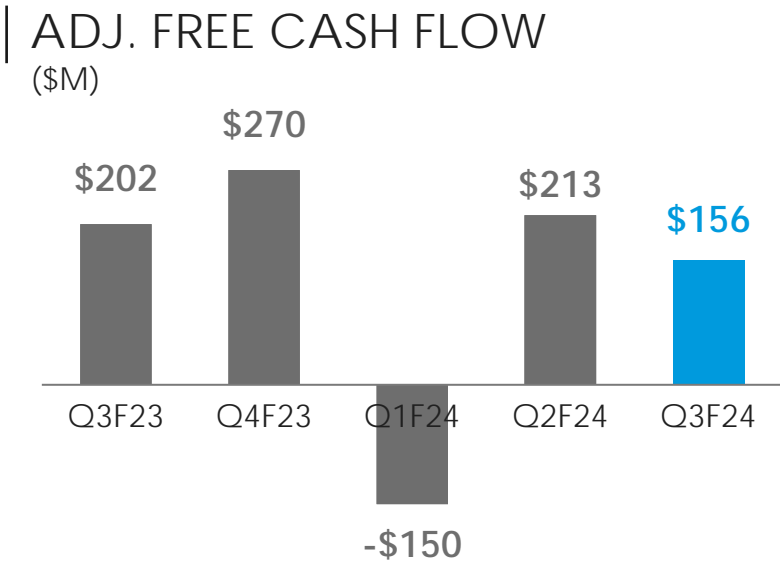
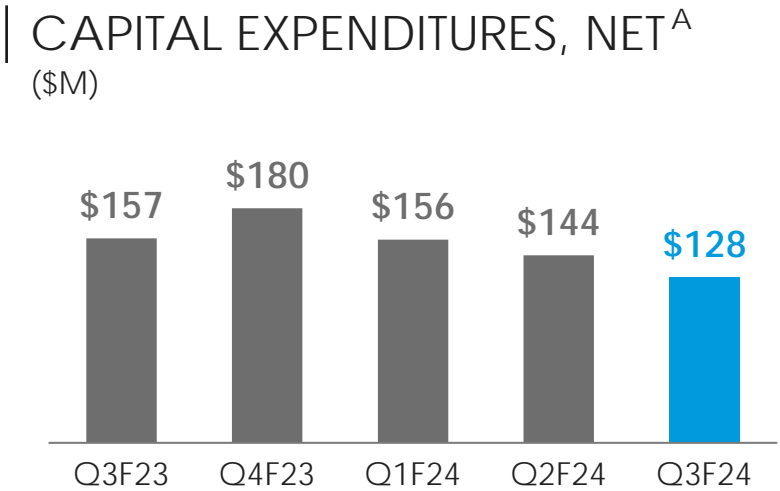


See Appendix for GAAP to non-GAAP reconciliations.  
A. Amounts may not sum due to immaterial intersegment eliminations not presented separately.  
B. Corporate Services and Other includes centralized administrative costs that are not included in the assessment of the performance of each of the identified segments.  
C. Percentages may not foot due to rounding.



# Cash flow overview

(\$M)	Q3F24	FYTD
<b>GAAP NET INCOME</b>	<b>\$233</b>	<b>\$850</b>
Depreciation, Amortization and other Impairment Charges	130	390
Change in Working Capital and other, net	(79)	(593)
<b>OPERATING CASH FLOW</b>	<b>284</b>	<b>647</b>
Capital Expenditures, net <sup>A</sup>	(128)	(428)
<b>ADJ. FREE CASH FLOW<sup>B</sup></b>	<b>156</b>	<b>219</b>
Payments for Share Repurchases	(275)	(781)
Other Investing, Financing, and FX, net	(17)	32
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS<sup>B</sup></b>	<b>(\$136)</b>	<b>(\$530)</b>



See Appendix for GAAP to non-GAAP reconciliations.

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

B. Amounts may not sum due to rounding.

# Q4 FY24 segment outlook

## Flex Reliability Solutions



### Automotive

- Auto demand remains stable across the portfolio
- Interest rate impact on purchases remains a watch item



### Health Solutions

- Digital health/medical device demand remains strong, supported by long-term secular trends
- Lifesciences & Hospital capex trends mixed



### Industrial

- Cloud/critical power demand remains strong
- Macro-driven slowing in capital equipment, continued residential solar weakness

## Flex Agility Solutions



### CEC

- Robust AI-driven Cloud spending; Enterprise IT & Comms remains muted
- Longer-term trends driving cloud and networking technology transitions remain strong



### Lifestyle

- Sustaining focus on productivity in seasonally weakest quarter
- Solidifying strong market position with premium brands



### Consumer Devices

- Consumer end market weakness persisting
- Remain focused on continued cost management

# Q4 FY24 guidance

## Q4 financial guidance – CORE FLEX *(no contribution from Nextracker)*

REVENUE	ADJ. OPERATING INCOME <sup>A</sup>	ADJ. EARNINGS PER SHARE <sup>B</sup>
<b>\$5.8B - \$6.4B</b>	<b>\$305M - \$355M</b>	<b>\$0.50 - \$0.60</b>
		GAAP: \$0.38 - \$0.48
INTEREST EXPENSE	ADJ. INCOME TAX RATE	WEIGHTED AVG. SHARES OUTSTANDING
<b>\$53M</b>	<b>15%</b>	<b>425M</b>

Not comparable to previous consensus estimates

A. Adjusted operating income excludes approximately \$28 million for stock-based compensation expense, \$17 million for intangible amortization, and \$8 million for restructuring compared to GAAP operating income.  
B. Adjusted earnings per share excludes \$0.07 for stock-based compensation expense, \$0.03 for net intangible amortization, and \$0.02 for net restructuring compared to GAAP earnings per share.



A microscopic view of a circuit board with a probe, showing intricate details of the electronic components and the precision of the manufacturing process.

# FY24 guidance – *UPDATED*

## FY24 financial guidance – **TOTAL FLEX** *(includes Q1-Q3 Nextracker contributions)*

REVENUE	ADJ. OPERATING MARGIN <sup>A</sup>	ADJ. EARNINGS PER SHARE <sup>B</sup>
<b>\$27.7B - \$28.3B</b>	<b>5.7% - 5.9%</b>	<b>\$2.47 - \$2.57</b>
		GAAP \$1.77 - \$1.87

*‘Total Flex’ Guidance is not comparable to previous guidance or consensus estimates*

## FY24 financial guidance – **CORE FLEX**<sup>C</sup>

REVENUE	ADJ. OPERATING MARGIN <sup>A</sup>	ADJ. EARNINGS PER SHARE <sup>D</sup>
<b>\$26B - \$26.6B</b>	<b>4.8% - 4.9%</b>	<b>\$2.07 - \$2.17</b>
		GAAP \$1.42 - \$1.52

*‘Core Flex’ Guidance is comparable to last quarter’s guide*

A. Total Flex adjusted operating margin does not include the impact of approximately 0.6% for stock-based compensation, 0.4% for restructuring and 0.2% for intangible amortization, compared to GAAP operating margin. Core Flex adjusted operating margin does not include the impact of approximately 0.4% for restructuring, 0.4% for stock-based compensation and 0.3% for intangible amortization (and excludes Nextracker operating income).

B. Total Flex adjusted earnings per share excludes \$0.35 for stock-based compensation expense, \$0.24 for net restructuring charges and \$0.13 for net intangible amortization, offset by (\$0.02) for tax, noncontrolling interest share of subsidiary’s non-GAAP adjustments and other, compared to GAAP earnings per share.

C. Core Flex excludes revenue of \$1.7 billion and GAAP earnings per share of \$0.35 representing Nextracker’s contribution to Total Flex prior to the spin-off.

D. Core Flex adjusted earnings per share excludes \$0.26 for stock-based compensation expense, \$0.24 for net restructuring charges, \$0.13 for net intangible amortization and \$0.02 for other, compared to GAAP earnings per share.





# Continued strong execution and value creation

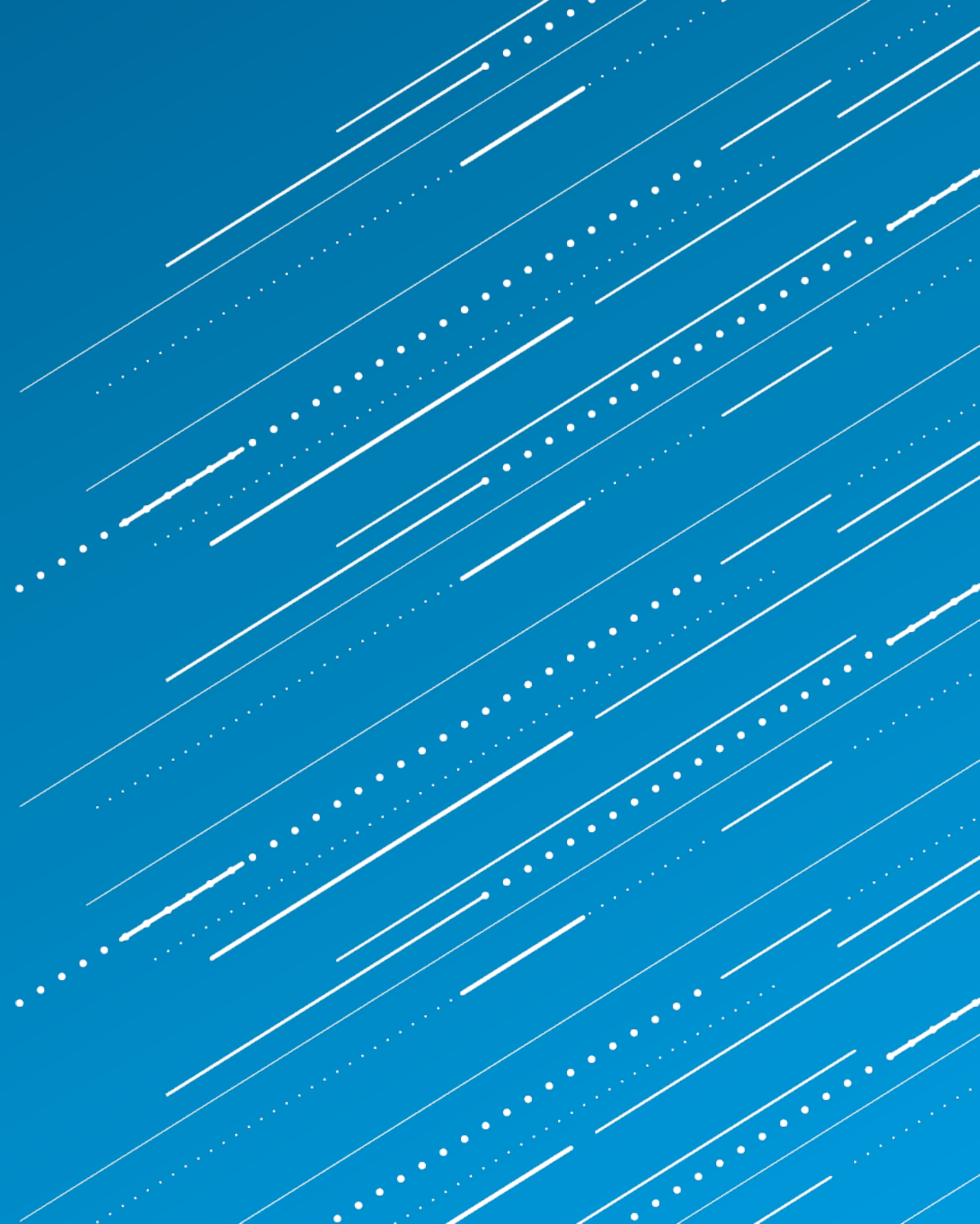
## Key Takeaways

Creating shareholder value; Nextracker Tax-Free Spin completed

Expanding margins; validates Flex has transformed to a more resilient company

Executing on capital allocation strategy; primary focus on capital return

flex<sup>®</sup>  
Create the  
extraordinary.







# Appendix

# Appendix: Reconciliation of GAAP to Non-GAAP Measures

## TOTAL FLEX

	Quarter-ended		Quarter-ended		Quarter-ended		Quarter-ended	
	December 31, 2023		September 29, 2023		December 31, 2022		September 30, 2022	
		% of revenue		% of revenue		% of revenue		% of revenue
(\$ in Millions)*								
GAAP gross profit	\$642	9.0%	\$665	8.9%	\$583	7.5%	\$591	7.6%
Stock-based compensation expense	10		10		7		7	
Restructuring charges	60		1		5		-	
Legal and Other	-		-		-		2	
Non-GAAP gross profit	\$712	10.0%	\$676	9.0%	\$595	7.7%	\$599	7.7%

\*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

## TOTAL FLEX

	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended
	December 31, 2023	September 29, 2023	December 31, 2022	September 30, 2022
(\$ in Millions)				
GAAP operating income	\$348	\$376	\$321	\$325
Intangible Amortization	17	17	19	21
Stock-based compensation expense	39	45	27	27
Restructuring charges	73	1	5	-
Legal and other	-	-	-	2
Non-GAAP operating income	\$477	\$439	\$372	\$375
GAAP operating margin	4.9%	5.0%	4.1%	4.2%
Non-GAAP operating margin*	6.7%	5.9%	4.8%	4.8%

\*We calculate our Non-GAAP operating margin as non-GAAP operating income divided by revenue for the respective periods.

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

## TOTAL FLEX

	Quarter- ended	Quarter- ended	Quarter- ended	Quarter- ended
(\$ in Millions, except for EPS)	December 31, 2023	September 29, 2023	December 31, 2022	September 30, 2022
GAAP net income attributable to Flex Ltd.	\$197	\$228	\$230	\$232
Intangible amortization	17	17	19	21
Stock-based compensation expense	39	45	27	27
Restructuring charges	73	1	5	-
Legal and other	-	-	-	2
Interest and other, net	3	8	-	3
Paid-in-kind and pre-IPO dividends paid to redeemable noncontrolling interest	-	-	7	6
Noncontrolling interest share of subsidiary's non-GAAP adjustments	(8)	143	-	-
Adjustments for taxes	(12)	(139)	(3)	(2)
Non-GAAP net income	\$309	\$303	\$285	\$289
Diluted earnings per share:				
GAAP	\$0.45	\$0.51	\$0.50	\$0.50
NON-GAAP	\$0.71	\$0.68	\$0.62	\$0.63
Diluted shares used in computing per share amounts	436	448	459	460

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 Total Flex to Core Flex

Q3FY24 (\$ in Millions, except for EPS)*	GAAP	Intangible Amortization	Stock-based compensation expense	Restructuring Charges	Legal & Other	Interest and Other, net	Noncontrolling interest share of non-GAAP adjustments	Adjustment for taxes	Non-GAAP
Total Flex (A)									
Revenue	\$7,103	-	-	-	-	-	-	-	\$7,103
Gross Profit	642	-	10	60	-	-	-	-	712
Operating Income	348	17	39	73	-	-	-	-	477
Net income attributable to Flex	\$197	17	39	73	-	3	(8)	(12)	\$309
Earnings Per Share	\$0.45								\$0.71
Nextracker (B)									
Revenue	\$710	-	-	-	-	-	-	-	\$710
Gross Profit	210	-	2	-	-	-	-	-	212
Operating Income	149	-	13	-	-	-	-	-	162
Net income attributable to Flex	\$69	-	13	-	-	-	(8)	1	\$75
Earnings Per Share	\$0.16								\$0.17
Eliminations (C)									
Revenue	\$(29)	-	-	-	-	-	-	-	\$(29)
Core Flex (A-B & C)									
Revenue	\$6,422	-	-	-	-	-	-	-	\$6,422
Gross Profit	432	-	8	60	-	-	-	-	500
Operating Income	199	17	26	73	-	-	-	-	315
Net income attributable to Flex	\$128	17	26	73	-	3	-	(13)	\$234
Earnings Per Share	\$0.29								\$0.54

\*Amounts may not sum due to rounding.



# Appendix: Reconciliation of Total Flex to Core Flex

Q3FY23 (\$ in Millions, except for EPS)	GAAP	Intangible Amortization	Stock-based compensation expense	Restructuring Charges	Legal & Other	Interest and Other, net	Noncontrolling interest share of non-GAAP adjustments	Adjustment for taxes	Non-GAAP
Total Flex (A)									
Revenue	\$7,756	-	-	-	-	-	-	-	\$7,756
Gross Profit	583	-	7	5	-	-	-	-	595
Operating Income	321	19	27	5	-	-	-	-	372
Net income attributable to Flex	\$230	19	27	5	-	-	7	(3)	\$285
Earnings Per Share	\$0.50								\$0.62
Nextacker (B)									
Revenue	\$516	-	-	-	-	-	-	-	\$516
Gross Profit	83	-	-	-	-	-	-	-	83
Operating Income	59	-	1	-	-	-	-	-	60
Net income attributable to Flex	\$54	-	1	-	-	-	7	-	\$62
Earnings Per Share	\$0.12								\$0.14
Eliminations (C)									
Revenue	\$(14)	-	-	-	-	-	-	-	\$(14)
Core Flex (A-B & C)									
Revenue	\$7,254	-	-	-	-	-	-	-	\$7,254
Gross Profit	500	-	7	5	-	-	-	-	512
Operating Income	262	19	26	5	-	-	-	-	312
Net income attributable to Flex	\$176	19	26	5	-	-	-	(3)	\$223
Earnings Per Share	\$0.38								\$0.49
WASQ	459								





# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended
	December 31, 2023
(\$ in Millions)	
Segment income:	
Flex Agility Solutions	\$174
Flex Reliability Solutions	159
Nextracker	162
Corporate and Other*	(18)
Total segment income:	\$477
Operating margin**:	
Flex Agility Solutions	5.0%
Flex Reliability Solutions	5.4%
Nextracker	22.8%

	Quarter- Ended
	December 31, 2023
(\$ in Millions)	
<b>Reconciliation of segment income</b>	
GAAP Operating Income	\$348
Intangible amortization	17
Stock-based compensation expense	39
Restructuring charges	73
Total segment income	\$477

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

\*\*We calculate our segment operating margin as segment income divided by revenue for respective periods.

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

(\$ in Millions)	Quarter- ended December 31, 2023	Quarter- Ended September 29, 2023	Quarter- ended June 30, 2023	Quarter- ended March 31, 2023	Quarter- ended December 31, 2022	Quarter- ended September 30, 2022
Net cash provided by operating activities	\$284	\$357	\$6	\$450	\$359	\$103
Net capital expenditures	(128)	(144)	(156)	(180)	(157)	(187)
Adjusted free cash flow*	\$156	\$213	\$(150)	\$270	\$202	\$(84)

(\$ in Millions)	Nine-Months ended December 31, 2023
Net cash provided by operating activities	\$647
Net capital expenditures	(428)
Adjusted free cash flow*	\$219

\*Adjusted free cash flow is calculated as operating cash flow for the quarter less purchases of property and equipment, net of proceeds from the disposition of property equipment, or net capital expenditures. Adjusted free cash flow is a non-GAAP financial measure and may not be defined and calculated by other companies in the same manner.

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Thank you.

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

