

Q1 FY'24 Financial Results

January 29, 2024

Today's Presenters



Jure Sola
Chairman & CEO



Jon Faust
EVP & CFO

Safe Harbor Statement



Certain statements made during this presentation, concerning our financial outlook for the second quarter fiscal 2024 and our expectations for FY24 generally 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, including 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; geopolitical uncertainty, including from the war in Ukraine and conflict in the Middle East; and the other risk factors set forth in the Company's annual and quarterly reports filed with the Securities Exchange Commission. In addition, during the course of today's presentation, we will refer to certain non-GAAP financial information. A reconciliation of such non-GAAP financial information to their most directly comparable GAAP measures are included on slide 20 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 in this earnings release, the conference call or the Investor Relations section of our website whether as a result of new information, future events or otherwise, unless otherwise required by law.

Welcome Jon Faust to Sanmina



**Jon Faust
EVP & CFO**

- Jon joined Sanmina on December 18, 2023
- Brings over 20 years of finance, accounting, controls and operations experience
- Previously served as Global Controller and Head of Finance Transformation & Corporate Services at HP Inc.
- Was CFO of Aruba, a Hewlett Packard Enterprise company
- Held various leadership roles at Hewlett Packard Enterprise, including Senior Vice President and Chief Financial Officer – Hybrid IT, Senior Vice President – Worldwide Financial Planning & Analysis and Global Functions Finance, and Vice President and Chief Financial Officer – Technology & Operations
- Proven track record driving transformational business strategies
- Highly accomplished leader with an extensive background

Financial Overview

Jon Faust

First Quarter FY'24 Non-GAAP P&L Highlights



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	Q1'24	Outlook <u>WAS</u>
Revenue	\$1.87B	\$1.85B - \$1.95B
Gross Margin	8.8%	8.3% - 8.8%
Operating Margin	5.5%	5.3% - 5.7%
Diluted EPS	\$1.30	\$1.20 - \$1.30

Delivered Results In Line with Outlook

Segment Reporting – Revenue and Non-GAAP Gross Margin*

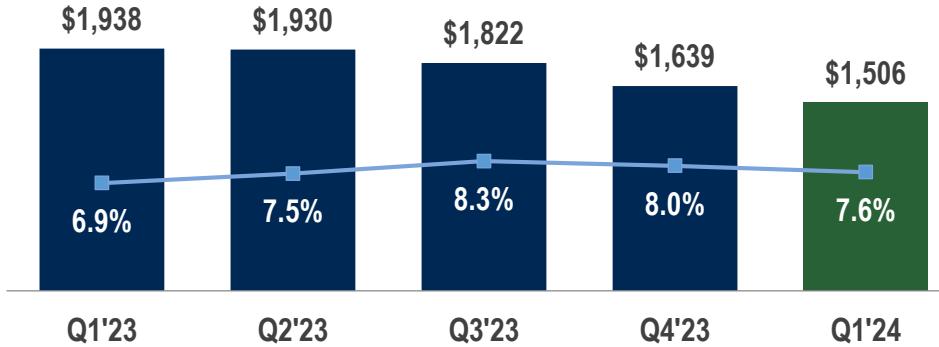
(\$ in millions)



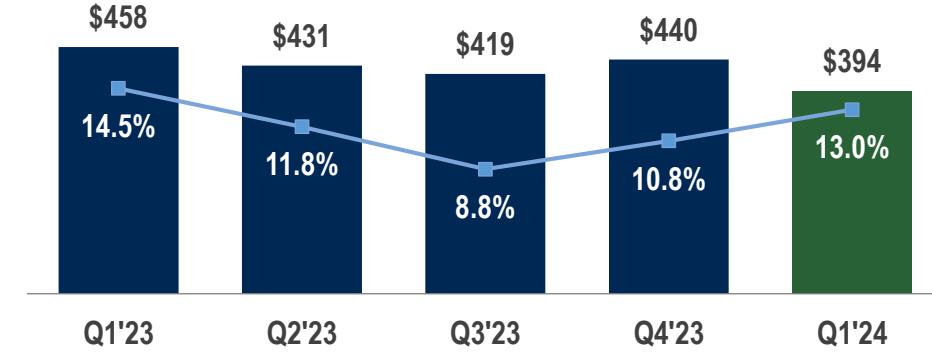
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Integrated Manufacturing Solutions



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)



12/30/2023

Cash and cash equivalents	\$ 632
Accounts receivable, net	1,102
Contract assets	445
Inventories	1,392
Property, plant and equipment, net	635
Deferred tax assets	173
Other assets	238
Total assets	<u>\$ 4,617</u>
Accounts payable	\$ 1,422
Short-term debt	18
Long-term debt	308
Other liabilities	596
Total stockholders' equity	2,273
Total liabilities and stockholders' equity	<u>\$ 4,617</u>

Key Takeaways:

- Strong cash position
- Inventory dollars coming down – more work to be done
- Substantial liquidity
- No borrowings under \$800M Revolver at quarter end
- Healthy debt position to manage evolving market dynamics
- Q1 non-GAAP pre-tax ROIC: 22.7%

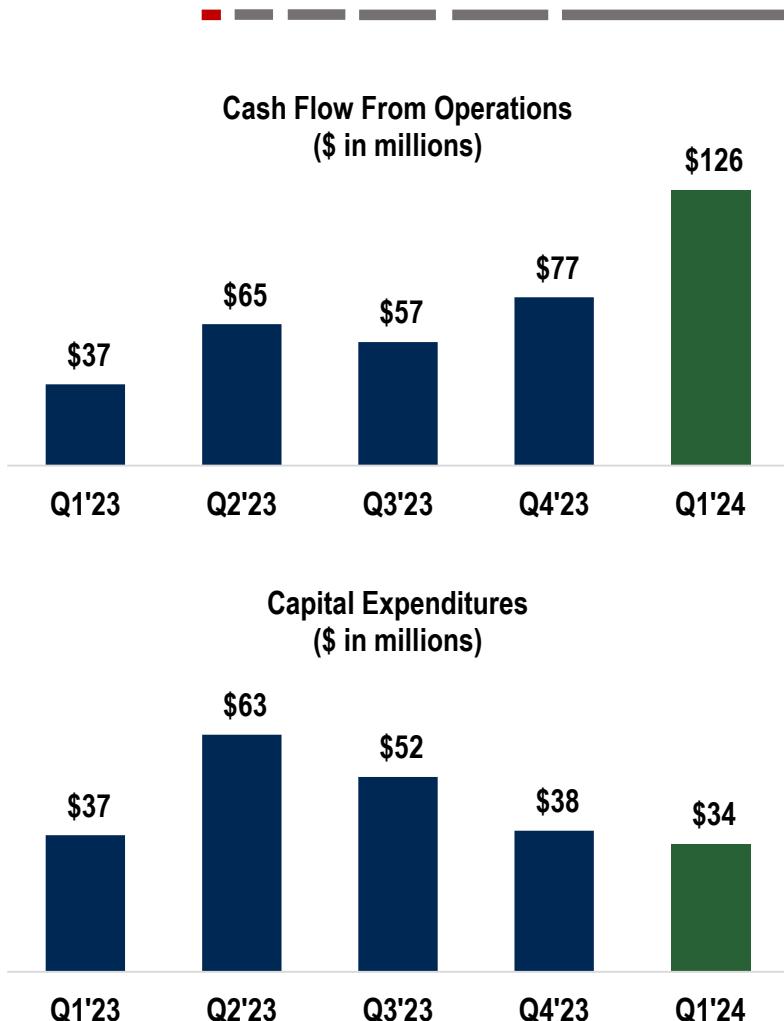
Balance Sheet Provides Opportunity

ROIC (a measure the efficiency at which a company spends the capital contributed by stockholders and lenders to generate returns) is calculated as annualized non-GAAP operating income divided by average invested capital. 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).

First Quarter FY'24 Cash Flow Highlights



Cash Flow from Operations:	<ul style="list-style-type: none">\$126 million
Net CapEx:	<ul style="list-style-type: none">\$34 millionInvesting in growth markets, technology and capabilities to support long-term growth
Free Cash Flow:	<ul style="list-style-type: none">\$92 million
Non-GAAP EBITDA	<ul style="list-style-type: none">\$133 million
Share Repurchases:	<ul style="list-style-type: none">\$106 million for 2.1 million shares\$174 million available under the authorized share repurchase program at end of Q1



Investing in Our Future

The following outlook is for the second fiscal quarter ending March 30, 2024*.

Q2'24	
Revenue:	\$1.825B - \$1.925B
GAAP Diluted EPS:	\$0.95 - \$1.05
Non-GAAP Diluted EPS:	\$1.20 - \$1.30

*The outlook and certain statements made during this presentation, including our financial outlook for the second quarter fiscal 2024 and our expectations for sequential improvement in the second half of fiscal 2024 generally 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, including 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; geopolitical uncertainty, including from the war in Ukraine and conflict in the Middle East; and the other risk factors set forth in the Company's annual and quarterly reports filed with the Securities Exchange Commission.

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Business Overview

Jure Sola

Leveraging Established Global Infrastructure

One Manufacturing Execution (IT) System



Visibility Real-Time Speed Flexibility Connectivity Security

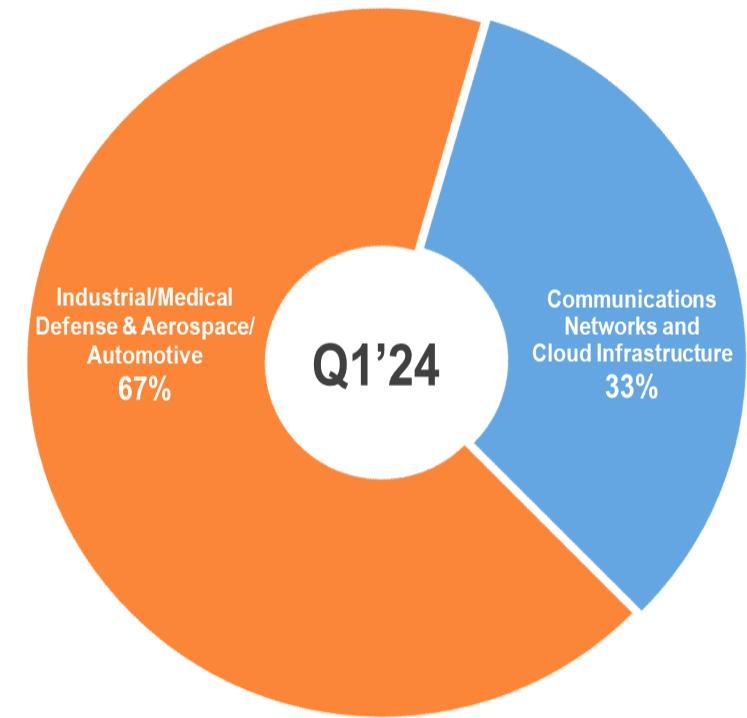
- **Q1:** Overall met outlook – demonstrated our ability to manage costs and operational execution
- **Overall Market:** Ongoing customer inventory adjustments coupled with softer demand across the industry
- **Sanmina's Advantage:** Business is aligned to adapt to market dynamics. Strong cost management and operational execution. Well diversified in growth markets. Markets we focus on require Sanmina's technical capabilities, global/regional footprint and industry leading IT systems, managed by Sanmina's Smart Connected MES system.

Strong Foundation to Operate in Any Economic Environment

Revenue by End-Market

(\$ in millions)

	Q1'23	Q4'23	Q1'24	Change	
Industrial/Medical/ Defense and Aerospace/ Automotive	\$1,340	\$1,343	\$1,257	Q/Q: (6.4%)	Y/Y: (6.2%)
Communications Networks/ Cloud Infrastructure	\$1,016	\$709	\$618	Q/Q: (12.8%)	Y/Y: (39.1%)
Total	\$2,356	\$2,052	\$1,875	Q/Q: (8.6%)	Y/Y: (20.4%)



Q1'24 Top 10 Customers – 45% of Revenue

Well Positioned for the Future

Key Markets to Drive Future Growth

- Cloud – AI/ML
- Defense and Aerospace
- Digital Health
- Electric Vehicles (EVs)
- Industrial
- Optical Packaging



Investing in Faster Growing and Higher Margin End-Markets

Sanmina's Priorities – To Drive Long-term Profitable Growth



- Strong long-term partnerships with market leaders
- Great diversified customer base in key markets
- Build around customer needs

- Our competitive advantage
- Quality of products
- Time-to-market

- Sequential improvement in the second half of FY'24
- Continue to invest in growth opportunities
- Optimizing capital structure to drive growth next 2-3 years
- Revenue goal \$10B - \$12B

- Focused on margin expansion
- Short-term operating margin goal: 5% - 6%
- Longer-term operating margin goal: 6%+
- Expect to generate cash to drive growth

- Repurchasing shares opportunistically
- Significant leverage still remains in our business model

Provide Leading Technology to Customers in Heavily Regulated Markets

Summary

- **Q1'24**
 - Solid execution – Excellent performance by the team
 - Revenue: \$1.87B, in line with our outlook
 - Non-GAAP operating margin: 5.5%
 - Non-GAAP diluted EPS: \$1.30, high end of outlook
- **Q2'24**
 - Revenue: \$1.825B - \$1.925B
 - Non-GAAP diluted EPS: \$1.20 - \$1.30
- **FY'24**
 - Ongoing customer inventory absorption and softness in demand for the first half of the year
 - Expect sequential improvements in the second half of the year

Driving Continuous Improvements

Consolidated Financial Statements

Reconciliation of GAAP vs. Non-GAAP

Quarter Ended: December 30, 2023



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

	December 30, 2023	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 631,590	\$ 667,570
Accounts receivable, net	1,101,902	1,230,771
Contract assets	444,544	445,757
Inventories	1,391,720	1,477,223
Prepaid expenses and other current assets	60,500	58,249
Total current assets	3,630,256	3,879,570
Property, plant and equipment, net	634,912	632,836
Deferred tax assets	173,461	177,597
Other	178,347	183,965
Total assets	\$ 4,616,976	\$ 4,873,968
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,422,229	\$ 1,612,833
Accrued liabilities	250,470	267,148
Accrued payroll and related benefits	131,919	127,406
Short-term debt, including current portion of long-term debt	17,500	25,945
Total current liabilities	1,822,118	2,033,332
Long-term liabilities:		
Long-term debt	308,105	312,327
Other	214,138	209,684
Total long-term liabilities	522,243	522,011
Stockholders' equity		
Total liabilities and stockholders' equity	\$ 4,616,976	\$ 4,873,968



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

	Three Months Ended	
	December 30, 2023	December 31, 2022
Net sales	\$ 1,874,798	\$ 2,355,808
Cost of sales	1,713,958	2,160,422
Gross profit	160,840	195,386
Operating expenses:		
Selling, general and administrative	64,785	60,730
Research and development	6,289	5,599
Restructuring	2,190	631
Total operating expenses	73,264	66,960
Operating income	87,576	128,426
Interest income	3,657	2,933
Interest expense	(8,412)	(8,681)
Other expense, net	(1,133)	(6,712)
Interest and other, net	(5,888)	(12,460)
Income before income taxes	81,688	115,966
Provision for income taxes	21,324	20,852
Net income before noncontrolling interest	60,364	95,114
Less: Net income attributable to noncontrolling interest	3,296	3,100
Net income attributable to common shareholders	\$ 57,068	\$ 92,014
Net income attributable to common shareholders per share:		
Basic	\$ 1.01	\$ 1.59
Diluted	\$ 0.98	\$ 1.54
Weighted-average shares used in computing per share amounts:		
Basic	56,538	57,727
Diluted	58,240	59,867



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

(Unaudited)

	Three Month Periods				
	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23
GAAP Gross profit	\$ 160,840	\$ 173,428	\$ 183,208	\$ 191,189	\$ 195,386
GAAP Gross margin	8.6 %	8.5 %	8.3 %	8.2 %	8.3 %
Adjustments					
Stock compensation expense (1)	4,050	3,978	4,518	4,025	4,242
Amortization of intangible assets	—	1,342	669	249	233
Legal and other (2)	—	—	700	—	—
Non-GAAP Gross profit	\$ 164,890	\$ 178,748	\$ 189,095	\$ 195,463	\$ 199,861
Non-GAAP Gross margin	8.8 %	8.7 %	8.6 %	8.4 %	8.5 %
GAAP Operating expenses	\$ 73,264	\$ 74,162	\$ 75,843	\$ 70,588	\$ 66,960
Adjustments					
Stock compensation expense (1)	(8,535)	(8,964)	(8,799)	(8,509)	(7,367)
Legal and other (2)	—	—	(3,775)	(695)	—
Restructuring	(2,190)	(4,323)	(296)	(804)	(631)
Non-GAAP Operating expenses	\$ 62,539	\$ 60,875	\$ 62,973	\$ 60,580	\$ 58,962
GAAP Operating income	\$ 87,576	\$ 99,266	\$ 107,365	\$ 120,601	\$ 128,426
GAAP Operating margin	4.7 %	4.8 %	4.9 %	5.2 %	5.5 %
Adjustments					
Stock compensation expense (1)	12,585	12,942	13,317	12,534	11,609
Amortization of intangible assets	—	1,342	669	249	233
Legal and other (2)	—	—	4,475	695	—
Restructuring	2,190	4,323	296	804	631
Non-GAAP Operating income	\$ 102,351	\$ 117,873	\$ 126,122	\$ 134,883	\$ 140,899
Non-GAAP Operating margin	5.5 %	5.7 %	5.7 %	5.8 %	6.0 %
GAAP Interest and other, net	\$ (5,888)	\$ (12,515)	\$ (8,361)	\$ (9,515)	\$ (12,460)
Adjustments					
Legal and other (2)	—	—	—	(3,630)	—
Non-GAAP Interest and other, net	\$ (5,888)	\$ (12,515)	\$ (8,361)	\$ (13,145)	\$ (12,460)
GAAP Provision for income taxes	\$ 21,324	\$ 21,396	\$ 17,267	\$ 25,779	\$ 20,852
Adjustments					
Tax impact of non-GAAP adjustments	1,951	2,645	1,817	1,288	1,986
Discrete tax items	(1,347)	1,210	6,957	(1,082)	5,845
Deferred tax adjustments	(4,565)	(7,381)	(5,681)	(5,050)	(6,325)
Non-GAAP Provision for income taxes	\$ 17,363	\$ 17,870	\$ 20,360	\$ 20,935	\$ 22,358
GAAP Net income attributable to common shareholders	\$ 57,068	\$ 61,841	\$ 76,494	\$ 79,621	\$ 92,014
Adjustments:					
Operating income adjustments (see above)	14,775	18,607	18,757	14,282	12,473
Interest and other (see above)	—	—	—	(3,630)	—
Adjustments for taxes	3,961	3,526	(3,093)	4,844	(1,506)
Non-GAAP Net income attributable to common shareholders	\$ 75,804	\$ 83,974	\$ 92,158	\$ 95,117	\$ 102,981
GAAP Net income attributable to common shareholders per share:					
Basic	\$ 1.01	\$ 1.08	\$ 1.32	\$ 1.37	\$ 1.59
Diluted	\$ 0.98	\$ 1.04	\$ 1.28	\$ 1.33	\$ 1.54
Non-GAAP Net income attributable to common shareholders per share:					
Basic	\$ 1.34	\$ 1.46	\$ 1.59	\$ 1.63	\$ 1.78
Diluted	\$ 1.30	\$ 1.42	\$ 1.55	\$ 1.59	\$ 1.72

Weighted-average shares used in computing per share amounts:

Basic	56,538	57,406	57,987	58,269	57,727
Diluted	58,240	59,178	59,592	59,819	59,867

(1) Stock compensation expense was as follows:

	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23
Cost of sales	\$ 4,050	\$ 3,978	\$ 4,518	\$ 4,025	\$ 4,242
Selling, general and administrative	8,340	8,747	8,588	8,304	7,142
Research and development	195	217	211	205	225
Total	\$ 12,585	\$ 12,942	\$ 13,317	\$ 12,534	\$ 11,609

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

Q2 FY24 Earnings Per Share Outlook*:

	Q2 FY24 EPS Range	
	Low	High
GAAP diluted earnings per share	\$ 0.95	\$ 1.05
Stock compensation expense	\$ 0.25	\$ 0.25
Non-GAAP diluted earnings per share	\$ 1.20	\$ 1.30

* Due to uncertainty regarding the timing of recognition of restructuring charges, impairment charges and other unusual or infrequent items, if any, that could be incurred during the second quarter of FY24, an estimate of such items is not included in the outlook for Q2 FY24 GAAP EPS.



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

	Three Month Periods				
	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23
GAAP Net income before noncontrolling interest	\$ 60,364	\$ 65,355	\$ 81,737	\$ 85,307	\$ 95,114
Depreciation and amortization	30,726	30,521	29,898	29,282	28,536
Other, net	18,185	21,947	21,174	17,075	20,727
Net change in net working capital	16,750	(40,966)	(76,300)	(67,086)	(107,153)
Cash provided by operating activities	<u>126,025</u>	<u>76,857</u>	<u>56,509</u>	<u>64,578</u>	<u>37,224</u>
Purchases of long-term investments	(600)	(500)	(500)	(700)	(800)
Net purchases of property & equipment	(34,216)	(37,803)	(52,167)	(63,458)	(36,530)
Cash used in investing activities	<u>(34,816)</u>	<u>(38,303)</u>	<u>(52,667)</u>	<u>(64,158)</u>	<u>(37,330)</u>
Holdback paid in connection with previous business combination	—	—	(8,558)	—	—
Net share repurchases	(115,619)	(30,397)	(52,072)	(13,376)	(7,836)
Net borrowing activities	(12,820)	4,070	(4,375)	(4,375)	(4,375)
Proceeds from sale of non-controlling interest	—	—	—	—	215,799
Cash provided by (used for) financing activities	<u>(128,439)</u>	<u>(26,327)</u>	<u>(65,005)</u>	<u>(17,751)</u>	<u>203,588</u>
Effect of exchange rate changes	1,250	(1,245)	(452)	220	1,975
Net change in cash & cash equivalents	<u>\$ (35,980)</u>	<u>\$ 10,982</u>	<u>\$ (61,615)</u>	<u>\$ (17,111)</u>	<u>\$ 205,457</u>
Free cash flow:					
Cash provided by operating activities	\$ 126,025	\$ 76,857	\$ 56,509	\$ 64,578	\$ 37,224
Net purchases of property & equipment	(34,216)	(37,803)	(52,167)	(63,458)	(36,530)
	<u>\$ 91,809</u>	<u>\$ 39,054</u>	<u>\$ 4,342</u>	<u>\$ 1,120</u>	<u>\$ 694</u>



S A N M I N A



Sanmina Corporation
Pre-Tax Return on Invested Capital (ROIC)
(\$ in thousands)
(Unaudited)

	Three Month Periods				
	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23
GAAP Operating income	\$ 87,576	\$ 99,266	\$ 107,365	\$ 120,601	\$ 128,426
	x 4.0	4.0	4.0	4.0	4.0
Annualized GAAP Operating income	350,304	397,064	429,460	482,404	513,704
Average invested capital (1)	÷ 1,802,450	1,783,744	1,698,819	1,592,563	1,485,054
GAAP Pre-tax ROIC	19.4 %	22.3 %	25.3 %	30.3 %	34.6 %
Non-GAAP Operating income	\$ 102,351	\$ 117,873	\$ 126,122	\$ 134,883	\$ 140,899
	x 4.0	4.0	4.0	4.0	4.0
Annualized non-GAAP Operating income	409,404	471,492	504,488	539,532	563,596
Average invested capital (1)	÷ 1,802,450	1,783,744	1,698,819	1,592,563	1,485,054
Non-GAAP Pre-tax ROIC	22.7 %	26.4 %	29.7 %	33.9 %	38.0 %

(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****Reconciliation of GAAP to Non-GAAP Measures: EBITDA**

(in thousands)

(Unaudited)

Three Months Ended

	December 30, 2023	September 30, 2023	December 31, 2022
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EBITDA

GAAP Operating Income	\$ 87,576	\$ 99,266	\$ 128,426
Depreciation and amortization	30,726	30,521	28,536
GAAP EBITDA	\$ 118,302	\$ 129,787	\$ 156,962
GAAP EBITDA Margin	6.3 %	6.3 %	6.7 %
Non-GAAP Operating Income	\$ 102,351	\$ 117,873	\$ 140,899
Depreciation and amortization	30,726	29,179	28,303
Non-GAAP EBITDA	\$ 133,077	\$ 147,052	\$ 169,202
Non-GAAP EBITDA Margin	7.1 %	7.2 %	7.2 %



Thank You