



SANMINA

# Q3 FY23 Financial Results

July 31, 2023

# Today's Presenters



**Jure Sola**  
**Chairman & CEO**



**Kurt Adzema**  
**EVP & CFO**

# Safe Harbor Statement

Certain statements made during this presentation, including our financial outlook for the fourth quarter and our expectations for growth in revenue and non-GAAP earnings per share in fiscal 2023 should such outlook be achieved, 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, most notably ongoing supply chain constraints, and geopolitical uncertainty, including from the conflict in Ukraine. Other factors that could cause our results to differ from our forward-looking statements 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; the other risk 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. A reconciliation of such non-GAAP financial information to their most directly comparable GAAP measures are included on slide 21 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, in the 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.





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# Financial Overview

Kurt Adzema

# Q3'23 Non-GAAP Actual Results vs Outlook

	Q3'23	Outlook <u>WAS</u>
Revenue	\$2.21B	\$2.2B - \$2.3B
Gross Margin	8.6%	8.2% - 8.7%
Operating Margin	5.7%	5.5% - 6.0%
Diluted EPS	\$1.55	\$1.50 - \$1.60

**Solid Execution**

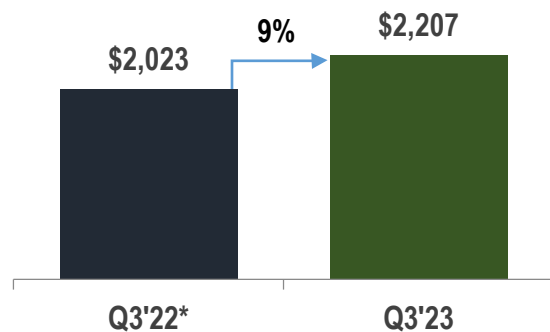
# Y/Y P&L Performance

(\$ in millions, except per share data)

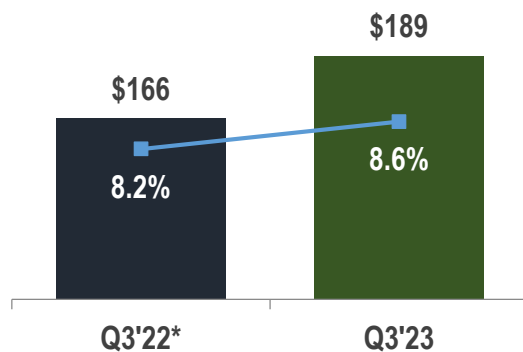


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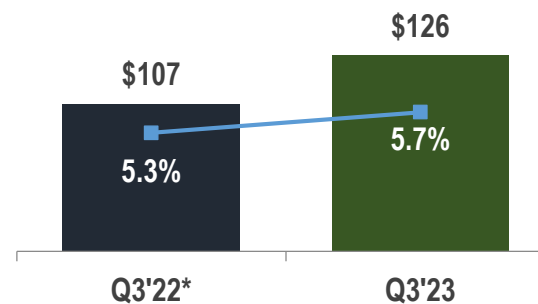
Revenue



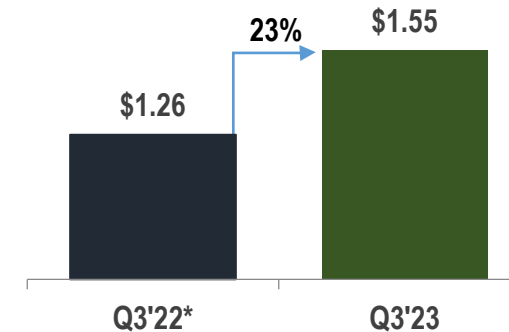
Non-GAAP  
Gross Profit / Margin



Non-GAAP  
Operating Income / Margin



Non-GAAP  
Diluted Earnings Per Share



\*Restated

# Q/Q and Y/Y P&L Performance

(\$ in millions, except per share data)



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## Three Month Periods

	Q3'23	Q2'23	Q3'22*
<b>GAAP:</b>			
Revenue	\$2,207	\$2,320	\$2,023
Gross profit	\$183	\$191	\$162
Gross margin	8.3%	8.2%	8.0%
Operating income	\$107	\$121	\$92
Operating margin	4.9%	5.2%	4.5%
Diluted earnings per share	\$1.28	\$1.33	\$1.25
<b>Non-GAAP:</b>			
Gross profit	\$189	\$195	\$166
Gross margin	8.6%	8.4%	8.2%
Operating income	\$126	\$135	\$107
Operating margin	5.7%	5.8%	5.3%
Diluted earnings per share	\$1.55	\$1.59	\$1.26

\*Restated

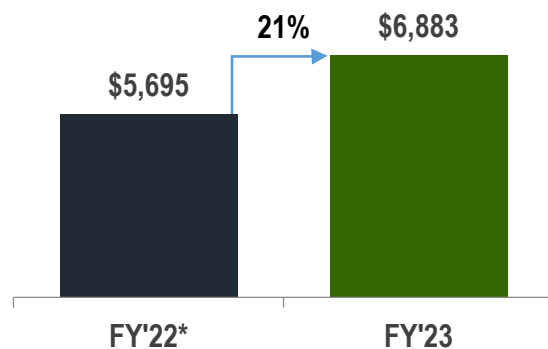
# Nine-Month P&L Performance

(\$ in millions, except per share data)

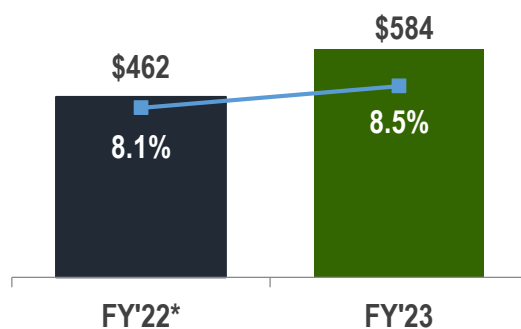


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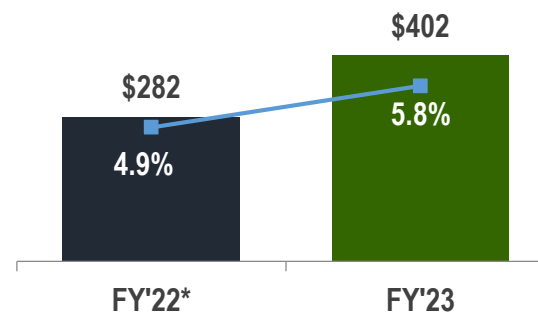
Revenue



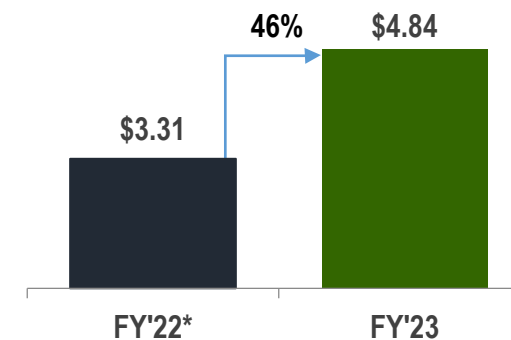
Non-GAAP  
Gross Profit / Margin



Non-GAAP  
Operating Income / Margin



Non-GAAP  
Diluted Earnings Per Share



**Strong Year-to-Date Performance**

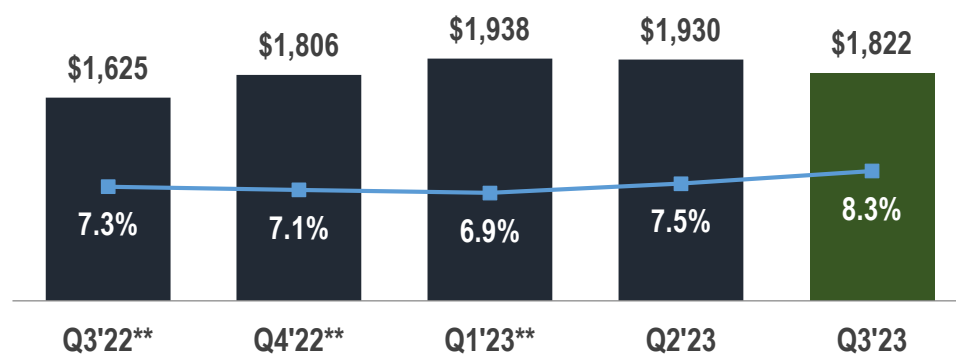
\*Restated



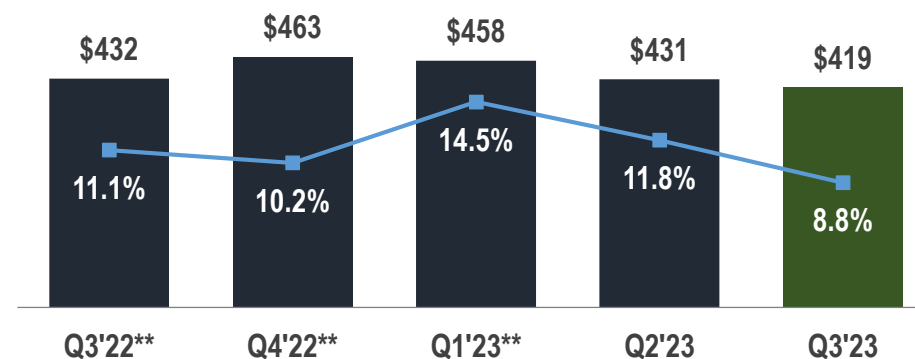
# Segment Reporting – Revenue and Non-GAAP Gross Margin\*

(\$ in millions)

## 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.

\*\*Restated

# Strong Balance Sheet

(\$ in millions)



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7/1/2023

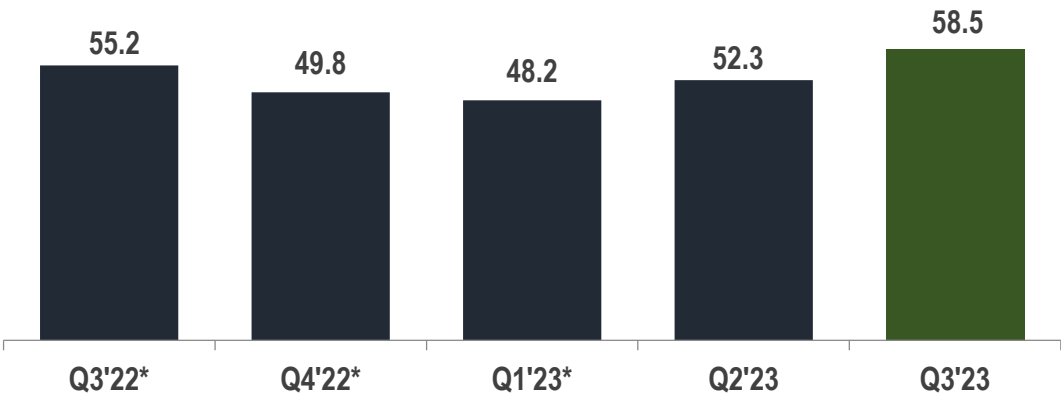
Cash and cash equivalents	\$	657
Accounts receivable, net		1,280
Contract assets		459
Inventories		1,489
Property, plant and equipment, net		632
Deferred tax assets		187
Other assets		254
Total assets	\$	4,958
Accounts payable	\$	1,724
Short-term debt		18
Long-term debt		316
Other liabilities		634
Total stockholders' equity		2,266
Total liabilities and stockholders' equity	\$	4,958

## Key Takeaways:

- Cash flow from operations: \$57M
- Net CapEx: \$52M
- Shares repurchased in Q3: ~970,000 shares for ~\$51M
- At the end of Q3: \$312M available under the authorized share repurchase program

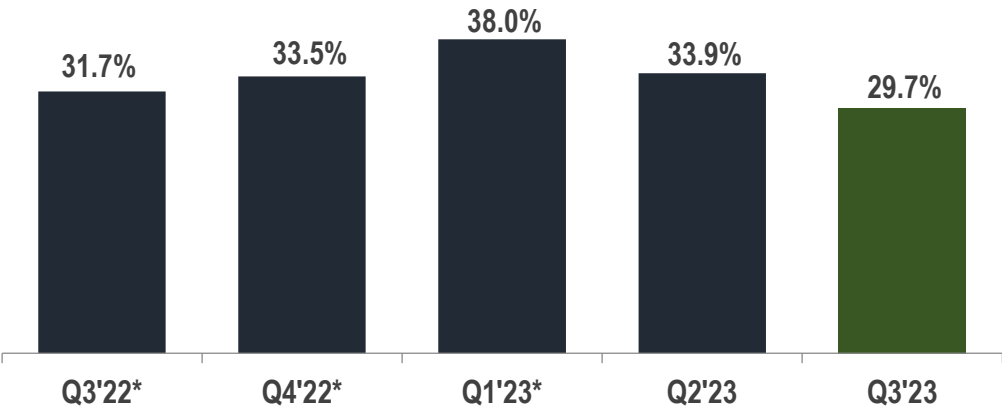
**Solid Cash Position**

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



ROIC (a measure the efficiency at which a company spends the capital contributed by shareholders 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).

\*Restated

The following outlook is for the fourth fiscal quarter ending September 30, 2023\*.

	Q4'23
Revenue:	\$2.1B - \$2.2B
GAAP Diluted EPS:	\$1.24 - \$1.34
Non-GAAP Diluted EPS:	\$1.47 - \$1.57

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# Business Overview

Jure Sola

# Revenue by End-Market

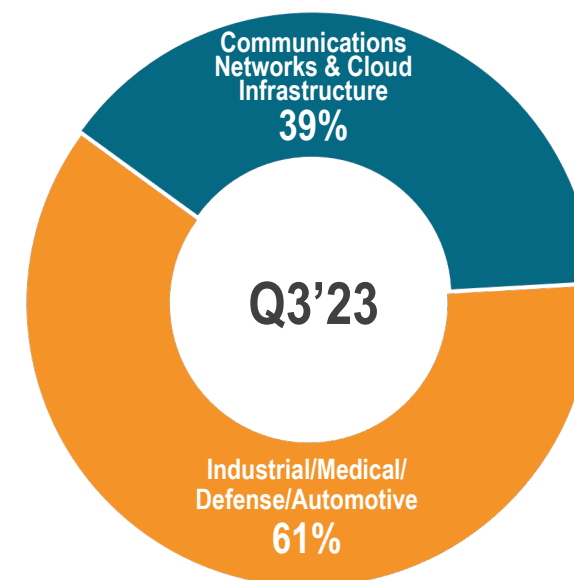
(\$ in millions)



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	Q3'22	Q2'23	Q3'23	Q3'23 Y/Y Performance
Industrial/Medical/Defense and Aerospace/Automotive	\$1,222	\$1,362	\$1,344	↑ 10.0%
Communications Networks and Cloud Infrastructure	\$801	\$958	\$863	↑ 7.7%
<b>Total</b>	<b>\$2,023</b>	<b>\$2,320</b>	<b>\$2,207</b>	<b>↑ 9.1%</b>

Numbers may not foot due to rounding.



**Q3'23 Top 10 Customers – 47% of Revenue**



# Q4'23 and FY'23 End-Market Outlook

- I/M/D/A:

- Strength in automotive and defense
- Industrial and medical is stable

- Communications/Cloud:

- Communications lower revenue due to inventory adjustments
- Cloud stable and growing
- Macro-economic environment

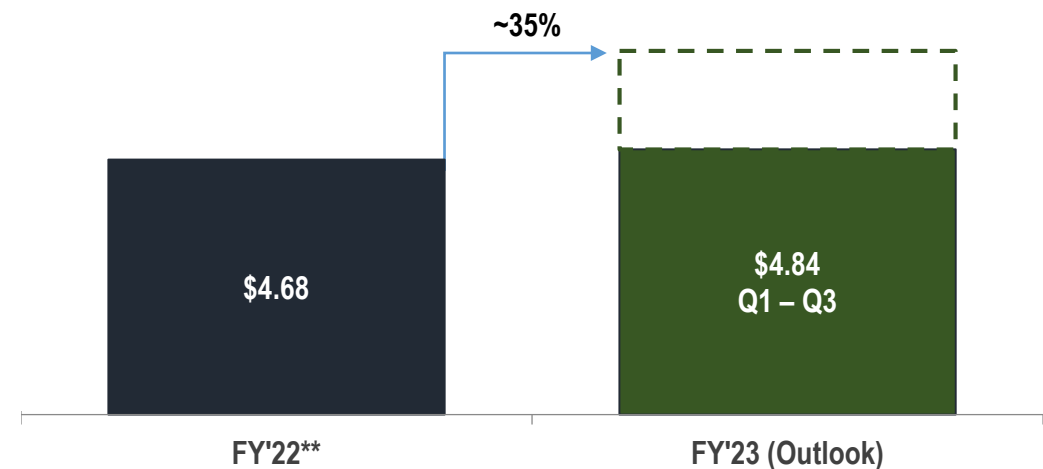
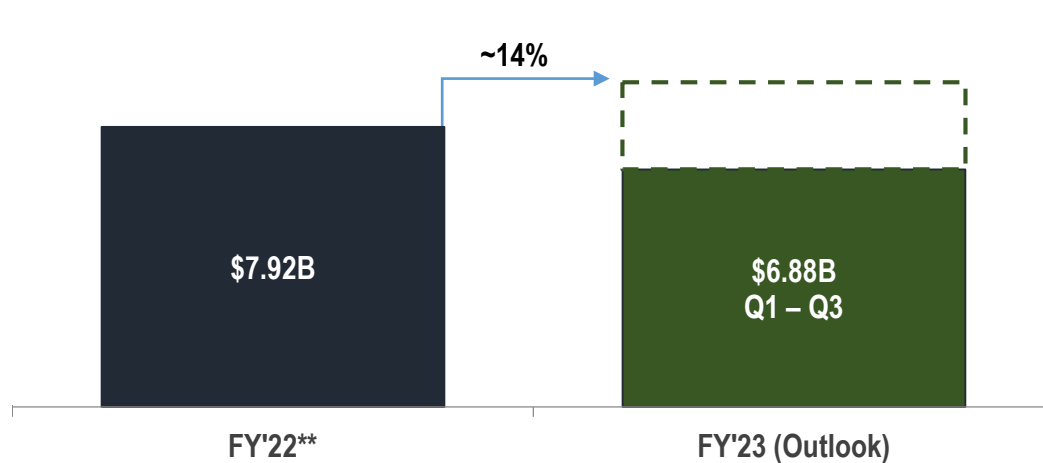
	Q4'23 Y/Y Outlook	FY'23 Outlook
Industrial/Medical/Defense and Aerospace/Automotive	Slightly Up	Up
Communications Networks and Cloud Infrastructure	Down	Up

**Fiscal Year Growth Momentum**

# Q4'23 and FY'23 Outlook\*

Q4'23 Revenue Outlook  
\$2.1B - \$2.2B

Q4'23 Non-GAAP EPS Outlook  
\$1.47 - \$1.57



## Expect Strong Performance for FY'23

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\*\*Restated

- Our strategy continues to deliver results
- Customer base and pipeline of opportunities remain solid
- FY'23 expect to deliver revenue and non-GAAP EPS growth
- Investing to support long-term growth opportunities
- Focused on quality, delivery and consistently meeting the needs of our customers

**Strong Foundation and Promising Future**



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# Consolidated Financial Statements Reconciliation of GAAP vs. Non-GAAP

Quarter Ended: July 1, 2023



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

	<b>July 1, 2023</b>	<b>October 1, 2022</b>
		Restated (Unaudited)
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 656,588	\$ 529,857
Accounts receivable, net	1,279,966	1,138,894
Contract assets	459,145	475,721
Inventories	1,489,200	1,684,099
Prepaid expenses and other current assets	68,121	62,044
Total current assets	<u>3,953,020</u>	<u>3,890,615</u>
Property, plant and equipment, net	631,744	575,170
Deferred tax assets	187,434	209,554
Other	185,694	160,192
Total assets	<u>\$ 4,957,892</u>	<u>\$ 4,835,531</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 1,724,034	\$ 2,041,434
Accrued liabilities	277,515	281,599
Accrued payroll and related benefits	138,815	130,892
Short-term debt, including current portion of long-term debt	17,500	17,500
Total current liabilities	<u>2,157,864</u>	<u>2,471,425</u>
Long-term liabilities:		
Long-term debt	316,552	329,237
Other	217,748	215,333
Total long-term liabilities	<u>534,300</u>	<u>544,570</u>
Stockholders' equity	2,265,728	1,819,536
Total liabilities and stockholders' equity	<u>\$ 4,957,892</u>	<u>\$ 4,835,531</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>July 1, 2023</b>	<b>July 2, 2022</b>	<b>July 1, 2023</b>	<b>July 2, 2022</b>
		<b>Restated</b>		<b>Restated</b>
Net sales	\$ 2,207,118	\$ 2,023,361	\$ 6,883,029	\$ 5,694,757
Cost of sales	2,023,910	1,861,176	6,313,246	5,244,780
Gross profit	183,208	162,185	569,783	449,977
Operating expenses:				
Selling, general and administrative	68,828	61,506	192,948	184,798
Research and development	6,719	5,071	18,712	15,320
Restructuring and other	296	3,994	1,731	3,730
Total operating expenses	75,843	70,571	213,391	203,848
Operating income	107,365	91,614	356,392	246,129
Interest income	4,213	540	9,685	1,198
Interest expense	(10,066)	(5,615)	(28,033)	(15,362)
Other expense	(2,508)	(7,774)	(11,988)	(7,110)
Interest and other, net	(8,361)	(12,849)	(30,336)	(21,274)
Income before income taxes	99,004	78,765	326,056	224,855
Provision for income taxes	17,267	1,543	63,898	42,835
Net income before noncontrolling interest	81,737	77,222	262,158	182,020
Less: Net income attributable to noncontrolling interest	5,243	-	14,029	-
Net income attributable to common shareholders	\$ 76,494	\$ 77,222	\$ 248,129	\$ 182,020
Net income attributable to common shareholders per share:				
Basic	\$ 1.32	\$ 1.29	\$ 4.28	\$ 2.92
Diluted	\$ 1.28	\$ 1.25	\$ 4.14	\$ 2.83
Weighted-average shares used in computing per share amounts:				
Basic	57,987	59,970	57,995	62,404
Diluted	59,592	61,702	59,996	64,292





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

	Three Month Periods					Nine Month Periods	
	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	FY23	FY22
GAAP Gross profit	\$ 183,208	\$ 191,189	\$ 195,386	\$ 172,229	\$ 162,185	\$ 569,783	\$ 449,977
GAAP Gross margin	8.3%	8.2%	8.3%	7.7%	8.0%	8.3%	7.9%
Adjustments			Restated	Restated	Restated		Restated
Stock compensation expense (1)	4,518	4,025	4,242	3,610	3,724	12,785	10,455
Amortization of intangible assets	669	249	233	234	251	1,151	776
Legal and other (2)	700	-	-	-	-	700	833
Non-GAAP Gross profit	\$ 189,095	\$ 195,463	\$ 199,861	\$ 176,073	\$ 166,160	\$ 584,419	\$ 462,041
Non-GAAP Gross margin	8.6%	8.4%	8.5%	7.9%	8.2%	8.5%	8.1%
GAAP Operating expenses	\$ 75,843	\$ 70,588	\$ 66,960	\$ 68,879	\$ 70,571	\$ 213,391	\$ 203,848
Adjustments							
Stock compensation expense (1)	(8,799)	(8,509)	(7,367)	(6,953)	(6,959)	(24,675)	(18,590)
Legal and other (2)	(3,775)	(695)	-	-	(700)	(4,470)	(1,200)
Restructuring costs	(296)	(804)	(631)	(3,085)	(3,994)	(1,731)	(8,340)
Gain on sales of long-lived assets	-	-	-	-	-	-	4,610
Non-GAAP Operating expenses	\$ 62,973	\$ 60,580	\$ 58,962	\$ 58,841	\$ 58,918	\$ 182,515	\$ 180,328
GAAP Operating income	\$ 107,365	\$ 120,601	\$ 128,426	\$ 103,350	\$ 91,614	\$ 356,392	\$ 246,129
GAAP Operating margin	4.9%	5.2%	5.5%	4.6%	4.5%	5.2%	4.3%
Adjustments							
Stock compensation expense (1)	13,317	12,534	11,609	10,563	10,683	37,460	29,045
Amortization of intangible assets	669	249	233	234	251	1,151	776
Legal and other (2)	4,475	695	-	-	700	5,170	2,033
Restructuring costs	296	804	631	3,085	3,994	1,731	8,340
Gain on sales of long-lived assets	-	-	-	-	-	-	(4,610)
Non-GAAP Operating income	\$ 126,122	\$ 134,883	\$ 140,899	\$ 117,232	\$ 107,242	\$ 401,904	\$ 281,713
Non-GAAP Operating margin	5.7%	5.8%	6.0%	5.3%	5.3%	5.8%	4.9%
GAAP Interest and other, net	\$ (8,361)	\$ (9,515)	\$ (12,460)	\$ (25,885)	\$ (12,849)	\$ (30,336)	\$ (21,274)
Adjustments							
Loss on termination of pension plan	-	-	-	2,380	-	-	-
Reversal of gain on sale of IP	-	-	-	7,000	-	-	-
Loss on extinguishment of debt	-	-	-	1,370	-	-	-
Legal and other (2)	-	(3,630)	-	-	-	(3,630)	(110)
Non-GAAP Interest and other, net	\$ (8,361)	\$ (13,145)	\$ (12,460)	\$ (15,135)	\$ (12,849)	\$ (33,966)	\$ (21,384)
GAAP Provision for income taxes	\$ 17,267	\$ 25,779	\$ 20,852	\$ 19,101	\$ 1,543	\$ 63,898	\$ 42,835
Adjustments							
Tax impact of non-GAAP adjustments	1,817	1,288	1,986	879	534	5,091	1,047
Discrete tax items	6,957	(1,082)	5,845	2,415	18,394	11,720	14,484
Deferred tax adjustments	(5,681)	(5,050)	(6,325)	(2,557)	(3,553)	(17,056)	(11,037)
Non-GAAP Provision for income taxes	\$ 20,360	\$ 20,935	\$ 22,358	\$ 19,838	\$ 16,918	\$ 63,653	\$ 47,329
GAAP Net income attributable to common shareholders	\$ 76,494	\$ 79,621	\$ 92,014	\$ 58,364	\$ 77,222	\$ 248,129	\$ 182,020
Adjustments:							
Operating income adjustments (see above)	18,757	14,282	12,473	13,882	15,628	45,512	35,584
Interest and other (see above)	-	(3,630)	-	10,750	-	(3,630)	(110)
Adjustments for taxes	(3,093)	4,844	(1,506)	(737)	(15,375)	245	(4,494)
Non-GAAP Net income attributable to common shareholders	\$ 92,158	\$ 95,117	\$ 102,981	\$ 82,259	\$ 77,475	\$ 290,256	\$ 213,000
GAAP Net income attributable to common shareholders per share:							
Basic	\$ 1.32	\$ 1.37	\$ 1.59	\$ 1.01	\$ 1.29	\$ 4.28	\$ 2.92
Diluted	\$ 1.28	\$ 1.33	\$ 1.54	\$ 0.98	\$ 1.25	\$ 4.14	\$ 2.83
Non-GAAP Net income attributable to common shareholders per share:							
Basic	\$ 1.59	\$ 1.63	\$ 1.78	\$ 1.42	\$ 1.29	\$ 5.00	\$ 3.41
Diluted	\$ 1.55	\$ 1.59	\$ 1.72	\$ 1.37	\$ 1.26	\$ 4.84	\$ 3.31
Weighted-average shares used in computing per share amounts:							
Basic	57,987	58,269	57,727	58,023	59,970	57,995	62,404
Diluted	59,592	59,819	59,867	59,844	61,702	59,996	64,292

(1) Stock compensation expense was as follows:

	Three Month Periods					Nine Month Periods	
	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	FY23	FY22
Cost of sales	\$ 4,518	\$ 4,025	\$ 4,242	\$ 3,610	\$ 3,724	\$ 12,785	\$ 10,455
Selling, general and administrative	8,588	8,304	7,142	6,807	6,819	24,034	18,230
Research and development	211	205	225	146	140	641	360
Total	\$ 13,317	\$ 12,534	\$ 11,609	\$ 10,563	\$ 10,683	\$ 37,460	\$ 29,045

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

Earnings Per Share Outlook:

	Q4 FY23 EPS Range*	
	Low	High
GAAP diluted earnings per share	\$ 1.24	\$ 1.34
Stock compensation expense	\$ 0.23	\$ 0.23
Non-GAAP diluted earnings per share	\$ 1.47	\$ 1.57

\* 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 fourth quarter of FY23, an estimate of such charges is not included in the outlook for Q4 FY23 GAAP EPS.



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

	Three Month Periods				
	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22
			Restated	Restated	Restated
GAAP Net income before noncontrolling interest	\$ 81,737	\$ 85,307	\$ 95,114	\$ 58,364	\$ 77,222
Depreciation and amortization	29,898	29,282	28,536	26,686	27,065
Other, net	21,174	17,075	20,727	33,886	18,108
Net change in net working capital	(76,300)	(67,086)	(107,153)	(37,038)	(20,712)
Cash provided by operating activities	56,509	64,578	37,224	81,898	101,683
Purchases of long-term investments	(500)	(700)	(800)	(300)	(700)
Net purchases of property & equipment	(52,167)	(63,458)	(36,530)	(48,155)	(37,434)
Cash used in investing activities	(52,667)	(64,158)	(37,330)	(48,455)	(38,134)
Contingent consideration paid in connection with previous business combination	(8,558)	-	-	-	-
Net share repurchases	(52,072)	(13,376)	(7,836)	(23,438)	(124,365)
Net borrowing activities	(4,375)	(4,375)	(4,375)	27,987	(4,688)
Proceeds from other notes receivable	-	-	-	-	500
Proceeds from sale of non-controlling interest	-	-	215,799	-	-
Cash provided by (used for) financing activities	(65,005)	(17,751)	203,588	4,549	(128,553)
Effect of exchange rate changes	(452)	220	1,975	(1,440)	(1,584)
Net change in cash & cash equivalents	\$ (61,615)	\$ (17,111)	\$ 205,457	\$ 36,552	\$ (66,588)
Free cash flow:					
Cash provided by operating activities	\$ 56,509	\$ 64,578	\$ 37,224	\$ 81,898	\$ 101,683
Net purchases of property & equipment	(52,167)	(63,458)	(36,530)	(48,155)	(37,434)
Proceeds from sale of intellectual property	-	-	-	-	500
	\$ 4,342	\$ 1,120	\$ 694	\$ 33,743	\$ 64,749

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

	Three Month Periods				
	Q3 FY23	Q2 FY23	Q1 FY23 Restated	Q4 FY22 Restated	Q3 FY22 Restated
GAAP operating income	\$ 107,365	\$ 120,601	\$ 128,426	\$ 103,350	\$ 91,614
x	4.0	4.0	4.0	4.0	4.0
Annualized GAAP operating income	429,460	482,404	513,704	413,400	366,456
Average invested capital (1)	÷ 1,698,819	1,592,563	1,485,054	1,398,566	1,353,671
<b>GAAP pre-tax ROIC</b>	<b>25.3%</b>	<b>30.3%</b>	<b>34.6%</b>	<b>29.6%</b>	<b>27.1%</b>
Non-GAAP operating income	\$ 126,122	\$ 134,883	\$ 140,899	\$ 117,232	\$ 107,242
x	4.0	4.0	4.0	4.0	4.0
Annualized non-GAAP operating income	504,488	539,532	563,596	468,928	428,968
Average invested capital (1)	÷ 1,698,819	1,592,563	1,485,054	1,398,566	1,353,671
<b>Non-GAAP pre-tax ROIC</b>	<b>29.7%</b>	<b>33.9%</b>	<b>38.0%</b>	<b>33.5%</b>	<b>31.7%</b>

(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).



SANMINA

Thank You