

Q3 FY'24 Financial Results

July 29, 2024

Today's Presenters



Jure Sola
Chairman & CEO



Jon Faust
EVP & CFO

Safe Harbor Statement



Certain statements made during this presentation, including our financial outlook for the fourth quarter fiscal 2024 and expectations for growth in fiscal 2025 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 18 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.

Financial Overview

Jon Faust

Non-GAAP P&L Highlights



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	Q3'24	Outlook <u>WAS</u>
Revenue	\$1.84B	\$1.8B - \$1.9B
Gross Margin	8.5%	8.3% - 8.9%
Operating Margin	5.3%	5.3% - 5.7%
Diluted EPS	\$1.25	\$1.22 - \$1.32

Financial Results In Line With Outlook

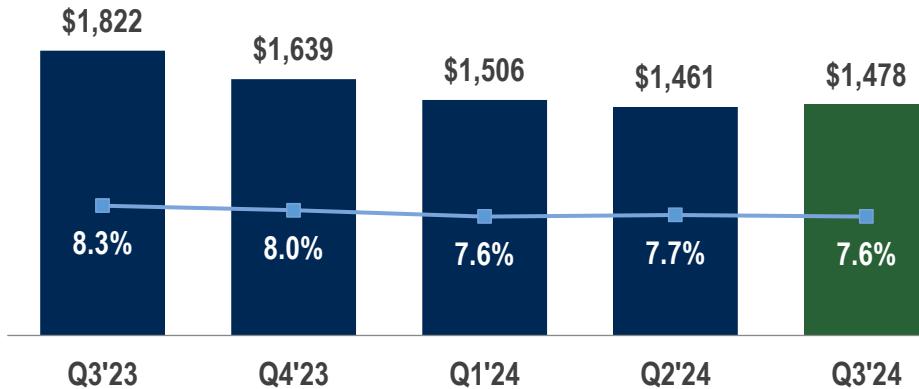
Segment Reporting – Revenue and Non-GAAP Gross Margin*

(\$ in millions)

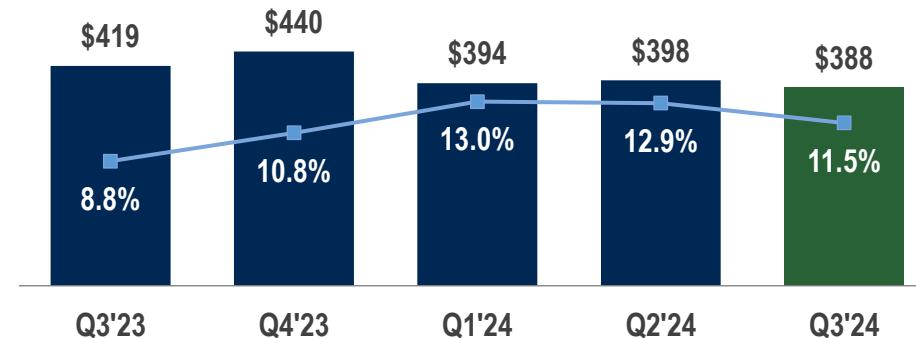


— Revenue — Gross Margin

Integrated Manufacturing Solutions



Components, Products and Services



Balance Sheet

(\$ in millions)



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6/29/2024

Cash and cash equivalents	\$ 658
Accounts receivable, net	1,155
Contract assets	415
Inventories	1,384
Property, plant and equipment, net	630
Deferred tax assets	163
Other assets	259
Total assets	<u>\$ 4,664</u>
Accounts payable	\$ 1,434
Short-term debt	18
Long-term debt	300
Other liabilities	571
Total stockholders' equity	2,341
Total liabilities and stockholders' equity	<u>\$ 4,664</u>

Key Takeaways:

- Strong cash position
- No borrowings under \$800M Revolver at quarter end
- Substantial liquidity: \$1.5B
- Q3 non-GAAP pre-tax ROIC: 21.1%
- Leverage ratio of 0.48x

Industry Leading Balance Sheet

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).

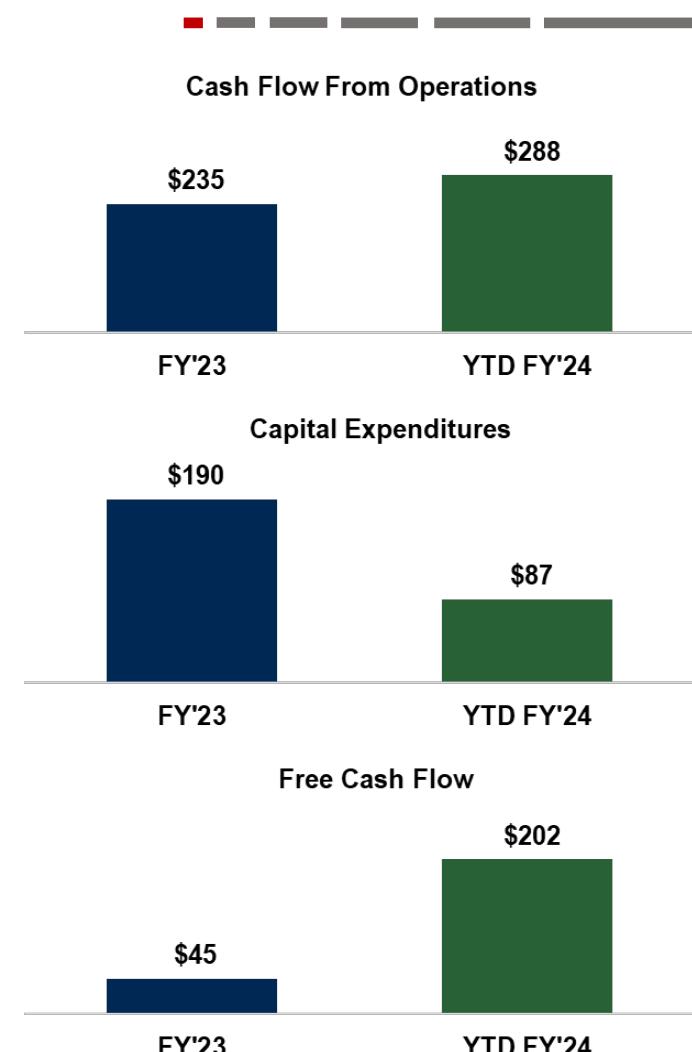
Q3 FY'24 Cash Flow Highlights

(\$ in millions)



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Cash Flow from Operations:	▪ \$90 million
Net CapEx:	▪ \$23 million
Free Cash Flow:	▪ \$67 million
Non-GAAP EBITDA:	▪ \$127 million
Share Repurchases:	▪ 845,000 shares for \$55 million ▪ YTD: 3.0 million shares for \$162 million ▪ \$118 million available under the authorized share repurchase program at end of Q3



Disciplined ROI Based Approach

The following outlook is for the fourth fiscal quarter ending September 28, 2024*.

Q4'24	
Revenue:	\$1.9B - \$2.0B
GAAP Diluted EPS:	\$1.02 - \$1.12
Non-GAAP Diluted EPS:	\$1.30- \$1.40

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Business Overview

Jure Sola

Q3'24 Overview

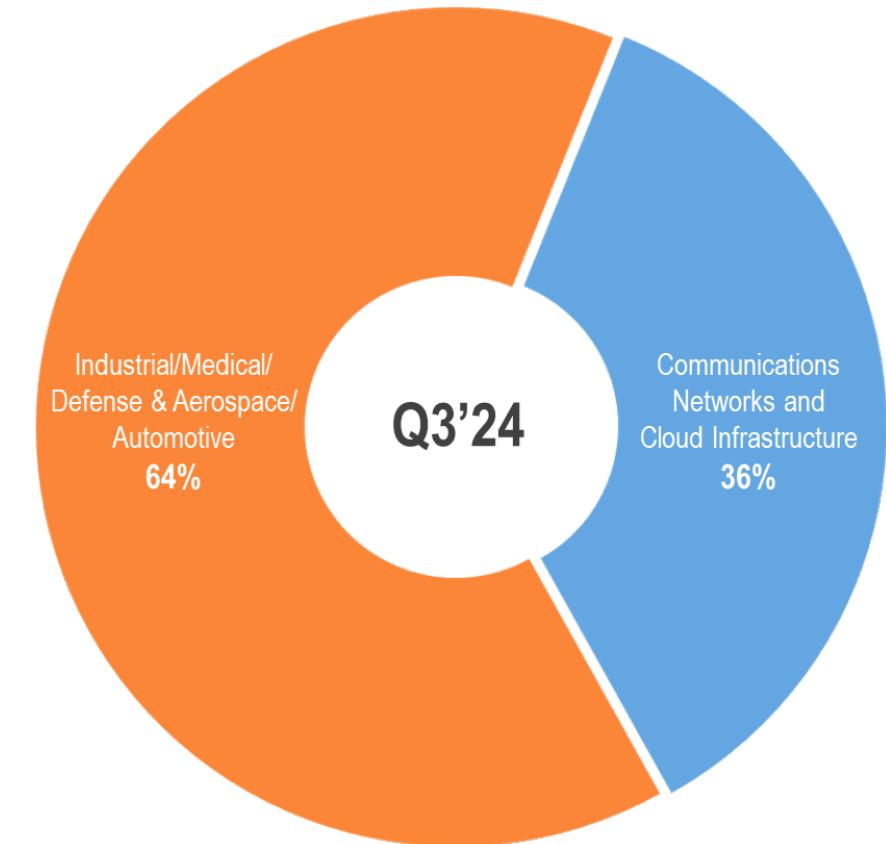
- Overall in line with outlook
- Sequential growth in communications networks and cloud infrastructure
- Softness in automotive and industrial
- Customers continue to burn through inventory

Seeing Stabilization in Some End-Markets

Revenue by End-Market

(\$ in millions)

	Q3'23	Q2'24	Q3'24	Change
Industrial/Medical/ Defense & Aerospace/ Automotive	\$1,344	\$1,226	\$1,181	Q/Q: (3.6%) Y/Y: (12.1%)
Communications Networks and Cloud Infrastructure	\$863	\$609	\$660	Q/Q: 8.3% Y/Y: (23.5%)
Total	\$2,207	\$1,835	\$ 1,841	Q/Q: 0.4% Y/Y: (16.6%)



Q3'24 Top 10 Customers – 49.7% of Revenue

End-Market View – Customers Working Through Inventory

Cloud Infrastructure	<ul style="list-style-type: none">▪ AI/ML – new opportunities▪ Upgrades to cloud networks to meet AI traffic needs
Defense & Aerospace	<ul style="list-style-type: none">▪ Continue to see solid demand▪ New program wins
Medical	<ul style="list-style-type: none">▪ Digital health and medical devices▪ Strong base of customers, diversified within the market
Automotive	<ul style="list-style-type: none">▪ EV's, connectivity, ADAS, autonomous and EV chargers▪ New opportunities to drive growth
Industrial/Energy	<ul style="list-style-type: none">▪ Solid base, new projects in the pipeline, lot of opportunity▪ Generation and storage▪ Power controls and management▪ Factory automation and lithography
High Density/Performance Networks	<ul style="list-style-type: none">▪ AI architecture to drive opportunities▪ Expanding optical business▪ Optical advanced packaging - 400G, 800G and 1.6TB



Key Markets to Drive Growth – Positive Trends

Summary

Q3'24

- Team executed well
- Revenue: \$1.84B, in line with our outlook
- Non-GAAP operating margin: 5.3%
- Non-GAAP diluted EPS: \$1.25, in line with our outlook
- Solid cash generation

Q4'24

- Revenue: \$1.9B - \$2.0B
- Non-GAAP diluted EPS: \$1.30 - \$1.40

Fiscal 2024

- Transition year

Fiscal 2025

- Expect to see growth

Continue to Execute on Our Strategy

Consolidated Financial Statements

Reconciliation of GAAP vs. Non-GAAP

Quarter Ended: June 29, 2024



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

	June 29, 2024	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 657,709	\$ 667,570
Accounts receivable, net	1,154,834	1,230,771
Contract assets	414,805	445,757
Inventories	1,384,332	1,477,223
Prepaid expenses and other current assets	<u>81,655</u>	<u>58,249</u>
Total current assets	3,693,335	3,879,570
Property, plant and equipment, net	630,254	632,836
Deferred tax assets	162,782	177,597
Other	<u>177,160</u>	<u>183,965</u>
Total assets	<u>\$ 4,663,531</u>	<u>\$ 4,873,968</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,433,803	\$ 1,612,833
Accrued liabilities	243,429	267,148
Accrued payroll and related benefits	126,824	127,406
Short-term debt, including current portion of long-term debt	<u>17,500</u>	<u>25,945</u>
Total current liabilities	<u>1,821,556</u>	<u>2,033,332</u>
Long-term liabilities:		
Long-term debt	299,665	312,327
Other	<u>200,972</u>	<u>209,684</u>
Total long-term liabilities	<u>500,637</u>	<u>522,011</u>
Stockholders' equity	2,341,338	2,318,625
Total liabilities and stockholders' equity	<u>\$ 4,663,531</u>	<u>\$ 4,873,968</u>



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

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net sales	\$ 1,841,430	\$ 2,207,118	\$ 5,550,823	\$ 6,883,029
Cost of sales	1,687,891	2,023,910	5,081,687	6,313,246
Gross profit	153,539	183,208	469,136	569,783
Operating expenses:				
Selling, general and administrative	61,720	68,828	195,704	192,948
Research and development	7,659	6,719	20,271	18,712
Restructuring	1,793	296	7,257	1,731
Total operating expenses	71,172	75,843	223,232	213,391
Operating income	82,367	107,365	245,904	356,392
Interest income	2,572	4,213	9,641	9,685
Interest expense	(7,506)	(10,066)	(24,136)	(28,033)
Other expense	(2,795)	(2,508)	(652)	(11,988)
Interest and other, net	(7,729)	(8,361)	(15,147)	(30,336)
Income before income taxes	74,638	99,004	230,757	326,056
Provision for income taxes	19,900	17,267	60,346	63,898
Net income before noncontrolling interest	54,738	81,737	170,411	262,158
Less: Net income attributable to noncontrolling interest	3,136	5,243	9,256	14,029
Net income attributable to common shareholders	\$ 51,602	\$ 76,494	\$ 161,155	\$ 248,129
Net income attributable to common shareholders per share:				
Basic	\$ 0.93	\$ 1.32	\$ 2.88	\$ 4.28
Diluted	\$ 0.91	\$ 1.28	\$ 2.82	\$ 4.14
Weighted-average shares used in computing per share amounts:				
Basic	55,466	57,987	55,862	57,995
Diluted	56,711	59,592	57,216	59,996



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Sanmina Corporation Reconciliation of GAAP to Non-GAAP Measures (in thousands, except per share amounts) (Unaudited)						
	Three Month Periods					
	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23	
GAAP Gross profit	\$ 153,539	\$ 154,757	\$ 160,840	\$ 173,428	\$ 183,208	
GAAP Gross margin	8.3 %	8.4 %	8.6 %	8.5 %	8.3 %	
Adjustments						
Stock compensation expense (1)	4,327	4,416	4,050	3,978	4,518	
Amortization of intangible assets	—	—	—	1,342	669	
Legal and other (2)	—	1,350	—	—	700	
Distressed customer charges (recoveries) (3)	(816)	2,602	—	—	—	
Non-GAAP Gross profit	\$ 157,050	\$ 163,125	\$ 164,890	\$ 178,748	\$ 189,095	
Non-GAAP Gross margin	8.5 %	8.9 %	8.8 %	8.7 %	8.6 %	
GAAP Operating expenses	\$ 71,172	\$ 78,796	\$ 73,264	\$ 74,162	\$ 75,843	
Adjustments						
Stock compensation expense (1)	(10,355)	(10,235)	(8,535)	(8,964)	(8,799)	
Legal and other (2)	(500)	—	—	—	(3,775)	
Distressed customer (charges) / recoveries (3)	1,684	(1,697)	—	—	—	
Restructuring	(1,793)	(3,274)	(2,190)	(4,323)	(296)	
Non-GAAP Operating expenses	\$ 60,208	\$ 63,590	\$ 62,539	\$ 60,875	\$ 62,973	
GAAP Operating income	\$ 82,367	\$ 75,961	\$ 87,576	\$ 99,266	\$ 107,365	
GAAP Operating margin	4.5 %	4.1 %	4.7 %	4.8 %	4.9 %	
Adjustments						
Stock compensation expense (1)	14,682	14,651	12,585	12,942	13,317	
Amortization of intangible assets	—	—	—	1,342	669	
Legal and other (2)	500	1,350	—	—	4,475	
Distressed customer charges (recoveries) (3)	(2,500)	4,299	—	—	—	
Restructuring	1,793	3,274	2,190	4,323	296	
Non-GAAP Operating income	\$ 96,842	\$ 99,535	\$ 102,351	\$ 117,873	\$ 126,122	
Non-GAAP Operating margin	5.3 %	5.4 %	5.5 %	5.7 %	5.7 %	
GAAP Interest and other, net	\$ (7,729)	\$ (1,530)	\$ (5,888)	\$ (12,515)	\$ (8,361)	
Adjustments						
Legal and other (2)	—	(4,967)	—	—	—	
Non-GAAP Interest and other, net	\$ (7,729)	\$ (6,497)	\$ (5,888)	\$ (12,515)	\$ (8,361)	
GAAP Provision for income taxes	\$ 19,900	\$ 19,122	\$ 21,324	\$ 21,396	\$ 17,267	
Adjustments						
Tax impact of non-GAAP adjustments	1,303	2,611	1,951	2,645	1,817	
Discrete tax items	1,462	385	(1,347)	1,210	6,957	
Deferred tax adjustments	(7,516)	(5,845)	(4,565)	(7,381)	(5,681)	
Non-GAAP Provision for income taxes	\$ 15,149	\$ 16,273	\$ 17,363	\$ 17,870	\$ 20,360	
GAAP Net income attributable to common shareholders	\$ 51,602	\$ 52,485	\$ 57,068	\$ 61,841	\$ 76,494	
Adjustments:						
Operating income adjustments (see above)	14,475	23,574	14,775	18,607	18,757	
Interest and other (see above)	—	(4,967)	—	—	—	
Adjustments for taxes	4,751	2,849	3,961	3,526	(3,093)	
Non-GAAP Net income attributable to common shareholders	\$ 70,828	\$ 73,941	\$ 75,804	\$ 83,974	\$ 92,158	
GAAP Net income attributable to common shareholders per share:						
Basic	\$ 0.93	\$ 0.94	\$ 1.01	\$ 1.08	\$ 1.32	
Diluted	\$ 0.91	\$ 0.93	\$ 0.98	\$ 1.04	\$ 1.28	
Non-GAAP Net income attributable to common shareholders per share:						
Basic	\$ 1.28	\$ 1.33	\$ 1.34	\$ 1.46	\$ 1.59	
Diluted	\$ 1.25	\$ 1.30	\$ 1.30	\$ 1.42	\$ 1.55	
Weighted-average shares used in computing per share amounts:						
Basic	55,466	55,585	56,538	57,406	57,987	
Diluted	56,711	56,699	58,240	59,178	59,592	

(1) Stock compensation expense was as follows:

	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23
Cost of sales	\$ 4,327	\$ 4,416	\$ 4,050	\$ 3,978	\$ 4,518
Selling, general and administrative	10,082	9,984	8,340	8,747	8,588
Research and development	273	251	195	217	211
Total	\$ 14,682	\$ 14,651	\$ 12,585	\$ 12,942	\$ 13,317

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

(3) Relates to accounts receivable and inventory write-downs (recoveries) associated with distressed customers.

Q4 FY24 Earnings Per Share Outlook*:

	Q4 FY24 EPS Range	
	Low	High
GAAP diluted earnings per share	\$ 1.02	\$ 1.12
Stock compensation expense	\$ 0.28	\$ 0.28
Non-GAAP diluted earnings per share	\$ 1.30	\$ 1.40

* 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 fourth quarter of FY24, an estimate of such items is not included in the outlook for Q4 FY24 GAAP EPS.



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

	Three Month Periods				
	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23
Net income before noncontrolling interest	\$ 54,738	\$ 55,309	\$ 60,364	\$ 65,355	\$ 81,737
Depreciation and amortization	29,764	30,274	30,726	30,521	29,898
Other, net	19,708	18,634	18,185	21,947	21,174
Net change in net working capital	(14,211)	(31,900)	16,750	(40,966)	(76,300)
Cash provided by operating activities	<u>89,999</u>	<u>72,317</u>	<u>126,025</u>	<u>76,857</u>	<u>56,509</u>
Purchases of long-term investments	(600)	(700)	(600)	(500)	(500)
Net purchases of property & equipment	(22,772)	(29,611)	(34,216)	(37,803)	(52,167)
Cash used in investing activities	<u>(23,372)</u>	<u>(30,311)</u>	<u>(34,816)</u>	<u>(38,303)</u>	<u>(52,667)</u>
Holdback paid in connection with previous business combination	—	—	—	—	(8,558)
Net share repurchases	(54,629)	(17,477)	(115,619)	(30,397)	(52,072)
Net borrowing activities	(4,375)	(4,375)	(12,820)	4,070	(4,375)
Cash used for financing activities	<u>(59,004)</u>	<u>(21,852)</u>	<u>(128,439)</u>	<u>(26,327)</u>	<u>(65,005)</u>
Effect of exchange rate changes	(772)	(886)	1,250	(1,245)	(452)
Net change in cash & cash equivalents	<u>\$ 6,851</u>	<u>\$ 19,268</u>	<u>\$ (35,980)</u>	<u>\$ 10,982</u>	<u>\$ (61,615)</u>
Free cash flow :					
Cash provided by operating activities	\$ 89,999	\$ 72,317	\$ 126,025	\$ 76,857	\$ 56,509
Net purchases of property & equipment	(22,772)	(29,611)	(34,216)	(37,803)	(52,167)
	<u>\$ 67,227</u>	<u>\$ 42,706</u>	<u>\$ 91,809</u>	<u>\$ 39,054</u>	<u>\$ 4,342</u>



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

	Three Month Periods				
	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23
GAAP Operating income	\$ 82,367	\$ 75,961	\$ 87,576	\$ 99,266	\$ 107,365
	x 4.0	4.0	4.0	4.0	4.0
Annualized GAAP Operating income	329,468	303,844	350,304	397,064	429,460
Average invested capital (1)	÷ 1,833,049	1,810,627	1,802,450	1,783,744	1,698,819
GAAP Pre-tax ROIC	18.0 %	16.8 %	19.4 %	22.3 %	25.3 %
Non-GAAP Operating income	\$ 96,842	\$ 99,535	\$ 102,351	\$ 117,873	\$ 126,122
	x 4.0	4.0	4.0	4.0	4.0
Annualized non-GAAP Operating income	387,368	398,140	409,404	471,492	504,488
Average invested capital (1)	÷ 1,833,049	1,810,627	1,802,450	1,783,744	1,698,819
Non-GAAP Pre-tax ROIC	21.1 %	22.0 %	22.7 %	26.4 %	29.7 %

(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		
	June 29, 2024	March 30, 2024	July 1, 2023
EBITDA			
GAAP Operating Income	\$ 82,367	\$ 75,961	\$ 107,365
Depreciation and amortization	29,764	30,274	29,898
GAAP EBITDA	\$ 112,131	\$ 106,235	\$ 137,263
GAAP EBITDA Margin	6.1 %	5.8 %	6.2 %
Non-GAAP EBITDA			
Non-GAAP Operating Income	\$ 96,842	\$ 99,535	\$ 126,122
Depreciation and amortization	29,764	30,274	29,229
Non-GAAP EBITDA	\$ 126,606	\$ 129,809	\$ 155,351
Non-GAAP EBITDA Margin	6.9 %	7.1 %	7.0 %



Thank You