



SANMINA

Q2 FY'24 Financial Results

April 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 third quarter fiscal 2024 and our expectations for sequential improvement in 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. 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 19 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.



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Financial Overview

Jon Faust

Non-GAAP P&L Highlights

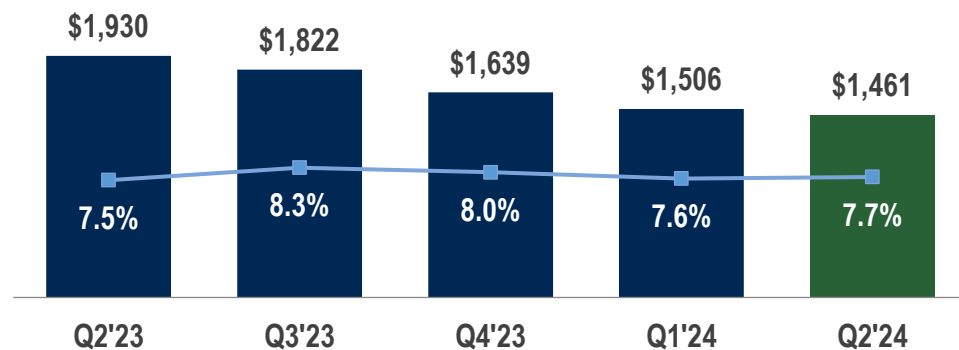
	Q2'24	Outlook <u>WAS</u>
Revenue	\$1.83B	\$1.825B - \$1.925B
Gross Margin	8.9%	8.3% - 8.8%
Operating Margin	5.4%	5.2% - 5.6%
Diluted EPS	\$1.30	\$1.20 - \$1.30

Solid Financial Results – In Line With Outlook

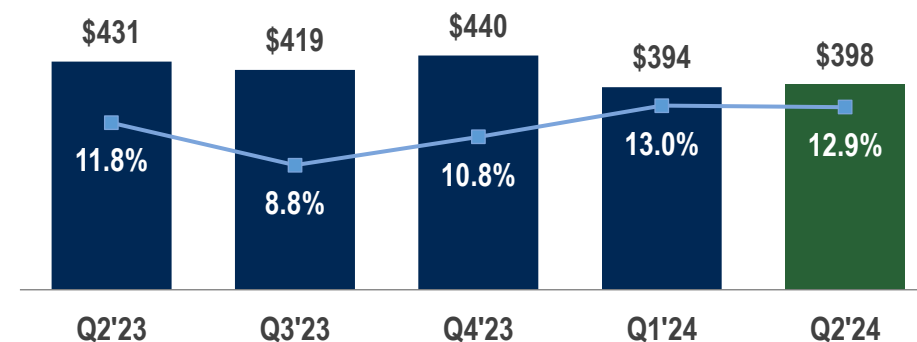
Segment Reporting – Revenue and Non-GAAP Gross Margin*

(\$ 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.

Balance Sheet

(\$ in millions)



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3/30/2024

Cash and cash equivalents	\$ 651
Accounts receivable, net	1,138
Contract assets	449
Inventories	1,384
Property, plant and equipment, net	641
Deferred tax assets	170
Other assets	253
Total assets	<u>\$ 4,686</u>
Accounts payable	\$ 1,443
Short-term debt	18
Long-term debt	304
Other liabilities	594
Total stockholders' equity	<u>2,327</u>
Total liabilities and stockholders' equity	<u>\$ 4,686</u>

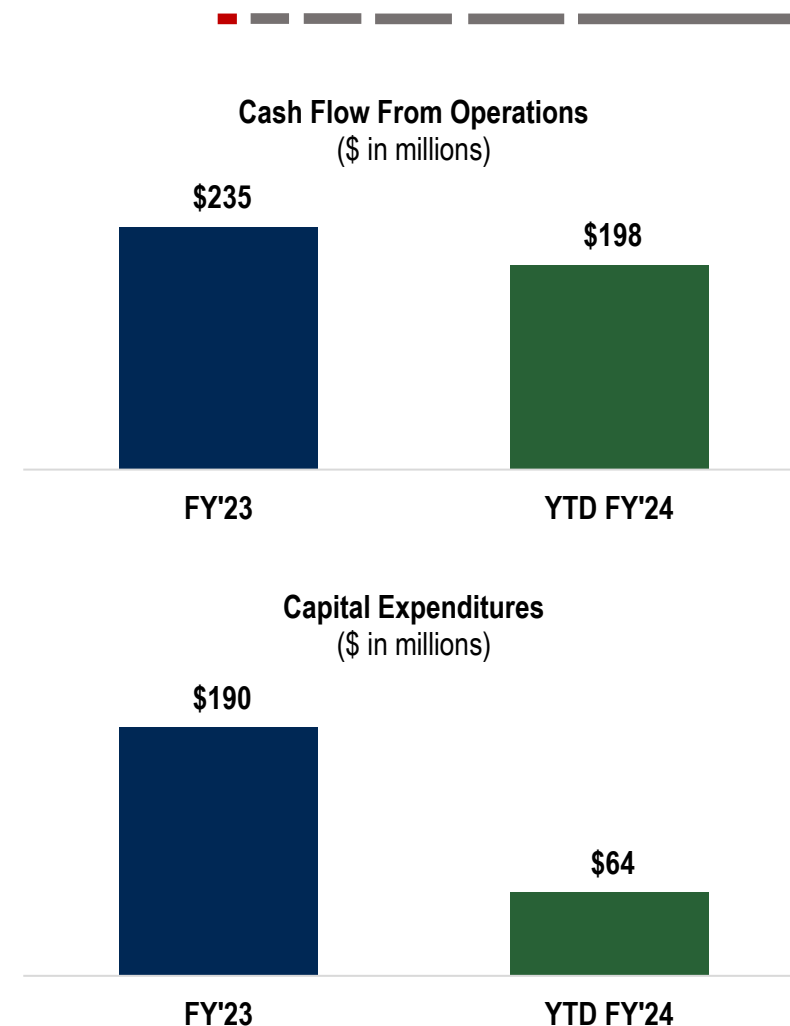
Key Takeaways:

- Strong cash position
- No borrowings under \$800M Revolver at quarter end
- Substantial liquidity: \$1.5B+
- Q2 non-GAAP pre-tax ROIC: 22%
- Healthy debt position – Leverage ratio of 0.57x

Industry Leading Balance Sheet

Second Quarter FY'24 Cash Flow Highlights

Cash Flow from Operations:	<ul style="list-style-type: none">\$72 million
Net CapEx:	<ul style="list-style-type: none">\$30 millionDisciplined ROI based approach
Free Cash Flow:	<ul style="list-style-type: none">\$43 million
Non-GAAP EBITDA:	<ul style="list-style-type: none">\$130 million
Share Repurchases:	<ul style="list-style-type: none">28,000 shares for \$1.4 millionYTD: 2.2 million shares for \$107 million\$172 million available under the authorized share repurchase program at end of Q2



Investing in Our Future

The following outlook is for the third fiscal quarter ending June 29, 2024*.

	Q3'24
Revenue:	\$1.8B - \$1.9B
GAAP Diluted EPS:	\$0.95 - \$1.05
Non-GAAP Diluted EPS:	\$1.22 - \$1.32

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Business Overview

Jure Sola

- **Q2:** Overall met outlook
- **Market:**
 - Seeing stabilization in some of our end-markets
 - Slightly slower recovery than expected
 - Macroeconomic uncertainty remains
- **Sanmina's Advantage in This Dynamic Market:**
 - Well diversified in growth markets
 - Aligned to adapt to market dynamics
 - Strong cost management and operational execution
 - Industry leading balance sheet

Focused Execution and Operating Discipline Yielded Financial Results

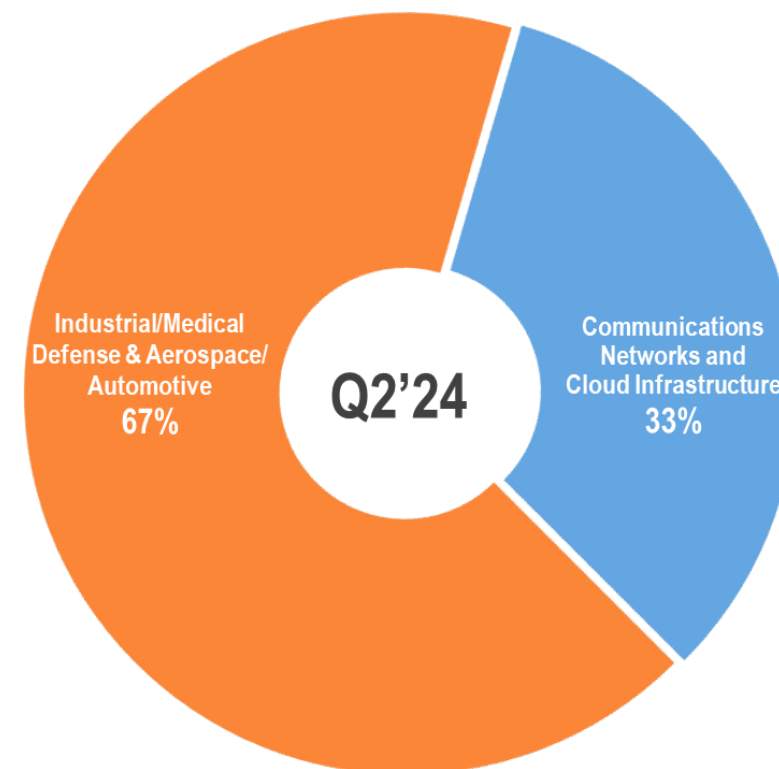
Revenue by End-Market

(\$ in millions)



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	Q2'23	Q1'24	Q2'24	Change	
Industrial/Medical/ Defense and Aerospace/ Automotive	\$1,362	\$1,257	\$1,226	Q/Q: Y/Y:	(2.5%) (10.0%)
Communications Networks/ Cloud Infrastructure	\$958	\$618	\$609	Q/Q: Y/Y:	(1.5%) (36.4%)
Total	\$2,320	\$1,875	\$1,835	Q/Q: Y/Y:	(2.1%) (20.9%)



Q2'24 Top 10 Customers – 48.5% of Revenue

Faster Growing and Higher Margin End-Markets

Cloud Infrastructure	<ul style="list-style-type: none">AI/ML – new opportunitiesUpgrades to cloud networks to meet AI traffic needsSanmina is well positioned to benefit from growth in AI
Defense & Aerospace	<ul style="list-style-type: none">Continue to see solid demandNew program wins
Medical	<ul style="list-style-type: none">Digital health and medical devicesDisposables, consumables, drug delivery, surgical, diagnostic imaging and lab diagnosticsStrong base of customers
Automotive	<ul style="list-style-type: none">EV's, connectivity, ADAS, autonomous and EV chargersNew opportunities to drive growth
Renewable Energy	<ul style="list-style-type: none">Continue to win new projectsGeneration and storagePower controls and management
Industrial	<ul style="list-style-type: none">Solid baseFactory automation – test, measurement and inspectionLithographyNew projects in the pipeline
Optical Advanced Packaging	<ul style="list-style-type: none">Expanding optical business400G, 800G and 1.6TB



Sanmina – AI / ML End to End

AI / ML Infrastructure

Communication and Cloud Infrastructure



Server: IC & HW/SW Development



Semiconductor Capital



Optical Components



Power Control



Networking Equipment



Servers & Storage

Consumption of AI / ML

Automotive / Transportation



ADAS

Safety / Security



Airport Monitoring



Video Surveillance

Health Care / Research



Imaging



Digital Health

Defense / Aerospace



Drone Interdiction

Sanmina AI / ML Internal Use

Factory Communication & Machine Learning



Back Office AI / ML



Summary

Q2'24

- Solid execution
- Revenue: \$1.83B, in line with our outlook
- Non-GAAP operating margin: 5.4%
- Non-GAAP diluted EPS: \$1.30, high end of outlook

Q3'24

- Revenue: \$1.8B - \$1.9B
- Non-GAAP diluted EPS: \$1.22 - \$1.32

2024

- Sequential improvement as we progress through 2024

Driving Continuous Improvements



Consolidated Financial Statements Reconciliation of GAAP vs. Non-GAAP

Quarter Ended: March 30, 2024

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

	March 30, 2024	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 650,858	\$ 667,570
Accounts receivable, net	1,138,413	1,230,771
Contract assets	449,419	445,757
Inventories	1,383,739	1,477,223
Prepaid expenses and other current assets	75,050	58,249
Total current assets	3,697,479	3,879,570
Property, plant and equipment, net	641,008	632,836
Deferred tax assets	169,533	177,597
Other	178,243	183,965
Total assets	\$ 4,686,263	\$ 4,873,968
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,443,002	\$ 1,612,833
Accrued liabilities	260,086	267,148
Accrued payroll and related benefits	127,168	127,406
Short-term debt, including current portion of long-term debt	17,500	25,945
Total current liabilities	1,847,756	2,033,332
Long-term liabilities:		
Long-term debt	303,884	312,327
Other	207,531	209,684
Total long-term liabilities	511,415	522,011
Stockholders' equity	2,327,092	2,318,625
Total liabilities and stockholders' equity	\$ 4,686,263	\$ 4,873,968

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

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Net sales	\$ 1,834,595	\$ 2,320,103	\$ 3,709,393	\$ 4,675,911
Cost of sales	1,679,838	2,128,914	3,393,796	4,289,336
Gross profit	154,757	191,189	315,597	386,575
Operating expenses:				
Selling, general and administrative	69,199	63,390	133,984	124,120
Research and development	6,323	6,394	12,612	11,993
Restructuring	3,274	804	5,464	1,435
Total operating expenses	78,796	70,588	152,060	137,548
Operating income	75,961	120,601	163,537	249,027
Interest income	3,412	2,539	7,069	5,472
Interest expense	(8,218)	(9,286)	(16,630)	(17,967)
Other income (expense), net	3,276	(2,768)	2,143	(9,480)
Interest and other, net	(1,530)	(9,515)	(7,418)	(21,975)
Income before income taxes	74,431	111,086	156,119	227,052
Provision for income taxes	19,122	25,779	40,446	46,631
Net income before noncontrolling interest	55,309	85,307	115,673	180,421
Less: Net income attributable to noncontrolling interest	2,824	5,686	6,120	8,786
Net income attributable to common shareholders	\$ 52,485	\$ 79,621	\$ 109,553	\$ 171,635
Net income attributable to common shareholders per share:				
Basic	\$ 0.94	\$ 1.37	\$ 1.95	\$ 2.96
Diluted	\$ 0.93	\$ 1.33	\$ 1.91	\$ 2.87
Weighted-average shares used in computing per share amounts:				
Basic	55,585	58,269	56,062	57,999
Diluted	56,699	59,819	57,470	59,863



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

	Three Month Periods				
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
GAAP Gross profit	\$ 154,757	\$ 160,840	\$ 173,428	\$ 183,208	\$ 191,189
GAAP Gross margin	8.4 %	8.6 %	8.5 %	8.3 %	8.2 %
Adjustments					
Stock compensation expense (1)	4,416	4,050	3,978	4,518	4,025
Amortization of intangible assets	—	—	1,342	669	249
Legal and other (2)	1,350	—	—	700	—
Distressed customer charges (3)	2,602	—	—	—	—
Non-GAAP Gross profit	\$ 163,125	\$ 164,890	\$ 178,748	\$ 189,095	\$ 195,463
Non-GAAP Gross margin	8.9 %	8.8 %	8.7 %	8.6 %	8.4 %
GAAP Operating expenses	\$ 78,796	\$ 73,264	\$ 74,162	\$ 75,843	\$ 70,588
Adjustments					
Stock compensation expense (1)	(10,235)	(8,535)	(8,964)	(8,799)	(8,509)
Legal and other (2)	—	—	—	(3,775)	(695)
Distressed customer charges (3)	(1,697)	—	—	—	—
Restructuring	(3,274)	(2,190)	(4,323)	(296)	(804)
Non-GAAP Operating expenses	\$ 63,590	\$ 62,539	\$ 60,875	\$ 62,973	\$ 60,580
GAAP Operating income	\$ 75,961	\$ 87,576	\$ 99,266	\$ 107,365	\$ 120,601
GAAP Operating margin	4.1 %	4.7 %	4.8 %	4.9 %	5.2 %
Adjustments					
Stock compensation expense (1)	14,651	12,585	12,942	13,317	12,534
Amortization of intangible assets	—	—	1,342	669	249
Legal and other (2)	1,350	—	—	4,475	695
Distressed customer charges (3)	4,299	—	—	—	—
Restructuring	3,274	2,190	4,323	296	804
Non-GAAP Operating income	\$ 99,535	\$ 102,351	\$ 117,873	\$ 126,122	\$ 134,883
Non-GAAP Operating margin	5.4 %	5.5 %	5.7 %	5.7 %	5.8 %
GAAP Interest and other, net	\$ (1,530)	\$ (5,888)	\$ (12,515)	\$ (8,361)	\$ (9,515)
Adjustments					
Legal and other (2)	(4,967)	—	—	—	(3,630)
Non-GAAP Interest and other, net	\$ (6,497)	\$ (5,888)	\$ (12,515)	\$ (8,361)	\$ (13,145)
GAAP Provision for income taxes	\$ 19,122	\$ 21,324	\$ 21,396	\$ 17,267	\$ 25,779
Adjustments					
Tax impact of non-GAAP adjustments	2,611	1,951	2,645	1,817	1,288
Discrete tax items	385	(1,347)	1,210	6,957	(1,082)
Deferred tax adjustments	(5,845)	(4,565)	(7,381)	(5,681)	(5,050)
Non-GAAP Provision for income taxes	\$ 16,273	\$ 17,363	\$ 17,870	\$ 20,360	\$ 20,935
GAAP Net income attributable to common shareholders	\$ 52,485	\$ 57,068	\$ 61,841	\$ 76,494	\$ 79,621
Adjustments:					
Operating income adjustments (see above)	23,574	14,775	18,607	18,757	14,282
Interest and other (see above)	(4,967)	—	—	—	(3,630)
Adjustments for taxes	2,849	3,961	3,526	(3,093)	4,844
Non-GAAP Net income attributable to common shareholders	\$ 73,941	\$ 75,804	\$ 83,974	\$ 92,158	\$ 95,117
GAAP Net income attributable to common shareholders per share:					
Basic	\$ 0.94	\$ 1.01	\$ 1.08	\$ 1.32	\$ 1.37
Diluted	\$ 0.93	\$ 0.98	\$ 1.04	\$ 1.28	\$ 1.33
Non-GAAP Net income attributable to common shareholders per share:					
Basic	\$ 1.33	\$ 1.34	\$ 1.46	\$ 1.59	\$ 1.63
Diluted	\$ 1.30	\$ 1.30	\$ 1.42	\$ 1.55	\$ 1.59
Weighted-average shares used in computing per share amounts:					
Basic	55,585	56,538	57,406	57,987	58,269
Diluted	56,699	58,240	59,178	59,592	59,819
(1) Stock compensation expense was as follows:					
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
Cost of sales	\$ 4,416	\$ 4,050	\$ 3,978	\$ 4,518	\$ 4,025
Selling, general and administrative	9,984	8,340	8,747	8,588	8,304
Research and development	251	195	217	211	205
Total	\$ 14,651	\$ 12,585	\$ 12,942	\$ 13,317	\$ 12,534
(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.					
Q3 FY24 Earnings Per Share Outlook*:					
	Q3 FY24 EPS Range				
	Low	High			
GAAP diluted earnings per share	\$ 0.95	\$ 1.05			
Stock compensation expense	\$ 0.27	\$ 0.27			
Non-GAAP diluted earnings per share	\$ 1.22	\$ 1.32			

* 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 third quarter of FY24, an estimate of such items is not included in the outlook for Q3 FY24 GAAP EPS.



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

	Three Month Periods				
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
GAAP Net income before noncontrolling interest	\$ 55,309	\$ 60,364	\$ 65,355	\$ 81,737	\$ 85,307
Depreciation and amortization	30,274	30,726	30,521	29,898	29,282
Other, net	18,634	18,185	21,947	21,174	17,075
Net change in net working capital	(31,900)	16,750	(40,966)	(76,300)	(67,086)
Cash provided by operating activities	72,317	126,025	76,857	56,509	64,578
Purchases of long-term investments	(700)	(600)	(500)	(500)	(700)
Net purchases of property & equipment	(29,611)	(34,216)	(37,803)	(52,167)	(63,458)
Cash used in investing activities	(30,311)	(34,816)	(38,303)	(52,667)	(64,158)
Holdback paid in connection with previous business combination	—	—	—	(8,558)	—
Net share repurchases	(17,477)	(115,619)	(30,397)	(52,072)	(13,376)
Net borrowing activities	(4,375)	(12,820)	4,070	(4,375)	(4,375)
Cash used for financing activities	(21,852)	(128,439)	(26,327)	(65,005)	(17,751)
Effect of exchange rate changes	(886)	1,250	(1,245)	(452)	220
Net change in cash & cash equivalents	\$ 19,268	\$ (35,980)	\$ 10,982	\$ (61,615)	\$ (17,111)
Free cash flow:					
Cash provided by operating activities	\$ 72,317	\$ 126,025	\$ 76,857	\$ 56,509	\$ 64,578
Net purchases of property & equipment	(29,611)	(34,216)	(37,803)	(52,167)	(63,458)
	\$ 42,706	\$ 91,809	\$ 39,054	\$ 4,342	\$ 1,120

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

	Three Month Periods				
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
GAAP Operating income	\$ 75,961	\$ 87,576	\$ 99,266	\$ 107,365	\$ 120,601
x	4.0	4.0	4.0	4.0	4.0
Annualized GAAP Operating income	303,844	350,304	397,064	429,460	482,404
Average invested capital (1)	÷ 1,810,627	1,802,450	1,783,744	1,698,819	1,592,563
GAAP Pre-tax ROIC	16.8 %	19.4 %	22.3 %	25.3 %	30.3 %
Non-GAAP Operating income	\$ 99,535	\$ 102,351	\$ 117,873	\$ 126,122	\$ 134,883
x	4.0	4.0	4.0	4.0	4.0
Annualized non-GAAP Operating income	398,140	409,404	471,492	504,488	539,532
Average invested capital (1)	÷ 1,810,627	1,802,450	1,783,744	1,698,819	1,592,563
Non-GAAP Pre-tax ROIC	22.0 %	22.7 %	26.4 %	29.7 %	33.9 %

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

(in thousands)

(Unaudited)

	Three Months Ended		
	March 30, 2024	December 30, 2023	April 1, 2023
EBITDA			
GAAP Operating Income	\$ 75,961	\$ 87,576	\$ 120,601
Depreciation and amortization	30,274	30,726	29,282
GAAP EBITDA	\$ 106,235	\$ 118,302	\$ 149,883
GAAP EBITDA Margin	5.8 %	6.3 %	6.5 %
Non-GAAP Operating Income			
Non-GAAP Operating Income	\$ 99,535	\$ 102,351	\$ 134,883
Depreciation and amortization	30,274	30,726	29,033
Non-GAAP EBITDA	\$ 129,809	\$ 133,077	\$ 163,916
Non-GAAP EBITDA Margin	7.1 %	7.1 %	7.1 %



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Thank You