

Q1 FY'23 Financial Results

January 30, 2023

Today's Presenters



Jure Sola
Chairman & CEO



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EVP & CFO

Safe Harbor Statement

Certain statements made during this presentation, including our financial outlook for the second quarter and expectations for fiscal year 2023 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, including those resulting from the continuing impacts of the COVID-19 pandemic, and geopolitical uncertainty, including from the conflict in Ukraine. Other factors that could cause our results to differ from our outlook 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; and the other 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 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 during this presentation, whether as a result of new information, future events or otherwise, unless otherwise required by law.

Financial Overview

Kurt Adzema

Q1'23 Non-GAAP Actual Results vs Outlook



| | Q1'23 | Outlook <u>WAS</u> |
|------------------|--------------|---------------------------|
| Revenue | \$2.36B | \$2.1B - \$2.2B |
| Gross Margin | 8.3% | 8.1% - 8.6% |
| Operating Margin | 5.8% | 5.3% - 5.8% |
| Diluted EPS | \$1.64 | \$1.41 - \$1.51 |

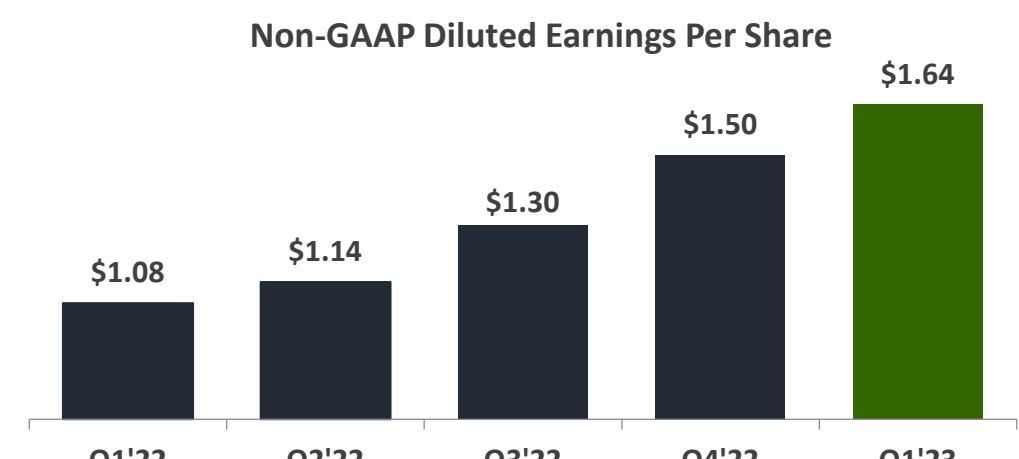
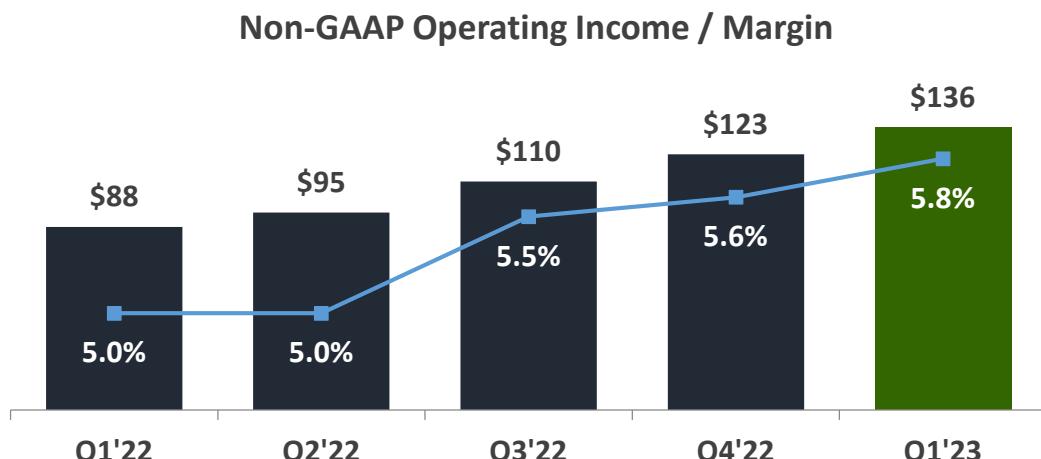
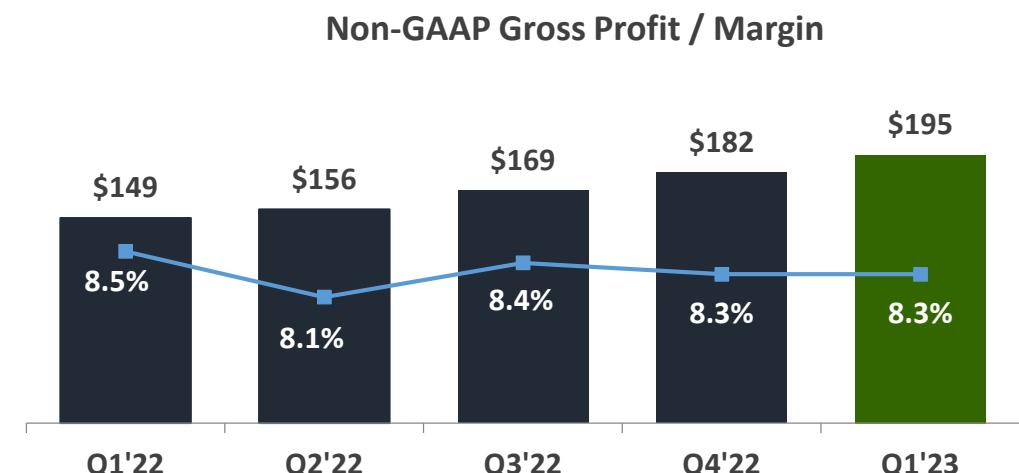
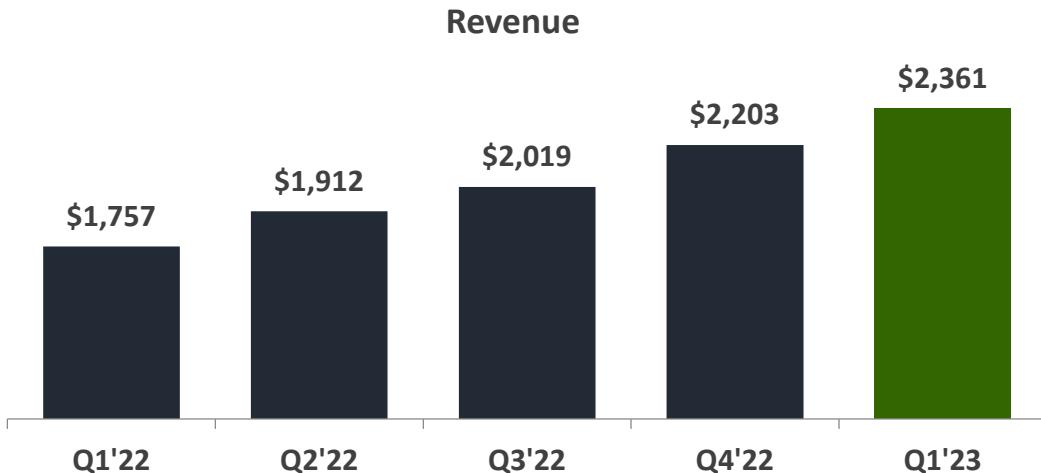
Strong Demand and Solid Execution

Q/Q P&L Performance

(\$ in millions, except per share data)



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Refer to GAAP to non-GAAP reconciliation on slide 18.

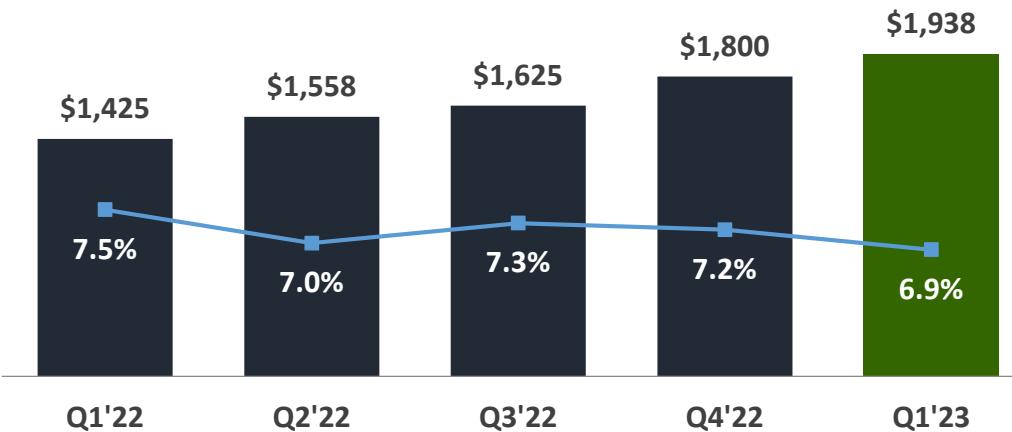
Segment Reporting – Revenue and Non-GAAP Gross Margin*

(\$ in millions)

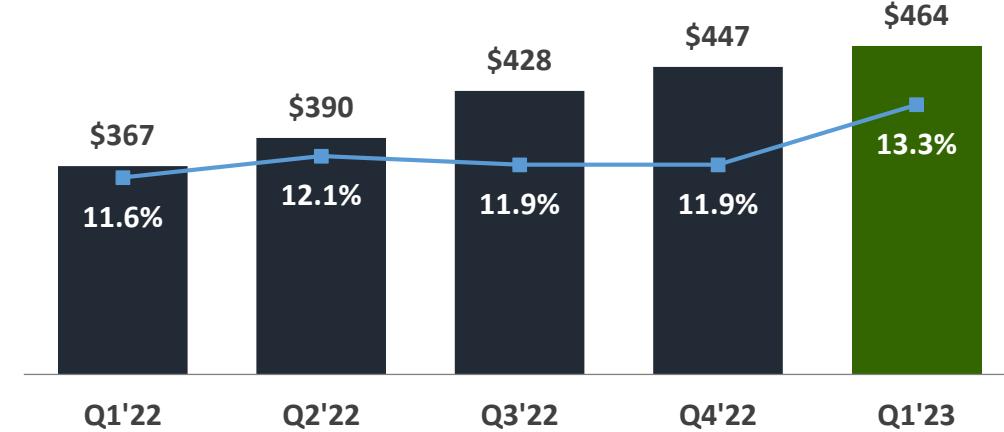


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Integrated Manufacturing Solutions



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)



| | 12/31/2022 |
|--|------------------------|
| Cash and cash equivalents | \$ 735 |
| Accounts receivable, net | 1,309 |
| Contract assets | 502 |
| Inventories | 1,728 |
| Property, plant and equipment, net | 591 |
| Deferred tax assets | 190 |
| Other assets | 253 |
| Total assets | <u><u>\$ 5,307</u></u> |
| | |
| Accounts payable | \$ 2,139 |
| Short-term debt | 18 |
| Long-term debt | 325 |
| Other liabilities | 651 |
| Total stockholders' equity | <u><u>2,174</u></u> |
| Total liabilities and stockholders' equity | <u><u>\$ 5,307</u></u> |

Key Takeaways:

- Solid cash position
- No borrowings under \$800M revolver
- Cash flow from operations: \$37M
- Net CapEx: \$37M

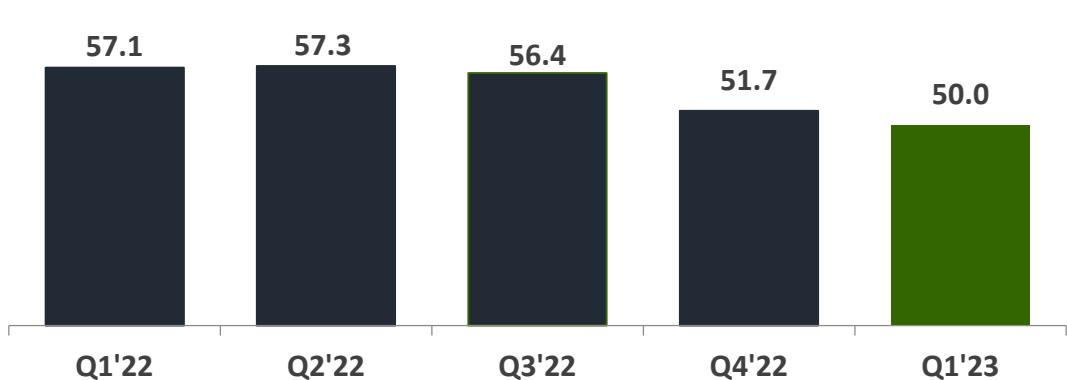
Well Positioned to Manage Through Uncertain Environment



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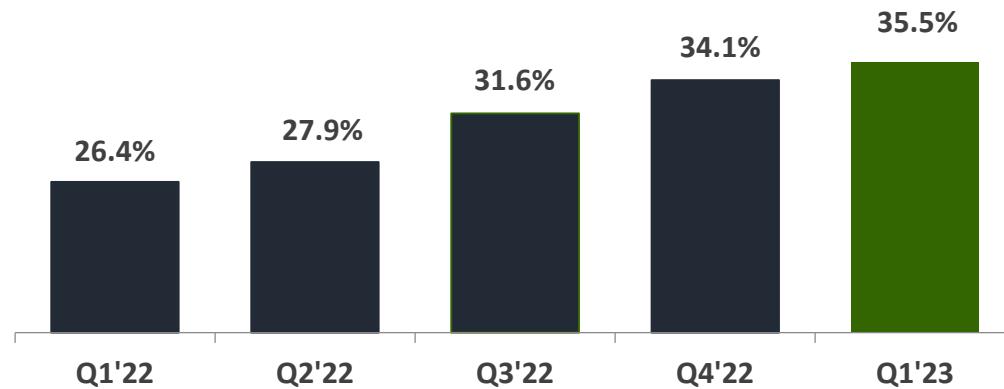
Balance Sheet Metrics

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



Working Capital Management Remains a Priority

Q2'23 Outlook



The following outlook for the second fiscal quarter ending April 1, 2023*.

| Q2'23 | |
|-----------------------|-----------------|
| Revenue: | \$2.2B - \$2.3B |
| GAAP Diluted EPS: | \$1.30 - \$1.40 |
| Non-GAAP Diluted EPS: | \$1.50 - \$1.60 |

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Business Overview

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Revenue by End-Market

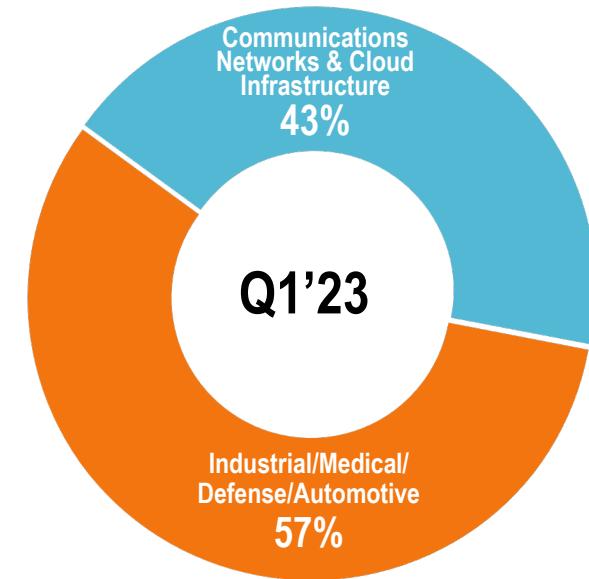
(\$ in millions)



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| | Q1'22 | Q4'22 | Q1'23 | Q1'23 Growth | |
|--|----------------|----------------|----------------|--------------|--------------|
| Industrial/Medical/ Defense/Automotive | \$1,055 | \$1,288 | \$1,345 | Q/Q: | 4.5% |
| Communications Networks & Cloud Infrastructure | \$702 | \$915 | \$1,016 | Y/Y: | 27.5% |
| Total | \$1,757 | \$2,203 | \$2,361 | Q/Q: | 11.0% |
| | | | | Y/Y: | 44.6% |
| | | | | Q/Q: | 7.2% |
| | | | | Y/Y: | 34.4% |

Numbers may not foot due to rounding.



Q1 FY'23 Top 10 Customers – 50.6% of Revenue

Q2'23 and FY'23 Outlook

- Q2'23
 - Strong revenue outlook of \$2.2B - \$2.3B
- FY'23
 - We expect to deliver nice improvements over FY'22
 - Revenue growth driven by existing and new programs
 - Margin expansion and EPS growth
 - Cash generation from operations to fund growth



Industrial



Medical



Defense & Aerospace



Automotive



Communications Networks



Cloud Infrastructure

Strong Demand Across End-Markets

Summary

■ Q1'23

- Solid execution – Excellent performance by the team
- Revenue: \$2.36B, ↑ 7.2% sequentially, ↑ 34.4% y/y
- Non-GAAP operating margin: 5.8% - expanded 20 bps sequentially
- Non-GAAP diluted EPS: \$1.64, ↑ 9.5% sequentially, ↑ 52.7% y/y

■ Q2'23

- Typical seasonality
- Demand remains strong
- Strong backlog
- Revenue outlook: \$2.2B - \$2.3B
- Non-GAAP diluted EPS: \$1.50 - \$1.60

Driving Continuous Improvements

Consolidated Financial Statements

Reconciliation of GAAP vs. Non-GAAP

Quarter Ended: December 31, 2022



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Sanmina Corporation
Condensed Consolidated Balance Sheets
(\$ in thousands)
(GAAP)

| | December 31, 2022 | October 1, 2022 |
|--|----------------------|---------------------|
| (Unaudited) | | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 735,314 | \$ 529,857 |
| Accounts receivable, net | 1,308,651 | 1,138,894 |
| Contract assets | 501,893 | 503,674 |
| Inventories | 1,728,000 | 1,691,081 |
| Prepaid expenses and other current assets | 80,675 | 62,044 |
| Total current assets | <u>4,354,533</u> | <u>3,925,550</u> |
| Property, plant and equipment, net | 591,155 | 575,170 |
| Deferred tax assets | 189,638 | 198,588 |
| Other | 171,886 | 160,192 |
| Total assets | <u>\$ 5,307,212</u> | <u>\$ 4,859,500</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 2,139,445 | \$ 2,029,534 |
| Accrued liabilities | 292,212 | 275,735 |
| Accrued payroll and related benefits | 135,880 | 130,892 |
| Short-term debt, including current portion of long-term debt | 17,500 | 17,500 |
| Total current liabilities | <u>2,585,037</u> | <u>2,453,661</u> |
| Long-term liabilities: | | |
| Long-term debt | 325,007 | 329,237 |
| Other | 223,376 | 215,333 |
| Total long-term liabilities | <u>548,383</u> | <u>544,570</u> |
| Stockholders' equity | 2,173,792 | 1,861,269 |
| Total liabilities and stockholders' equity | <u>\$ 5,307,212</u> | <u>\$ 4,859,500</u> |



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

| | Three Months Ended | |
|---|----------------------|--------------------|
| | December 31, 2022 | January 1, 2022 |
| Net sales | \$ 2,361,361 | \$ 1,757,325 |
| Cost of sales | 2,170,654 | 1,612,836 |
| Gross profit | <u>190,707</u> | <u>144,489</u> |
| Operating expenses: | | |
| Selling, general and administrative | 60,730 | 61,475 |
| Research and development | 5,599 | 4,777 |
| Gain on sale of assets | - | (4,610) |
| Restructuring and other costs | 631 | 1,414 |
| Total operating expenses | <u>66,960</u> | <u>63,056</u> |
| Operating income | 123,747 | 81,433 |
| Interest income | 2,933 | 309 |
| Interest expense | (8,681) | (4,877) |
| Other income (expense), net | (6,712) | 2,072 |
| Interest and other, net | <u>(12,460)</u> | <u>(2,496)</u> |
| Income before income taxes | 111,287 | 78,937 |
| Provision for income taxes | 19,788 | 20,303 |
| Net income before noncontrolling interest in subsidiary earnings | 91,499 | 58,634 |
| Noncontrolling interest in subsidiary earnings | <u>3,100</u> | - |
| Net income attributable to common shareholders | <u>\$ 88,399</u> | <u>\$ 58,634</u> |
| Basic income per share | \$ 1.53 | \$ 0.91 |
| Diluted income per share | \$ 1.48 | \$ 0.89 |
| Weighted-average shares used in computing per share amounts: | | |
| Basic | 57,727 | 64,399 |
| Diluted | 59,867 | 66,233 |



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

| | Three Month Periods | | | | |
|--|---------------------|--------------------|--------------------|-------------------|-------------------|
| | Q1'23 | Q4'22 | Q3'22 | Q2'22 | Q1'22 |
| GAAP Gross Profit | \$ 190,707 | \$ 178,389 | \$ 165,189 | \$ 152,447 | \$ 144,489 |
| GAAP gross margin | 8.1% | 8.1% | 8.2% | 8.0% | 8.2% |
| Adjustments | | | | | |
| Stock compensation expense (1) | 4,242 | 3,610 | 3,724 | 2,948 | 3,783 |
| Amortization of intangible assets | 233 | 234 | 251 | 263 | 262 |
| Legal and other (2) | - | - | - | - | 833 |
| Non-GAAP Gross Profit | \$ 195,182 | \$ 182,233 | \$ 169,164 | \$ 155,658 | \$ 149,367 |
| Non-GAAP gross margin | 8.3% | 8.3% | 8.4% | 8.1% | 8.5% |
| GAAP Operating Expenses | \$ 66,960 | \$ 68,879 | \$ 70,571 | \$ 70,221 | \$ 63,056 |
| Adjustments | | | | | |
| Stock compensation expense (1) | (7,367) | (6,953) | (6,959) | (6,382) | (5,249) |
| Legal and other (2) | - | - | (500) | - | - |
| Restructuring costs | (631) | (3,085) | (3,994) | (2,932) | (1,414) |
| Transaction costs | - | - | (200) | (500) | - |
| Gain on sales of long-lived assets | - | - | - | - | 4,610 |
| Non-GAAP Operating Expenses | \$ 58,962 | \$ 58,841 | \$ 58,918 | \$ 60,407 | \$ 61,003 |
| GAAP Operating Income | \$ 123,747 | \$ 109,510 | \$ 94,618 | \$ 82,226 | \$ 81,433 |
| GAAP operating margin | 5.2% | 5.0% | 4.7% | 4.3% | 4.6% |
| Adjustments | | | | | |
| Stock compensation expense (1) | 11,609 | 10,563 | 10,683 | 9,330 | 9,032 |
| Amortization of intangible assets | 233 | 234 | 251 | 263 | 262 |
| Legal and other (2) | - | - | 500 | - | 833 |
| Restructuring costs | 631 | 3,085 | 3,994 | 2,932 | 1,414 |
| Transaction costs | - | - | 200 | 500 | - |
| Gain on sales of long-lived assets | - | - | - | - | (4,610) |
| Non-GAAP Operating Income | \$ 136,220 | \$ 123,392 | \$ 110,246 | \$ 95,251 | \$ 88,364 |
| Non-GAAP operating margin | 5.8% | 5.6% | 5.5% | 5.0% | 5.0% |
| GAAP Interest and Other, net | \$ (12,460) | \$ (25,885) | \$ (12,849) | \$ (5,929) | \$ (2,496) |
| Adjustments | | | | | |
| Loss on termination of pension plan | - | 2,380 | - | - | - |
| Partial reversal of gain on sale of IP | - | 7,000 | - | - | - |
| Loss on extinguishment of debt | - | 1,370 | - | - | - |
| Legal and other (2) | - | - | - | (110) | - |
| Non-GAAP Interest and Other, net | \$ (12,460) | \$ (15,135) | \$ (12,849) | \$ (6,039) | \$ (2,496) |
| GAAP Provision for Income Taxes | \$ 19,788 | \$ 18,901 | \$ 2,226 | \$ 23,077 | \$ 20,303 |
| Adjustments | | | | | |
| Tax impact of non-GAAP adjustments | 1,986 | 879 | 534 | 346 | 167 |
| Discrete tax items | 5,845 | 2,415 | 18,394 | (3,526) | (384) |
| Deferred tax adjustments | (5,342) | (3,783) | (4,110) | (3,856) | (5,488) |
| Non-GAAP Provision for Income Taxes | \$ 22,277 | \$ 18,412 | \$ 17,044 | \$ 16,041 | \$ 14,598 |
| GAAP Net Income | \$ 88,399 | \$ 64,724 | \$ 79,543 | \$ 53,220 | \$ 58,634 |
| Adjustments: | | | | | |
| Operating income adjustments (see above) | 12,473 | 13,882 | 15,628 | 13,025 | 6,931 |
| Interest and other (see above) | - | 10,750 | - | (110) | - |
| Adjustments for taxes | (2,489) | 489 | (14,818) | 7,036 | 5,705 |
| Non-GAAP Net Income | \$ 98,383 | \$ 89,845 | \$ 80,353 | \$ 73,171 | \$ 71,270 |
| GAAP Net Income Per Share: | | | | | |
| Basic | \$ 1.53 | \$ 1.12 | \$ 1.33 | \$ 0.85 | \$ 0.91 |
| Diluted | \$ 1.48 | \$ 1.08 | \$ 1.29 | \$ 0.83 | \$ 0.89 |
| Non-GAAP Net Income Per Share: | | | | | |
| Basic | \$ 1.70 | \$ 1.55 | \$ 1.34 | \$ 1.16 | \$ 1.11 |
| Diluted | \$ 1.64 | \$ 1.50 | \$ 1.30 | \$ 1.14 | \$ 1.08 |
| Weighted-average shares used in computing per share amounts: | | | | | |
| Basic | 57,727 | 58,023 | 59,970 | 62,845 | 64,399 |
| Diluted | 59,867 | 59,844 | 61,702 | 64,271 | 66,233 |

(1) Stock compensation expense was as follows:

| | Q1'23 | Q4'22 | Q3'22 | Q2'22 | Q1'22 |
|-------------------------------------|------------------|------------------|------------------|-----------------|-----------------|
| Cost of sales | \$ 4,242 | \$ 3,610 | \$ 3,724 | \$ 2,948 | \$ 3,783 |
| Selling, general and administrative | 7,142 | 6,807 | 6,819 | 6,276 | 5,135 |
| Research and development | 225 | 146 | 140 | 106 | 114 |
| Total | \$ 11,609 | \$ 10,563 | \$ 10,683 | \$ 9,330 | \$ 9,032 |

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

| | Q2 FY23 EPS Range* | |
|-------------------------------------|--------------------|----------------|
| | Low | High |
| GAAP diluted earnings per share | \$ 1.30 | \$ 1.40 |
| Stock compensation expense | \$ 0.20 | \$ 0.20 |
| Non-GAAP diluted earnings per share | \$ 1.50 | \$ 1.60 |

* 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 second quarter of FY23, an estimate of such charges is not included in the outlook for Q2 FY23 GAAP EPS.



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

| | Three Month Periods | | | | |
|--|---------------------|------------------|--------------------|--------------------|--------------------|
| | Q1'23 | Q4'22 | Q3'22 | Q2'22 | Q1'22 |
| GAAP Net Income before NCI | \$ 91,499 | \$ 64,724 | \$ 79,543 | \$ 53,220 | \$ 58,634 |
| Depreciation and amortization | 28,536 | 26,686 | 27,065 | 27,567 | 27,465 |
| Other, net | 19,743 | 35,180 | 18,739 | 15,429 | 12,101 |
| Net change in net working capital | <u>(102,554)</u> | <u>(44,692)</u> | <u>(23,664)</u> | <u>(17,243)</u> | <u>(29,900)</u> |
| Cash provided by operating activities | <u>37,224</u> | <u>81,898</u> | <u>101,683</u> | <u>78,973</u> | <u>68,300</u> |
| Purchases of long-term investments | (800) | (300) | (700) | (1,000) | - |
| Net purchases of property & equipment | <u>(36,530)</u> | <u>(48,155)</u> | <u>(37,434)</u> | <u>(27,263)</u> | <u>(17,362)</u> |
| Cash used in investing activities | <u>(37,330)</u> | <u>(48,455)</u> | <u>(38,134)</u> | <u>(28,263)</u> | <u>(17,362)</u> |
| Net share repurchases | (7,836) | (23,438) | (124,365) | (113,146) | (67,773) |
| Net borrowing activities | (4,375) | 27,987 | (4,688) | (4,688) | (4,688) |
| Proceeds from other notes receivable | - | - | 500 | - | - |
| Proceeds from sale of non-controlling interest | <u>215,799</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash provided by (used for) financing activities | <u>203,588</u> | <u>4,549</u> | <u>(128,553)</u> | <u>(117,834)</u> | <u>(72,461)</u> |
| Effect of exchange rate changes | <u>1,975</u> | <u>(1,440)</u> | <u>(1,584)</u> | <u>(700)</u> | <u>(786)</u> |
| Net change in cash & cash equivalents | <u>\$ 205,457</u> | <u>\$ 36,552</u> | <u>\$ (66,588)</u> | <u>\$ (67,824)</u> | <u>\$ (22,309)</u> |
| Free cash flow: | | | | | |
| Cash provided by operating activities | \$ 37,224 | \$ 81,898 | \$ 101,683 | \$ 78,973 | \$ 68,300 |
| Net purchases of property & equipment | (36,530) | (48,155) | (37,434) | (27,263) | (17,362) |
| Proceeds from sale of intellectual property | - | - | 500 | - | - |
| | <u>\$ 694</u> | <u>\$ 33,743</u> | <u>\$ 64,749</u> | <u>\$ 51,710</u> | <u>\$ 50,938</u> |



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

| | Three Month Periods | | | | |
|--------------------------------------|---------------------|----------------|----------------|----------------|----------------|
| | Q1 FY23 | Q4 FY22 | Q3 FY22 | Q2 FY22 | Q1 FY22 |
| GAAP operating income | \$ 123,747 | \$ 109,510 | \$ 94,618 | \$ 82,226 | \$ 81,433 |
| | X 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Annualized GAAP operating income | 494,988 | 438,040 | 378,472 | 328,904 | 325,732 |
| Average invested capital (1) | ÷ 1,535,454 | 1,447,439 | 1,397,241 | 1,365,669 | 1,337,989 |
| GAAP pre-tax ROIC | 32.2% | 30.3% | 27.1% | 24.1% | 24.3% |
| Non-GAAP operating income | \$ 136,220 | \$ 123,392 | \$ 110,246 | \$ 95,251 | \$ 88,364 |
| | X 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Annualized non-GAAP operating income | 544,880 | 493,568 | 440,984 | 381,004 | 353,456 |
| Average invested capital (1) | ÷ 1,535,454 | 1,447,439 | 1,397,241 | 1,365,669 | 1,337,989 |
| Non-GAAP pre-tax ROIC | 35.5% | 34.1% | 31.6% | 27.9% | 26.4% |

(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).



Thank You