

Q2 FY'22 Results

May 2, 2022



Today's Presenters



Jure Sola
Chairman & CEO



Kurt Adzema
EVP & CFO





Safe Harbor Statement

Certain statements made during this presentation, including our outlook for the third quarter of fiscal year 2022 and expectations for improvements in revenue, margins, operating leverage and cash flow from operations as supply chain constraints resolve 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. The corresponding GAAP financial information and 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 during this presentation, whether as a result of new information, future events or otherwise, unless otherwise required by law.

Financial Review

Kurt Adzema

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Q2'22 Non-GAAP Financial Highlights

	Q2'22	Outlook <u>WAS</u>
Revenue	\$1.91B	\$1.7B - \$1.8B
Gross Margin	8.1%	8.0% - 8.5%
Operating Margin	5.0%	4.5% - 5.1%
Diluted EPS	\$1.14	\$0.95 - \$1.05

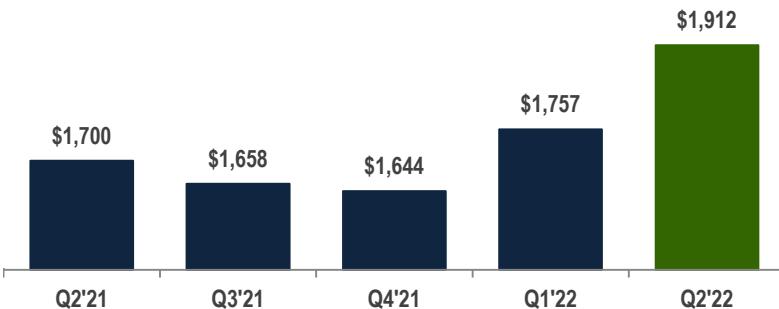
Revenue and Non-GAAP EPS Exceeded Outlook

P&L Performance

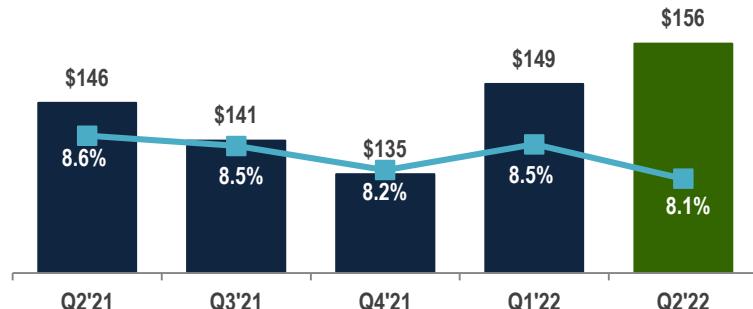
(\$ in Millions, except per share data)



Revenue



Non-GAAP Gross Profit / Margin



Non-GAAP Operating Income / Margin



Non-GAAP Diluted Earnings Per Share



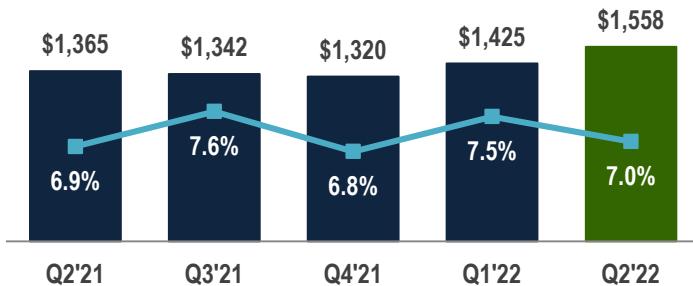
Segment Reporting – Revenue and Non-GAAP Gross Margin*

(\$ in Millions)

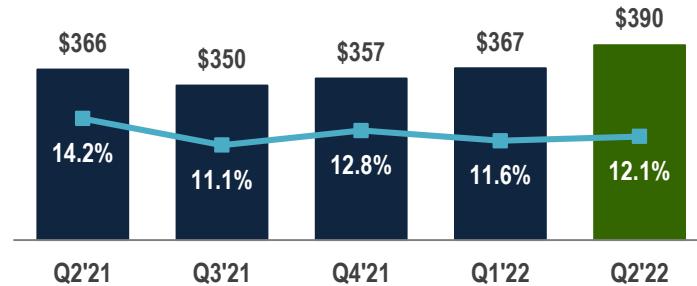


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Integrated Manufacturing Solutions



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)



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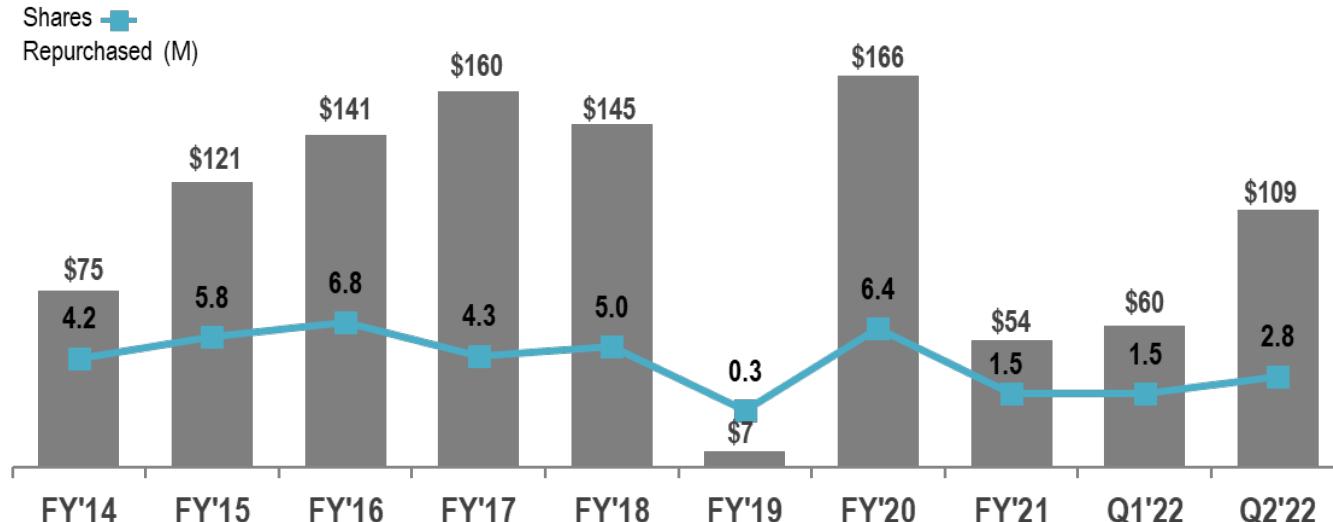
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Cash and cash equivalents	\$ 560
Accounts receivable, net	1,270
Contract assets	417
Inventories	1,438
Property, plant and equipment, net	525
Deferred tax assets	221
Other assets	219
Total assets	\$ 4,650
Accounts payable	\$ 1,817
Short-term debt	19
Long-term debt	303
Other liabilities	673
Total stockholders' equity	1,838
Total liabilities and stockholders' equity	\$ 4,650

- Debt to cash ratio: 0.6x
- Liquidity: \$1.3B
- Inventory turns: 5.2x
- Cash flow from operations: \$79M
- Free cash flow: \$52M

Share Repurchase History

(\$ in Millions)



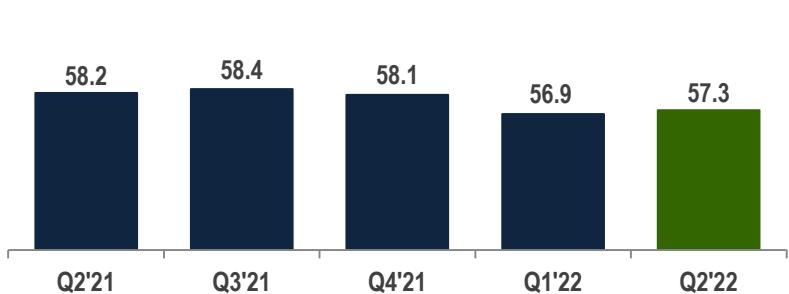
Board Authorized Additional \$200M



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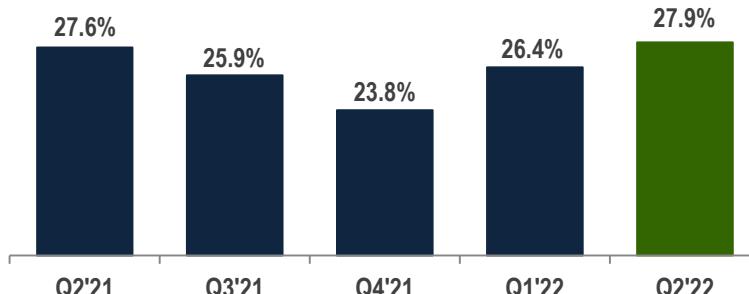
Balance Sheet Metrics

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



Effectively Managing Our Working Capital



Q3'22 Outlook

The following outlook for the third fiscal quarter ending July 2, 2022*.

Q3'22	
Revenue:	\$1.825B - \$1.925B
GAAP Diluted EPS:	\$0.88 - \$0.98
Non-GAAP Diluted EPS:	\$1.05 - \$1.15

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CEO Remarks

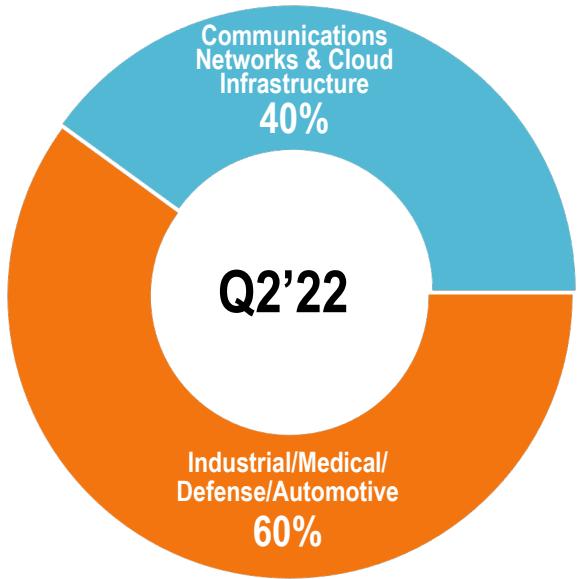
Jure Sola





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Revenue by End-Market



(\$ in Millions)	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21
Communications Networks & Cloud Infrastructure	\$757	\$702	\$724	\$701	\$719
Industrial/Medical/ Defense/Automotive	\$1,155	\$1,055	\$920	\$957	\$981
Total	\$1,912	\$1,757	\$1,644	\$1,658	\$1,700

Numbers may not foot due to rounding.

Q2'22 Top 10 Customers – 50% of Revenue

End-Market Outlook – Strong Demand



Communications Networks

Networking, IP routing, advanced optical systems and 5G networks



Industrial

Security and safety, inverters and renewable energy systems, test and measurement, semiconductor equipment and heavy machinery



Medical

Lab diagnostic, ventilator, patient monitoring, ultrasound, MRI, CT scan, blood glucose sensor & meters, medication delivery



Cloud Infrastructure

Enterprise computing and storage



Defense and Aerospace

Tactical communications, military aircraft onboard voice and data communications and counter-unmanned aerial systems



Automotive

LIDAR and radar systems, e-motor power management systems, infotainment, safety systems and electronic control systems



Summary

■ Q2'22

- Revenue: \$1.91B, exceeded outlook
- Non-GAAP operating margin: 5.0%
- Non-GAAP diluted EPS: \$1.14, exceeded outlook
- Free cash flow: \$52M

■ Q3'22

- Strong demand
- Expect supply constraints to continue
- Revenue outlook: \$1.825B - \$1.925B
- Non-GAAP diluted EPS outlook: \$1.05 - \$1.15

Remain Confident in Our FY 2022 Growth Objectives

Consolidated Financial
Statements
Reconciliation of
GAAP vs. Non-GAAP

Quarter Ended
April 2, 2022



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Condensed Consolidated Balance Sheets
(in thousands)
(GAAP)

	April 2, 2022	October 2, 2021
(Unaudited)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 559,893	\$ 650,026
Accounts receivable, net	1,270,494	1,192,434
Contract assets	417,286	348,741
Inventories	1,437,955	1,036,511
Prepaid expenses and other current assets	61,525	53,952
Total current assets	<u>3,747,153</u>	<u>3,281,664</u>
Property, plant and equipment, net	525,362	532,985
Deferred tax assets	220,532	235,117
Other	156,867	156,953
Total assets	<u>\$ 4,649,914</u>	<u>\$ 4,206,719</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,817,465	\$ 1,464,693
Accrued liabilities	314,648	161,896
Accrued payroll and related benefits	116,794	117,648
Short-term debt, including current portion of long-term debt	18,750	18,750
Total current liabilities	<u>2,267,657</u>	<u>1,762,987</u>
Long-term liabilities:		
Long-term debt	302,751	311,572
Other	241,416	253,532
Total long-term liabilities	<u>544,167</u>	<u>565,104</u>
Stockholders' equity	1,838,090	1,878,628
Total liabilities and stockholders' equity	<u>\$ 4,649,914</u>	<u>\$ 4,206,719</u>



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

	Three Months Ended		Six Months Ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Net sales	\$ 1,911,530	\$ 1,699,677	\$ 3,668,855	\$ 3,454,926
Cost of sales	1,759,083	1,556,579	3,371,919	3,170,593
Gross profit	152,447	143,098	296,936	284,333
Operating expenses:				
Selling, general and administrative	61,817	61,142	123,292	120,109
Research and development	5,472	5,353	10,249	10,158
Gain on sale of assets	-	-	(4,610)	-
Restructuring and other costs	2,932	11,880	4,346	13,784
Total operating expenses	70,221	78,375	133,277	144,051
Operating income	82,226	64,723	163,659	140,282
Interest income	349	244	658	474
Interest expense	(4,870)	(4,880)	(9,747)	(9,834)
Other income (expense), net	(1,408)	6,143	664	8,010
Interest and other, net	(5,929)	1,507	(8,425)	(1,350)
Income before income taxes	76,297	66,230	155,234	138,932
Provision for income taxes	23,077	19,193	43,380	43,874
Net income	\$ 53,220	\$ 47,037	\$ 111,854	\$ 95,058
Basic income per share	\$ 0.85	\$ 0.72	\$ 1.76	\$ 1.46
Diluted income per share	\$ 0.83	\$ 0.70	\$ 1.71	\$ 1.42
Weighted-average shares used in computing per share amounts:				
Basic	62,845	65,249	63,622	65,244
Diluted	64,271	66,957	65,365	66,887



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

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	Three Month Periods				
	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21
GAAP Gross Profit	\$ 152,447	\$ 144,489	\$ 130,882	\$ 136,590	\$ 143,098
GAAP gross margin	8.0%	8.2%	8.0%	8.2%	8.4%
Adjustments					
Stock compensation expense (1)	2,948	3,783	3,710	3,712	3,629
Amortization of intangible assets	263	262	274	284	-
Legal and other (3)	-	833	500	-	-
Distressed customer charges (2)	-	-	-	-	(296)
Non-GAAP Gross Profit	\$ 155,658	\$ 149,367	\$ 135,366	\$ 140,586	\$ 146,431
Non-GAAP gross margin	8.1%	8.5%	8.2%	8.5%	8.6%
GAAP Operating Expenses	\$ 70,221	\$ 63,056	\$ 64,129	\$ 62,325	\$ 78,375
Adjustments					
Stock compensation expense (1)	(6,382)	(5,249)	(5,119)	(5,003)	(5,595)
Legal and other (3)	-	-	(330)	-	-
Distressed customer charges (2)	-	-	-	428	-
Restructuring costs	(2,932)	(1,414)	(1,655)	382	(11,880)
Transaction costs	(500)	-	-	-	-
Gain on sales of long-lived assets	-	4,610	-	-	-
Non-GAAP Operating Expenses	\$ 60,407	\$ 61,003	\$ 57,025	\$ 58,132	\$ 60,900
GAAP Operating Income	\$ 82,226	\$ 81,433	\$ 66,753	\$ 74,265	\$ 64,723
GAAP operating margin	4.3%	4.6%	4.1%	4.5%	3.8%
Adjustments					
Stock compensation expense (1)	9,330	9,032	8,829	8,715	9,224
Amortization of intangible assets	263	262	274	284	-
Legal and other (3)	-	833	830	-	-
Distressed customer charges (2)	-	-	-	(428)	(296)
Restructuring costs	2,932	1,414	1,655	(382)	11,880
Transaction costs	500	-	-	-	-
Gain on sales of long-lived assets	-	(4,610)	-	-	-
Non-GAAP Operating Income	\$ 95,251	\$ 88,364	\$ 78,341	\$ 82,454	\$ 85,531
Non-GAAP operating margin	5.0%	5.0%	4.8%	5.0%	5.0%
GAAP Interest and Other, net	\$ (5,929)	\$ (2,496)	\$ 2,403	\$ 24,652	\$ 1,507
Adjustments					
Gain on liquidation of foreign entity	-	-	-	(8,493)	-
Gain on sale of intellectual property	-	-	-	(15,000)	-
Legal and other (3)	(110)	-	(7,692)	(3,440)	(4,807)
Non-GAAP Interest and Other, net	\$ (6,039)	\$ (2,496)	\$ (5,289)	\$ (2,281)	\$ (3,300)
GAAP Provision for Income Taxes	\$ 23,077	\$ 20,303	\$ 12,591	\$ (18,458)	\$ 19,193
Adjustments					
Tax impact of non-GAAP adjustments	346	167	347	452	284
Discrete tax items	(3,526)	(384)	3,337	37,583	(232)
Deferred tax adjustments	(3,856)	(5,488)	(7,061)	(5,979)	(4,454)
Non-GAAP Provision for Income Taxes	\$ 16,041	\$ 14,598	\$ 9,214	\$ 13,598	\$ 14,791
GAAP Net Income	\$ 53,220	\$ 58,634	\$ 56,565	\$ 117,375	\$ 47,037
Adjustments:					
Operating income adjustments (see above)	13,025	6,931	11,588	8,189	20,808
Interest and other (see above)	(110)	-	(7,692)	(26,933)	(4,807)
Adjustments for taxes	7,036	5,705	3,377	(32,056)	4,402
Non-GAAP Net Income	\$ 73,171	\$ 71,270	\$ 63,838	\$ 66,575	\$ 67,440
GAAP Net Income Per Share:					
Basic	\$ 0.85	\$ 0.91	\$ 0.87	\$ 1.79	\$ 0.72
Diluted	\$ 0.83	\$ 0.89	\$ 0.84	\$ 1.74	\$ 0.70
Non-GAAP Net Income Per Share:					
Basic	\$ 1.16	\$ 1.11	\$ 0.98	\$ 1.02	\$ 1.03
Diluted	\$ 1.14	\$ 1.08	\$ 0.95	\$ 0.99	\$ 1.01
Weighted-average shares used in computing per share amounts:					
Basic	62,845	64,399	65,352	65,427	65,249
Diluted	64,271	66,233	67,146	67,352	66,957

(1) Stock compensation expense was as follows:

	Three Month Periods				
	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21
Cost of sales	\$ 2,948	\$ 3,783	\$ 3,710	\$ 3,712	\$ 3,629
Selling, general and administrative	6,276	5,135	5,009	4,913	5,479
Research and development	106	114	110	90	116
Total	\$ 9,330	\$ 9,032	\$ 8,829	\$ 8,715	\$ 9,224

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

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

Earnings Per Share Outlook:

	Q3 FY22 EPS Range*	
	Low	High
GAAP diluted earnings per share	\$ 0.88	\$ 0.98
Stock compensation expense	\$ 0.17	\$ 0.17
Non-GAAP diluted earnings per share	\$ 1.05	\$ 1.15

* 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 third quarter of FY22, an estimate of such charges is not included in the outlook for 19 Q3 FY22 GAAP EPS.

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

	Three Month Periods				
	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21
GAAP Net Income	\$ 53,220	\$ 58,634	\$ 56,565	\$ 117,375	\$ 47,037
Depreciation and amortization	27,567	27,465	27,452	27,373	27,196
Other, net	15,429	12,101	9,673	3,339	19,498
Net change in net working capital	<u>(17,243)</u>	<u>(29,900)</u>	<u>(1,969)</u>	<u>(44,366)</u>	<u>(12,642)</u>
Cash provided by operating activities	<u>78,973</u>	<u>68,300</u>	<u>91,721</u>	<u>103,721</u>	<u>81,089</u>
Purchases of long-term investments	(1,000)	-	(1,000)	(1,705)	-
Net purchases of property & equipment	(27,263)	(17,362)	(29,490)	(17,182)	(14,349)
Proceeds from sale of intellectual property	-	-	-	5,000	-
Cash paid for businesses acquired	-	-	-	(21,408)	-
Cash used in investing activities	<u>(28,263)</u>	<u>(17,362)</u>	<u>(30,490)</u>	<u>(35,295)</u>	<u>(14,349)</u>
Net share repurchases	(113,146)	(67,773)	(32,394)	(15,698)	(1,502)
Net borrowing activities	(4,688)	(4,688)	(4,688)	(4,688)	(4,688)
Proceeds from other notes receivable	-	-	2,500	-	-
Cash used in financing activities	<u>(117,834)</u>	<u>(72,461)</u>	<u>(34,582)</u>	<u>(20,386)</u>	<u>(6,190)</u>
Effect of exchange rate changes	<u>(700)</u>	<u>(786)</u>	<u>(467)</u>	628	(1,404)
Net change in cash & cash equivalents	<u>\$ (67,824)</u>	<u>\$ (22,309)</u>	<u>\$ 26,182</u>	<u>\$ 48,668</u>	<u>\$ 59,146</u>
Free cash flow:					
Cash provided by operating activities	\$ 78,973	\$ 68,300	\$ 91,721	\$ 103,721	\$ 81,089
Net purchases of property & equipment	(27,263)	(17,362)	(29,490)	(17,182)	(14,349)
Proceeds from sale of intellectual property	-	-	2,500	5,000	-
	<u>\$ 51,710</u>	<u>\$ 50,938</u>	<u>\$ 64,731</u>	<u>\$ 91,539</u>	<u>\$ 66,740</u>

Sanmina Corporation
Pre-tax Return on Invested Capital (ROIC)
(in thousands)
(Unaudited)

	Three Month Periods				
	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21	Q2 FY21
GAAP operating income	\$ 82,226	\$ 81,433	\$ 66,753	\$ 74,265	\$ 64,723
x 4.0	328,904	325,732	267,012	297,060	258,892
Annualized GAAP operating income					
÷ 1,365,669	24.1%	24.3%	20.3%	23.3%	20.9%
GAAP pre-tax ROIC	24.1%	24.3%	20.3%	23.3%	20.9%
Non-GAAP operating income	\$ 95,251	\$ 88,364	\$ 78,341	\$ 82,454	\$ 85,531
x 4.0	381,004	353,456	313,364	329,816	342,124
Annualized non-GAAP operating income					
÷ 1,365,669	27.9%	26.4%	23.8%	25.9%	27.6%
Non-GAAP pre-tax ROIC	27.9%	26.4%	23.8%	25.9%	27.6%

(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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