



*The Product Realization Company*

# FISCAL THIRD QUARTER 2017 FINANCIAL RESULTS

July 20, 2017

# SAFE HARBOR & FAIR DISCLOSURE STATEMENT

Any statements made during our call today and information included in the supporting material that is not historical in nature, such as statements in the future tense and statements that include "believe," "expect," "intend," "plan," "anticipate," and similar terms and concepts, are forward-looking statements. Forward-looking statements are not guarantees since there are inherent difficulties in predicting future results, and actual results could differ materially from those expressed or implied in the forward-looking statements. For a list of factors that could cause actual results to differ materially from those discussed, please refer to the Company's periodic SEC filings, particularly the risk factors in our Form 10-K filing for the fiscal year ended October 1, 2016, and the Safe Harbor and Fair Disclosure statement in yesterday's press release.

Plexus provides non-GAAP supplemental information, such as ROIC, Economic Return, and free cash flow, because those measures are used for internal management goals and decision making, and because they provide additional insight into financial performance. In addition, management uses these and other non-GAAP measures, such as adjusted net income and adjusted operating margin, to provide a better understanding of core performance for purposes of period-to-period comparisons. For a full reconciliation of non-GAAP supplemental information please refer to yesterday's press release and our periodic SEC filings.

# FISCAL THIRD QUARTER RESULTS

	Q3F17 Jul 1, 2017	Q3F17 Guidance Apr 19, 2017	Q2F17 Apr 1, 2017
Revenue (\$ millions)	\$619	\$595 to \$625	\$604
Diluted EPS	\$0.74	\$0.68 to \$0.76	\$0.84
ROIC	16.1%		16.8%

- I/C, COMM and D/S/A all exceeded expectations
- HC/LS, I/C and D/S/A revenue increased sequentially
- Fifth consecutive quarter at or above target operating margin range (4.7% to 5.0%)
- ROIC of 16.1%; 560 bps of Economic Return

# FISCAL FOURTH QUARTER

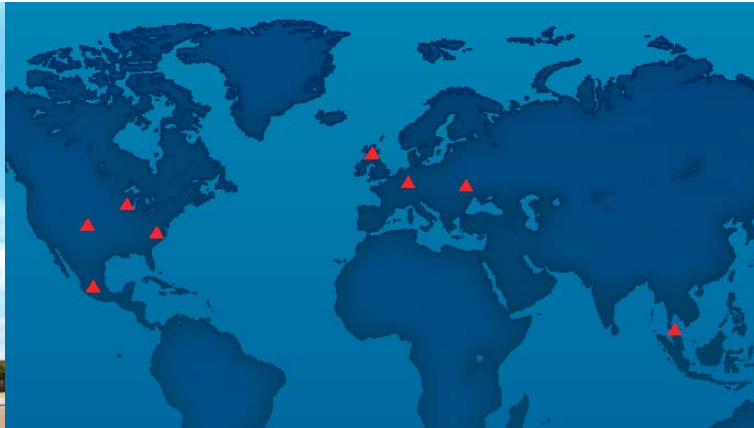
	Q4F17 Guidance
Revenue	\$660 to \$700 million
GAAP Diluted EPS	\$0.77 to \$0.87 Includes \$0.13 stock-based compensation expense

Midpoint of revenue guidance suggests significant sequential growth

- Ramping new programs across multiple sectors
- Potential record revenue quarter
- Expect sequential growth in HC/LS, COMM and D/S/A sectors

Midpoint of EPS guidance implies continued strong operating margin

# ENGINEERING SOLUTIONS EXPANSION



## Relocated Plexus' flagship Neenah Design Center

- New state-of-the-art facility near Plexus' Global Headquarters
- Capacity for additional 100+ engineers

## Opened Guadalajara Design Center

- Located within Guadalajara manufacturing facility
- Plexus' first design center in Mexico
- Will offer full suite of product development and commercialization capabilities

*Plexus' 8<sup>th</sup>  
Global Design Center*

# ADDITIONAL HIGHLIGHTS

- **Record Net Promoter Survey score**
  - Overall NPS of 84%
  - Result highlights our focus on delivering Operational Excellence and Customer Service Excellence
- **Delivered Operating Margin of 4.8%**
  - Fifth consecutive quarter at or above target operating margin range of 4.7% to 5.0%
  - Expect record operating profit in fiscal 2017
- **Return on Invested Capital of 16.1%**
  - Economic Return 560 basis points above WACC
  - Represents 360 basis point improvement from Q3F16
- **Accelerating manufacturing wins momentum**
  - \$220M wins within quarter
  - Trailing four quarter wins ratio of 33%
  - Significant Aftermarket Services win
  - Major business expansion in Europe
- **Robust \$2.8B funnel of qualified manufacturing opportunities**
- **Retained Earnings exceeds \$1B**
  - Strategy delivers long-term shareholder value
- **Fiscal 2018 Annual Operating Plan**
  - Continued strong operating performance
  - Anticipate meaningful revenue growth

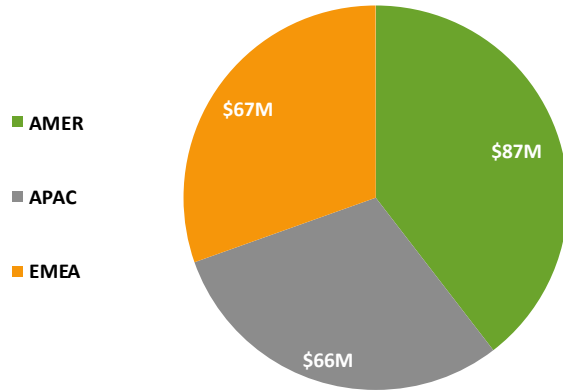
# PERFORMANCE BY SECTOR

	Q3F17 Jul 1, 2017		Q2F17 Apr 1, 2017		Q3F17 vs. Q2F17	Q4F17 Expectations (percentage points)
Healthcare/ Life Sciences	\$210	34%	\$205	34%	+ 2%	Up mid single
Industrial/ Commercial	\$201	32%	\$192	32%	+ 5%	Down mid single
Communications	\$99	16%	\$108	18%	- 9%	Up ~50%
Defense/ Security/ Aerospace	\$109	18%	\$99	16%	+ 10%	Up mid single
Total Revenue	\$619	100%	\$604	100%	+ 2%	

Revenue in millions

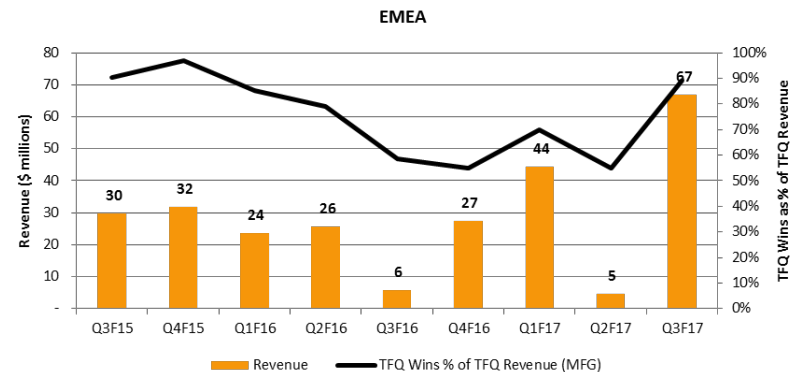
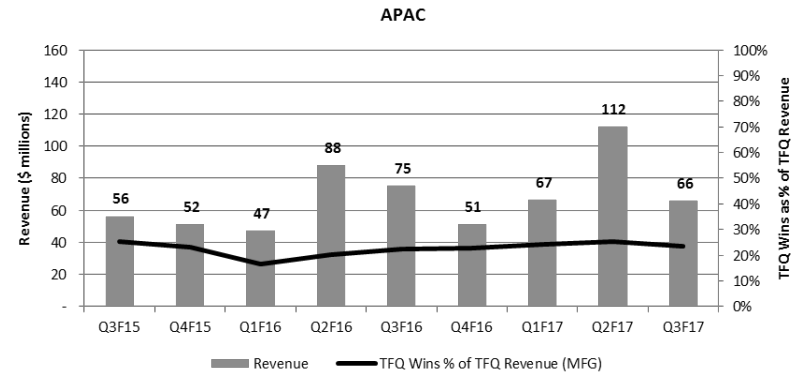
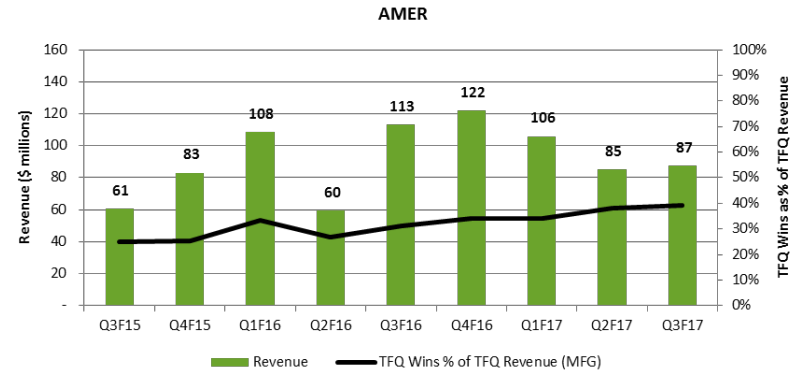
# MANUFACTURING WINS BY REGION

Q3F17



- \$220M in annualized manufacturing revenue when fully ramped (32 programs)
- Fourth consecutive quarter with wins greater than \$200M
- Highest quarterly wins total in three years
- Substantial wins in the EMEA region

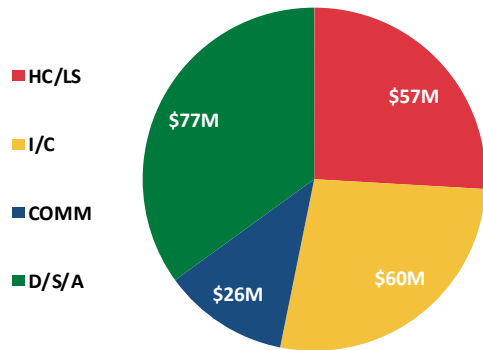
Wins Momentum =  $TFQ\ Wins / TFQ\ Revenue$





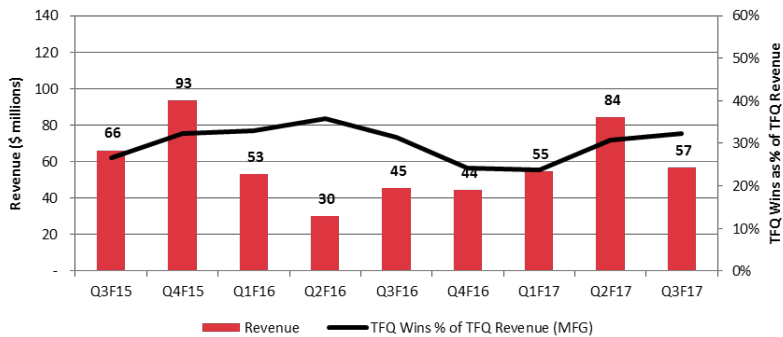
# MANUFACTURING WINS BY SECTOR

Q3F17

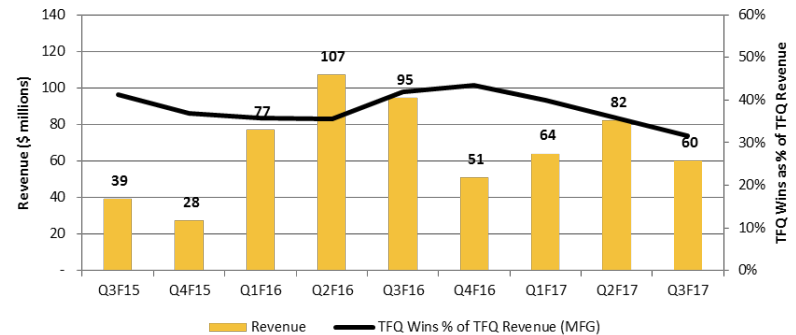


- Significant wins in D/S/A with continued strength in HC/LS and I/C
- Sector wins support healthy portfolio

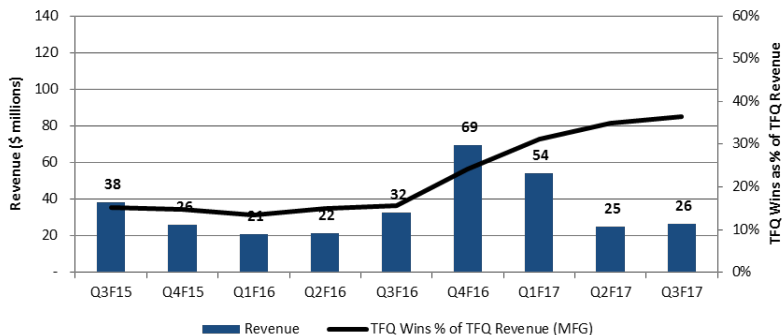
Healthcare/Life Sciences



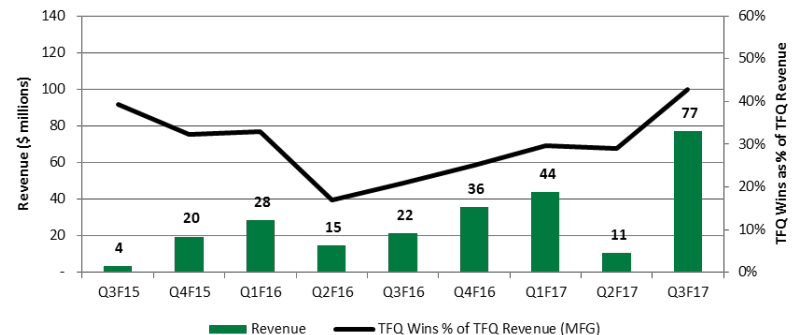
Industrial/Commercial



Communications



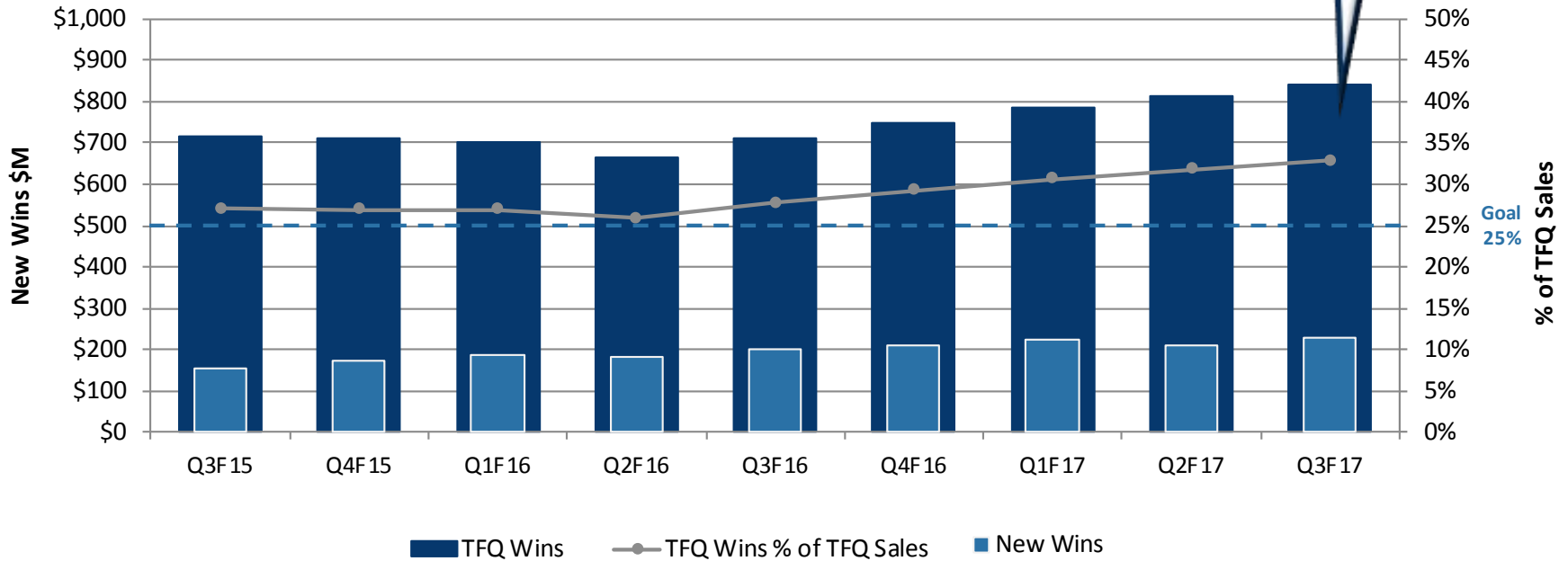
Defense/Security/Aerospace



# MANUFACTURING WINS MOMENTUM

Quarterly Target: ~ \$160M

Trailing Four Quarters (TFQ) for Manufacturing Wins

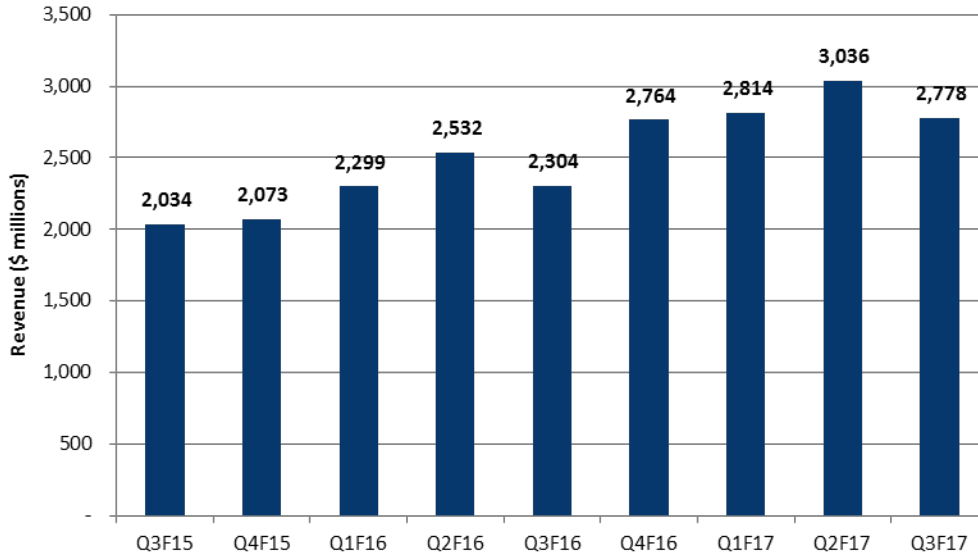


TFQ  
\$839M

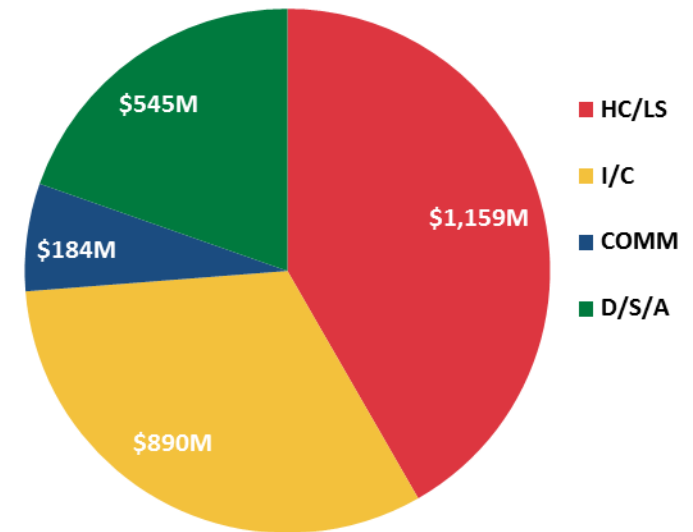
Goal  
25%

# MANUFACTURING FUNNEL

PLXS-MFG Funnel of Opportunities



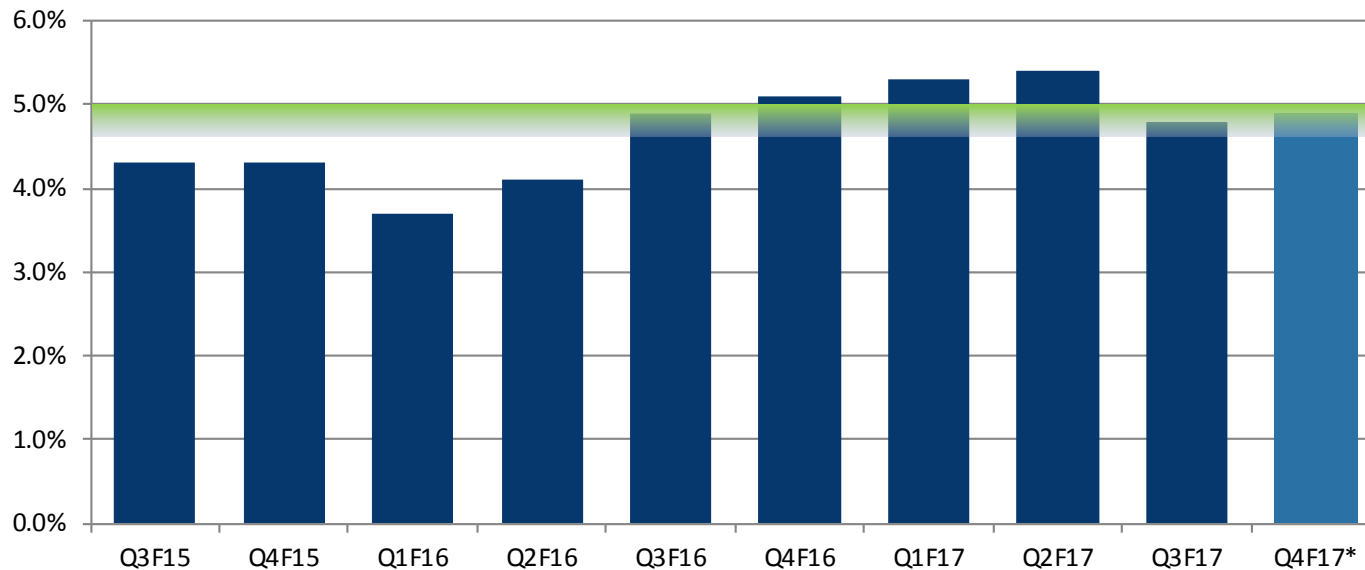
Q3F17



- Manufacturing funnel remains robust at \$2.8B
- HC/LS and I/C funnels consistently strong
- Supports the delivery of our differentiated portfolio

# OPERATING PERFORMANCE

*Operating Margin*  
*Target Range: 4.7% to 5.0%*



*Focused on exceptional operating results while growing revenue*

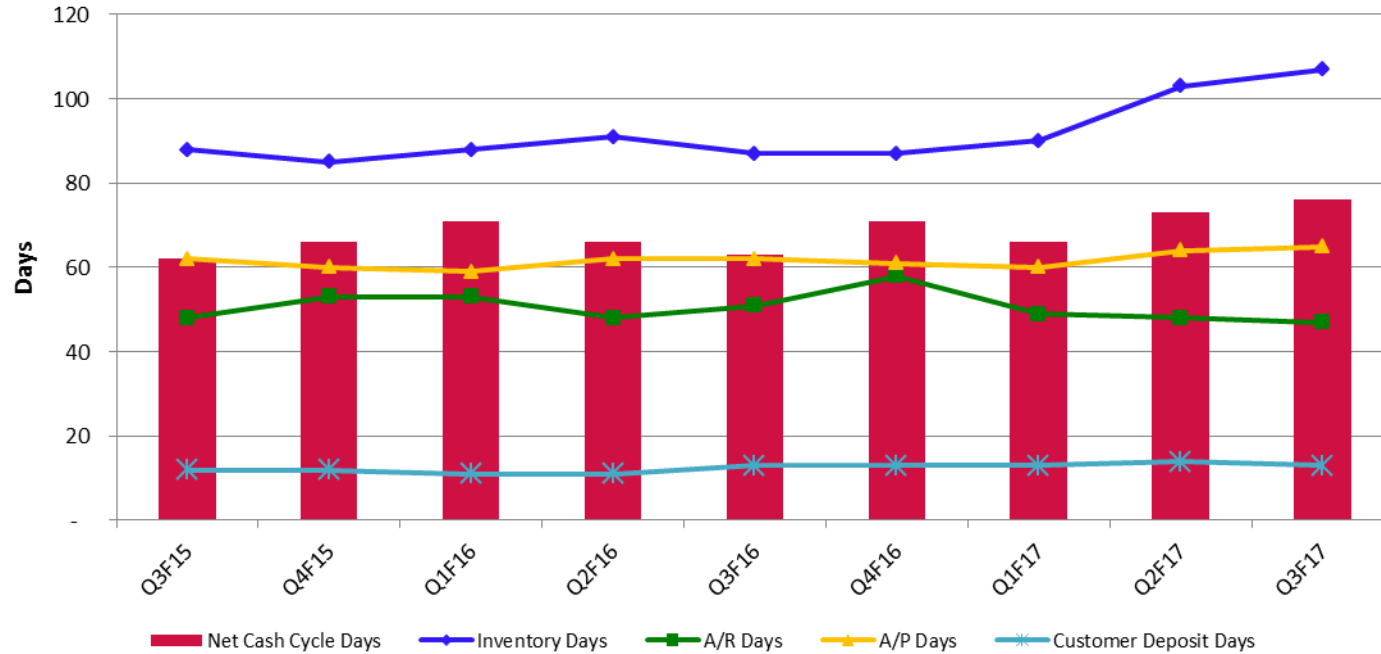
# INCOME STATEMENT

	Q3F17	Comments
Revenue	\$619 million	Near upper end of guidance range of \$595 to \$625 million driven by strength in three of four market sectors
Gross margin	9.9%	Slightly below guidance range of 10.0% to 10.3%
Selling & administrative expenses	\$31.7 million	In-line with guidance range of \$31 to \$32 million
Operating margin	4.8%	Within guidance range of 4.8% to 5.2%
Diluted EPS	\$0.74	Above mid-point of guidance range of \$0.68 to \$0.76

# BALANCE SHEET AND CASH FLOWS

	Q3F17	Comments
Return on invested capital	16.1%	560 basis points above fiscal 2017 WACC of 10.5%
Share repurchases	\$10 million	~190,000 at an average price of \$52.40 per share
Free cash flow	\$6.5 million	Cash from operations: \$16.3 million Capital expenditures: \$9.8 million
Cash cycle days	76 days	Within guidance range of 73 to 77 days

# WORKING CAPITAL TRENDS



	Q3F15	Q4F15	Q1F16	Q2F16	Q3F16	Q4F16	Q1F17	Q2F17	Q3F17
Inventory Days	88	85	88	91	87	87	90	103	107
A/R Days	48	53	53	48	51	58	49	48	47
A/P Days	62	60	59	62	62	61	60	64	65
Customer Deposit Days	12	12	11	11	13	13	13	14	13
<b>Net Cash Cycle Days</b>	<b>62</b>	<b>66</b>	<b>71</b>	<b>66</b>	<b>63</b>	<b>71</b>	<b>66</b>	<b>73</b>	<b>76</b>

# FISCAL FOURTH QUARTER 2017 GUIDANCE

	Guidance
Revenue	\$660 to \$700 million
GAAP diluted EPS	\$0.77 to \$0.87
Gross margin	9.4% to 9.8%
SG&A	\$31.5 to \$32.5 million
Operating margin	4.7% to 5.1%
Depreciation	~\$11 million
Q4 tax rate	8% to 9%
F17 tax rate	8% to 9%
Cash cycle days	69 to 73 days
F17 capital expenditures	\$45 to \$50 million



# Q&A

ANALYSTS PLEASE CONFORM TO:  
ONE QUESTION  
ONE FOLLOW-UP  
THANKS

**PLEXUS**®

*The Product Realization Company*