



Fiscal third quarter 2019  
financial results

July 18, 2019

## Safe harbor and 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 September 29, 2018, 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 earnings per share, 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

|                       | Q3F19 Results         | Q3F19 Guidance                  | Q2F19 Results |
|-----------------------|-----------------------|---------------------------------|---------------|
| Revenue (\$ millions) | \$800                 | \$760 to \$800                  | \$789         |
| GAAP Diluted EPS      | \$0.81 <sup>(1)</sup> | \$0.76 to \$0.86 <sup>(2)</sup> | \$0.79        |

Revenue growth of 10% from Q3F18

HC/LS and A/D delivered solid sequential growth

I/C and COMM exceeded expectations entering the quarter

GAAP EPS result included \$0.18 per share of stock-based compensation expense

(1) Includes \$0.18 stock-based compensation expense  
 (2) Includes \$0.17 stock-based compensation expense

# Fiscal third quarter highlights

## ROBUST MANUFACTURING WINS MOMENTUM

- Q3F19 wins of \$227M, TFQ wins of \$938M
- Good balance across sectors and regions
- Included revenue from robotic-assisted surgery

## INCREASING FUNNEL SIZE

- Funnel of qualified manufacturing opportunities at \$2.6B

## INVENTORY REDUCTION OF 7 DAYS

- Inventory reduced by \$45M
- We expect further improvement

## RETURN ON INVESTED CAPITAL OF 12.9%

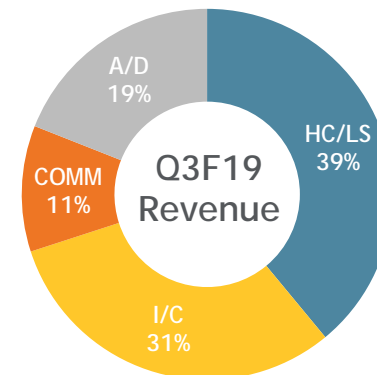
- Economic return of 390 bps above WACC

## STRONG A/D GROWTH

- Revenue growth of 32% from Q3F18, 8% from Q2F19
- Expect ~30% growth in F19

## EXCEPTIONAL ENGINEERING SOLUTIONS PERFORMANCE

- Record quarterly revenue, record wins
- Expecting F19 growth to approach 25%
- Expansions completed in Germany and Scotland



# Fiscal fourth quarter guidance

## REVENUE GUIDANCE CONSISTENT WITH Q3 GUIDE

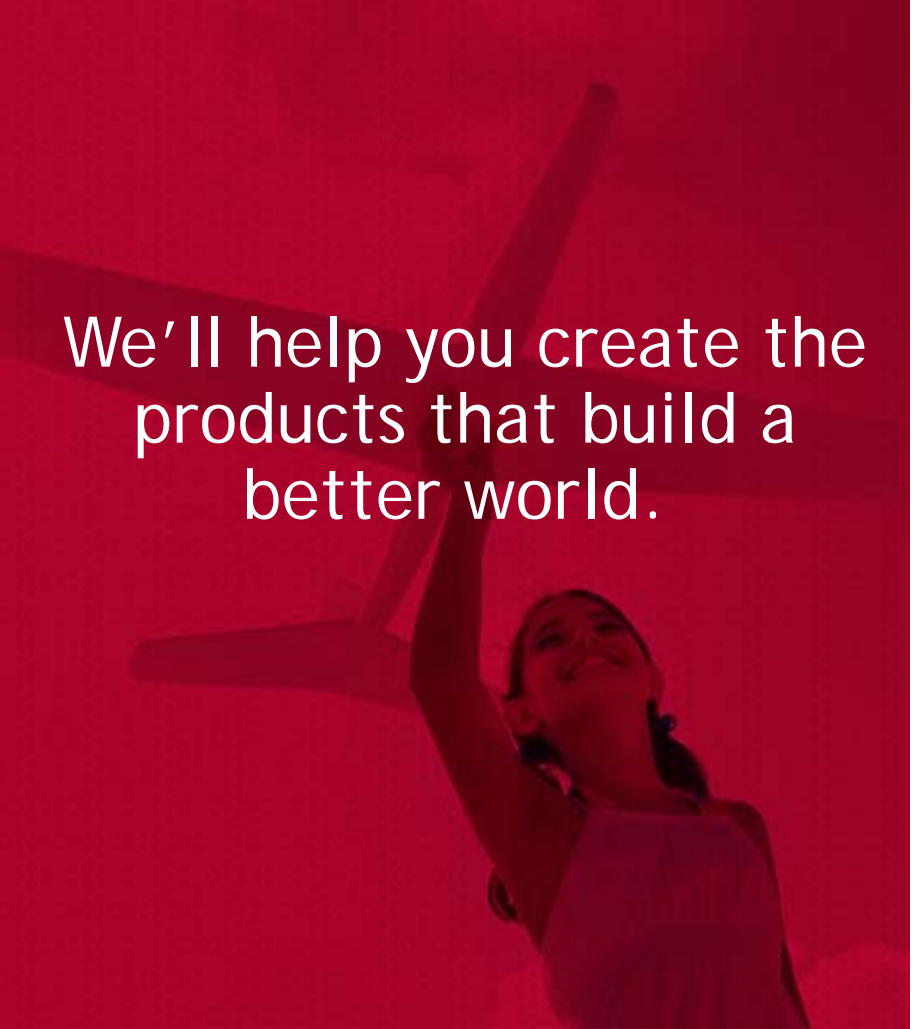
- Strength in A/D
- Stable markets in HC/LS and I/C
- Broad-based demand reductions in COMM
- F19 growth approximately 9%

## EPS GUIDE

- Suggests operating margin midpoint within target range of 4.7% to 5.0%
- Includes \$0.18 of stock-based compensation expense
- Excludes non-recurring charges associated with COMM revenue decline

|                  | Q4F19 Guidance         |
|------------------|------------------------|
| Revenue          | \$760 to \$800 million |
| GAAP Diluted EPS | \$0.81 to \$0.91*      |

\* Includes \$0.18 stock-based compensation expense and excludes any non-recurring charges



We'll help you create the products that build a better world.

## Fiscal 2020 outlook

### ANOTHER YEAR OF GROWTH IN FISCAL 2020

- Our differentiated end markets are mostly stable
- Expect continued weakness in COMM and semi-cap
- Strong wins and new programs provide growth catalyst

### STRONG PORTFOLIO, > 90% OF REVENUE IN HC/LS, I/C AND A/D

### COMMITTED TO OPERATING MARGIN OF 4.7% TO 5.0%

- Productivity initiatives drive improvement

### EXPECT SOLID EPS LEVERAGE

## Performance by sector

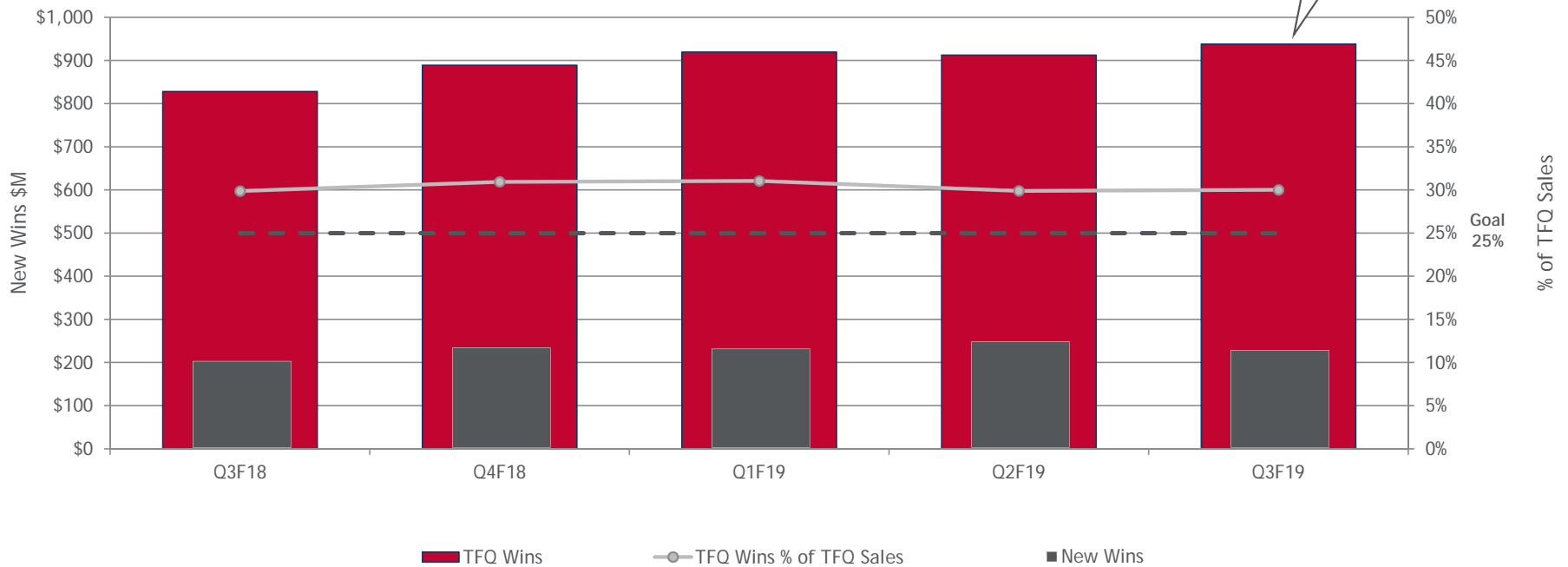
|                              | Q3F19<br>Jun 29, 2019 |      | Q2F19<br>Mar 30, 2019 |      | Q3F19 vs. Q2F19 | Q4F19 Expectations<br>(percentage points) |
|------------------------------|-----------------------|------|-----------------------|------|-----------------|---|
|                              | \$                    | %    | \$                    | %    |                 |   |
| Healthcare and Life Sciences | \$309                 | 39%  | \$300                 | 38%  | + 3%            | Flat                                      |
| Industrial and Commercial    | \$248                 | 31%  | \$250                 | 32%  | - 1%            | Down low single                           |
| Aerospace and Defense        | \$151                 | 19%  | \$140                 | 18%  | + 8%            | Up high single                            |
| Communications               | \$92                  | 11%  | \$99                  | 12%  | - 7%            | Down ~35%                                 |
| Total Revenue                | \$800                 | 100% | \$789                 | 100% | + 1%            |   |

Revenue in millions

# Manufacturing wins

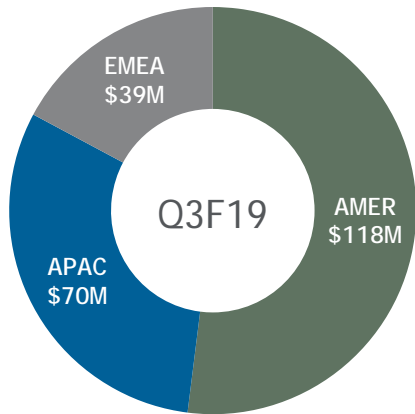
Q3F19 wins: \$227M  
 New programs: 23

Trailing Four Quarters (TFQ) Manufacturing Wins





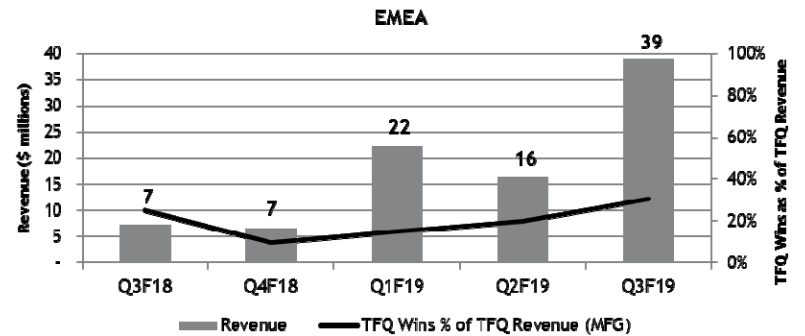
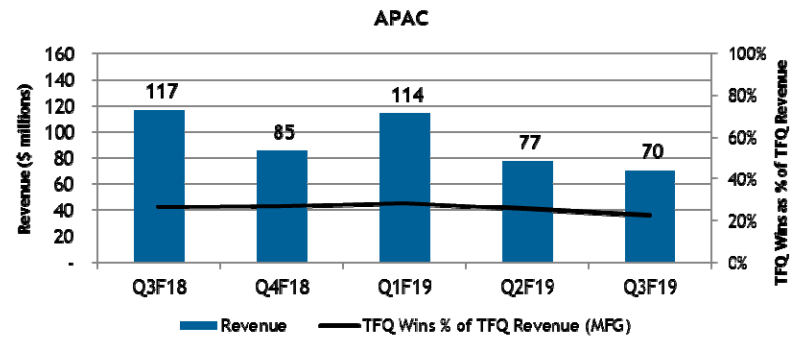
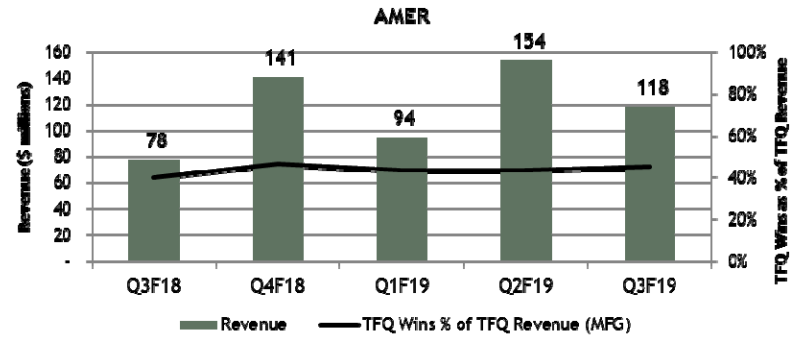
# Manufacturing wins by region



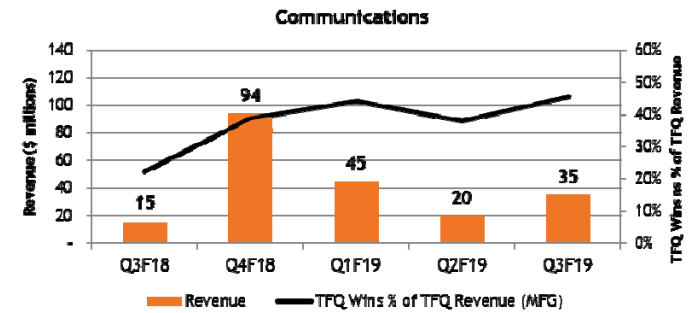
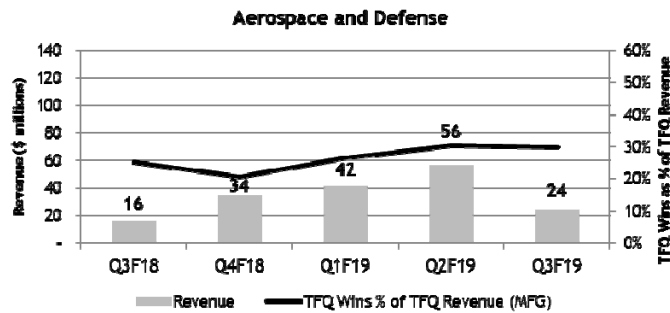
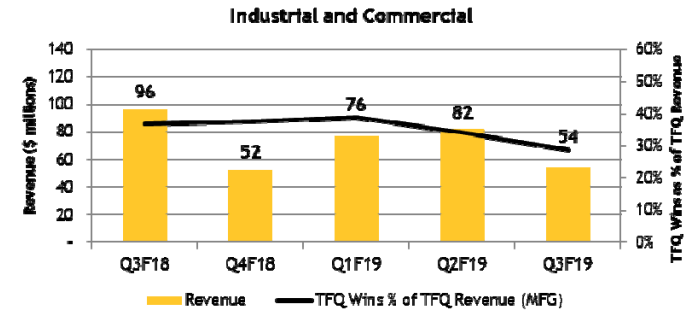
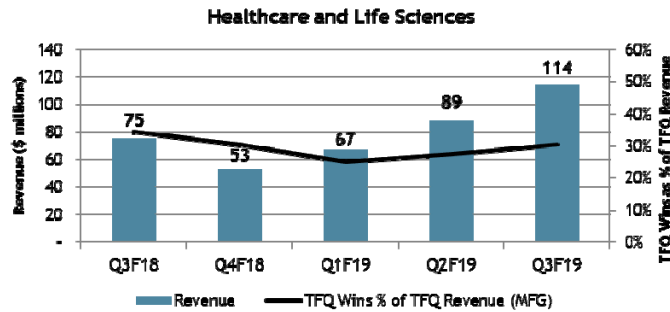
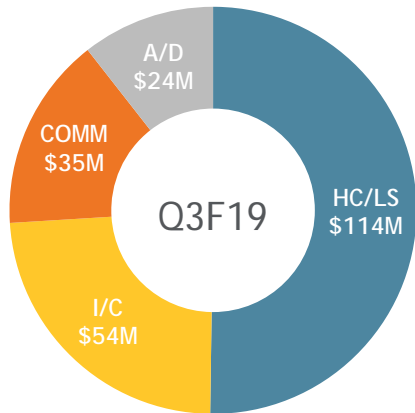
U.S. facilities win new programs from our differentiated market sectors

Malaysia and China facilities benefit from strategic HC/LS wins

Romania facility wins a large I/C program expected to ramp in early F20



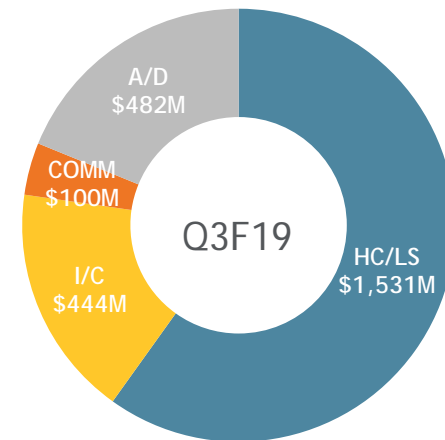
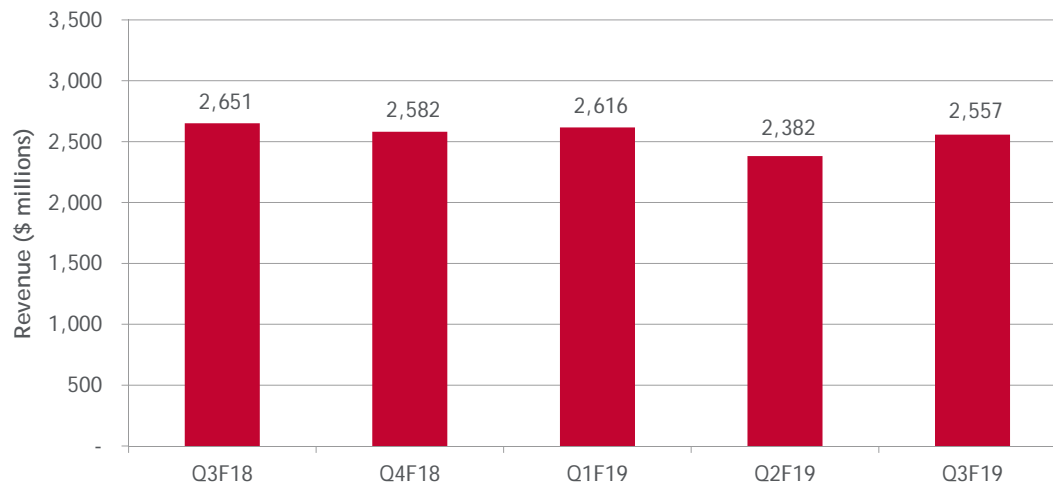
# Manufacturing wins by sector



- HC/LS expands in robotic-assisted surgery
- I/C expands key relationship globally
- A/D grows market share
- COMM secures large customer opportunity

# Manufacturing funnel

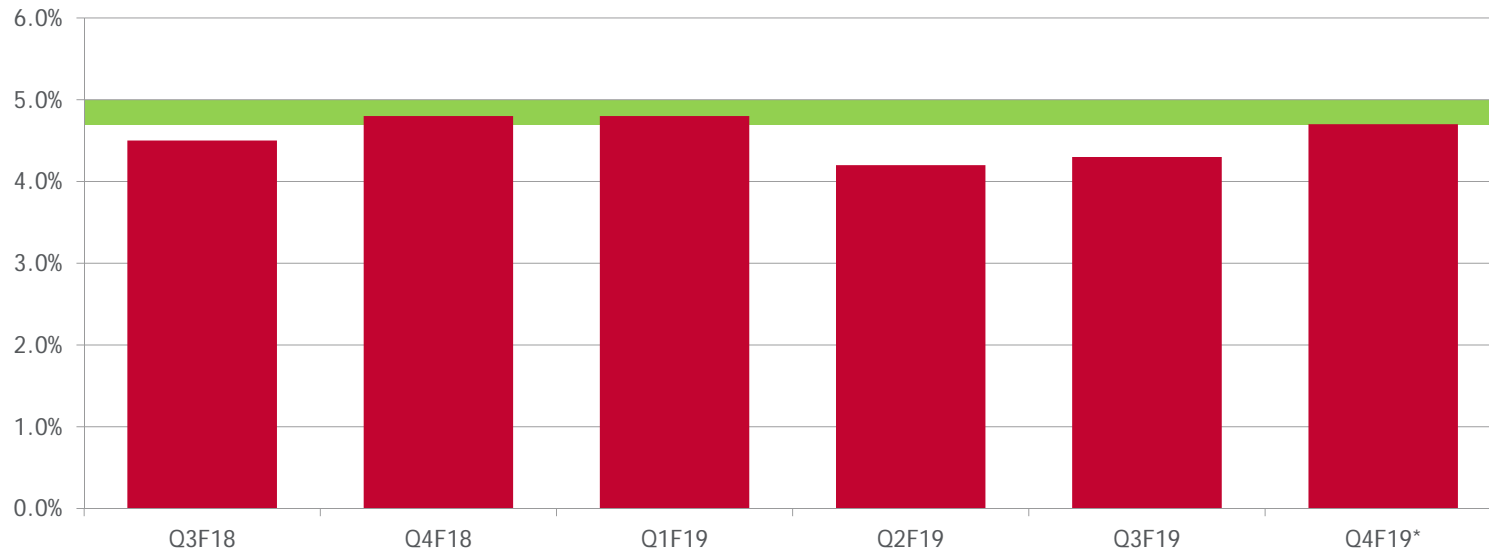
Funnel of Qualified Manufacturing Opportunities



*Qualified manufacturing funnel continues to be healthy at \$2.6B*

# Operating performance

Operating Margin Target Range: 4.7% to 5.0%



*Productivity improvements starting to be realized in Q4F19*

*\*Represents midpoint of guidance*

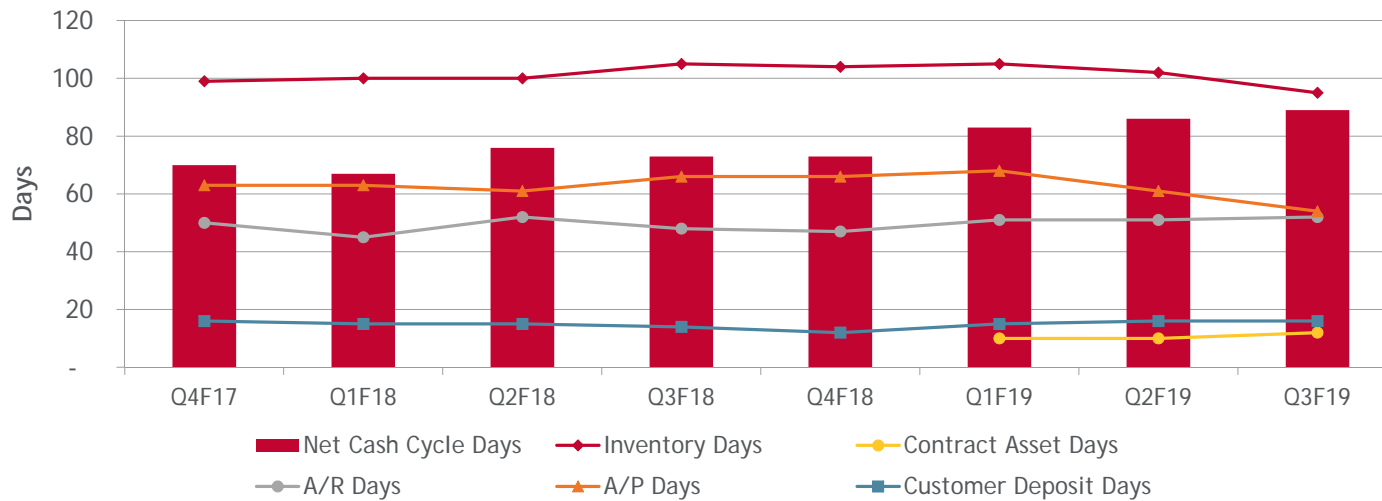
## Income statement

|                                   | Q3F19          | Comments   |
|-----------------------------------|----------------|--|
| Revenue                           | \$800 million  | At high end of guidance range of \$760 to \$800 million      |
| Gross margin                      | 8.9%           | Sequentially lower 10 basis points                           |
| Selling & administrative expenses | \$36.6 million | Sequentially lower \$800,000                                 |
| Operating margin                  | 4.3%           | Sequentially higher 10 basis points                          |
| Non-operating expenses            | \$4.7 million  | Below guidance range of \$5.1 to \$5.5 million               |
| Effective tax rate                | 16.5%          | Above guidance range of 13% to 15%                           |
| GAAP diluted EPS                  | \$0.81         | At midpoint of guidance range of \$0.76 to \$0.86            |
| Diluted shares outstanding        | 30.6 million   | Slightly favorable to guidance range of 30.7 to 31.1 million |

## Balance sheet and cash flow

|                   | Q3F19         | Comments   |
|-------------------|---------------|--|
| Share repurchases | \$44 million  | ~ 784,000 at an average price of \$56.61 per share                       |
| Free cash flow    | \$22 million  | Cash from operations: \$42 million<br>Capital expenditures: \$20 million |
| Cash balance      | \$205 million | Sequentially up \$21 million   |
| Cash cycle days   | 89 days       | Sequentially up 3 days   |

# Working capital trends



|                       | Q4F17 | Q1F18 | Q2F18 | Q3F18 | Q4F18 | Q1F19 | Q2F19 | Q3F19 |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Inventory Days        | 99    | 100   | 100   | 105   | 104   | 105   | 102   | 95    |
| Contract Asset Days   |       |       |       |       |       | 10    | 10    | 12    |
| A/R Days              | 50    | 45    | 52    | 48    | 47    | 51    | 51    | 52    |
| A/P Days              | 63    | 63    | 61    | 66    | 66    | 68    | 61    | 54    |
| Customer Deposit Days | 16    | 15    | 15    | 14    | 12    | 15    | 16    | 16    |
| Net Cash Cycle Days   | 70    | 67    | 76    | 73    | 73    | 83    | 86    | 89    |

## Fiscal fourth quarter 2019 guidance

|   | Guidance                 |
|---|--------------------------|
| Revenue                                     | \$760 to \$800 million   |
| GAAP diluted EPS                            | \$0.81 to \$0.91         |
| Gross margin                                | 9.3% to 9.7%             |
| SG&A  | \$37.5 to \$38.5 million |
| Operating margin                            | 4.5% to 4.9%             |
| Depreciation and amortization               | ~ \$14 million           |
| Non-operating expenses                      | \$4.8 to \$5.2 million   |
| Effective tax rate - Q4                     | 14% to 16%               |
| Effective tax rate - F19                    | 13% to 15%               |
| Diluted weighted average shares outstanding | ~ \$30 million           |
| Cash cycle days                             | 84 to 88 days            |
| Capital expenditures - F19                  | \$80 to \$90 million     |



Q&A  
Thank you.

PLEXUS