

Fiscal first quarter 2019 financial results

January 17, 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 first quarter results

	Q1F19 Dec 29, 2018	Q1F19 Guidance Oct 24, 2018	Q4F18 Sep 29, 2018
Revenue (\$ millions)	\$766	\$750 to \$790	\$771
GAAP Diluted EPS	\$0.69 ⁽¹⁾⁽²⁾	\$0.85 to \$0.95 ⁽¹⁾	\$2.20
Non-GAAP Diluted EPS	\$0.91 ⁽¹⁾		\$0.96
ROIC	14.6%		16.1%

- Revenue up 13% from Q1F18
- HC/LS, A/D and COMM sectors produced strong results
- Operating margin of 4.8%, within our enduring target range of 4.7% to 5.0%
- Non-GAAP EPS up 21% from Q1F18
- GAAP EPS result included \$0.22 per share of expense related to U.S. tax reform

⁽¹⁾ Includes \$0.15 stock-based compensation expense

⁽²⁾ Includes \$0.22 non-recurring tax expense due to U.S. Tax Reform

Fiscal first quarter highlights

RETURN ON INVESTED CAPITAL OF 14.6%

- Economic return of 560 bps, above 500 bps goal

ROBUST MANUFACTURING WINS MOMENTUM

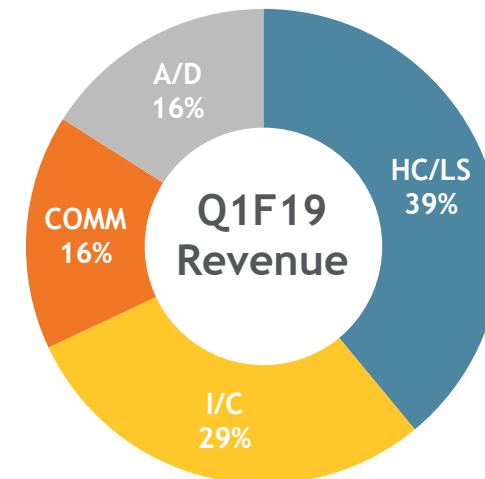
- Q1F19 wins of \$230M
- Healthy mix of new and existing customers
- Trailing four quarter wins of \$920M, best since F13
- Funnel maintained at \$2.6B

ENGINEERING SOLUTIONS GROWTH CONTINUES

- Record quarterly revenue
- Projecting double digit F19 growth
- Strong wins performance, expanding funnel

EXPANDED HEALTHCARE/LIFE SCIENCES LEADERSHIP

- Q1F19 revenue exceeded \$300M, 27% YOY growth
- Sector represents 39% of Plexus portfolio
- Trailing four quarter wins of \$249M
- Funnel of \$1.5B
- Guadalajara successfully completed FDA Class III audit
- First shipments from Penang Center of Excellence



Fiscal second quarter guidance

- Guidance mid-point suggests low double-digit growth from Q2F18
 - Abundance of new program ramps
 - Soft demand within semiconductor capital equipment
 - Stable demand in our other sectors
- Additional \$1.6M of non-operating expense (\$0.05/share) as compared to Q1F19
- Modest, short-term operating margin pressure due to U.S. payroll tax reset and seasonal salary adjustments

	Q2F19 Guidance
Revenue	\$760 to \$800 million
GAAP Diluted EPS	\$0.80 to \$0.90*

* Includes \$0.16 stock-based compensation expense



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

Fiscal 2019 outlook

EXPECT TO ACHIEVE SOLID GROWTH

- Our differentiated end markets are mostly stable
- Improving HC/LS and A/D demand; ~55% of portfolio
- Many new program ramps
- Strong customer satisfaction leading to repeat business

ANTICIPATE OPERATING MARGIN OF 4.7% TO 5.0%

- Mitigate seasonal cost pressure through productivity improvements
- Opportunity for operating and fixed cost leverage

SHARE REPURCHASE PROVIDES ADDITIONAL EPS LEVERAGE

Performance by sector

	Q1F19 Dec 29, 2018		Q4F18 Sep 29, 2018		Q1F19 vs. Q4F18	Q2F19 Expectations (percentage points)
Healthcare and Life Sciences	\$301	39%	\$289	37%	+ 4%	Down low single
Industrial and Commercial	\$219	29%	\$244	32%	- 10%	Up mid single
Communications	\$123	16%	\$118	15%	+ 4%	Down high single
Aerospace and Defense	\$123	16%	\$120	16%	+ 2%	Up low double
Total Revenue	\$766	100%	\$771	100%	- 1%	

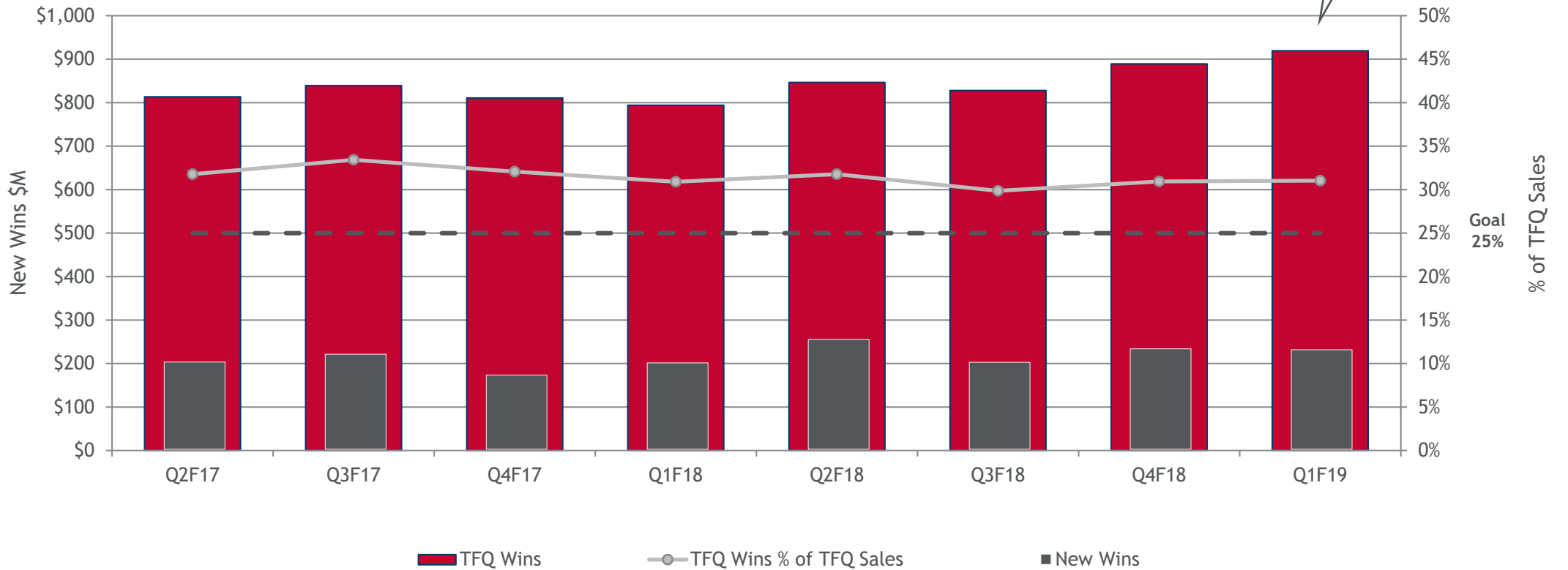
Revenue in millions

Manufacturing wins

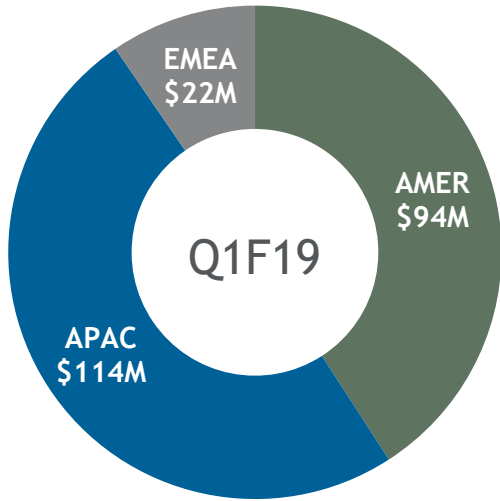
Q1F19 wins: \$230M
 New programs: 33

Trailing Four Quarters (TFQ) Manufacturing Wins

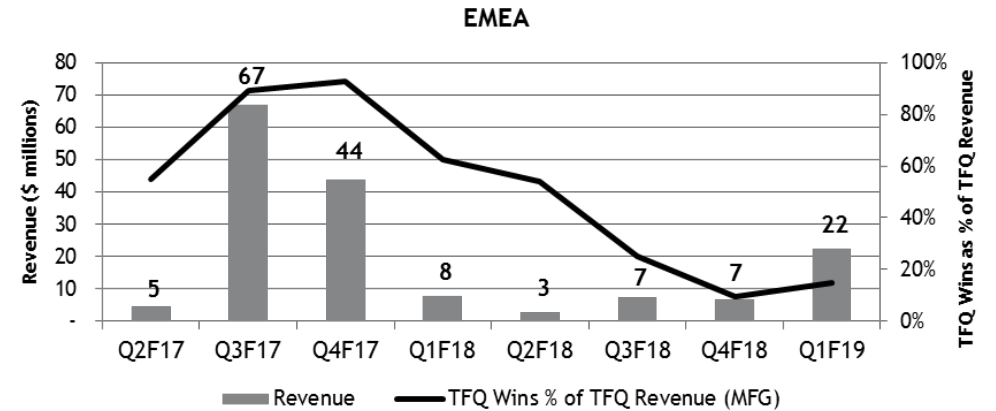
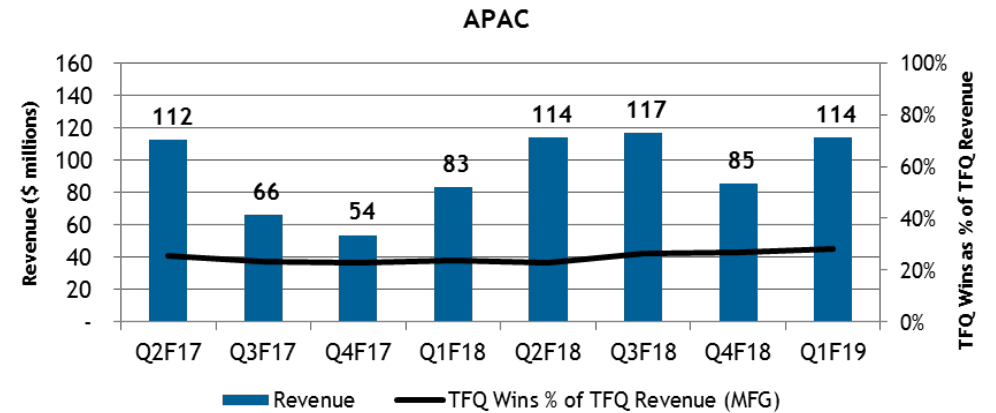
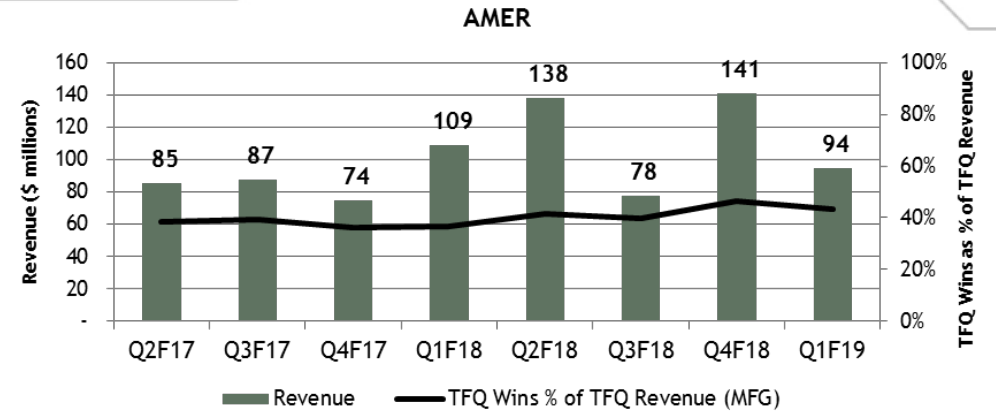
TFQ
 \$920M



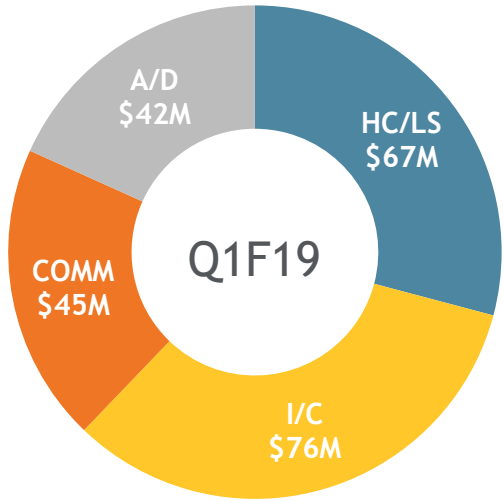
Manufacturing wins by region



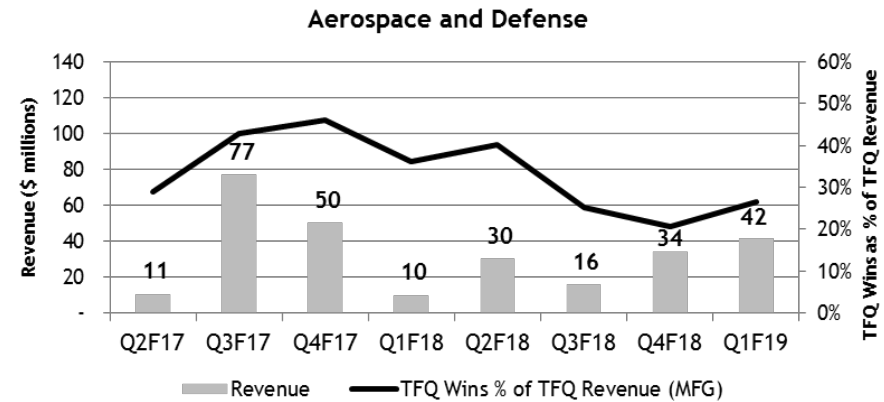
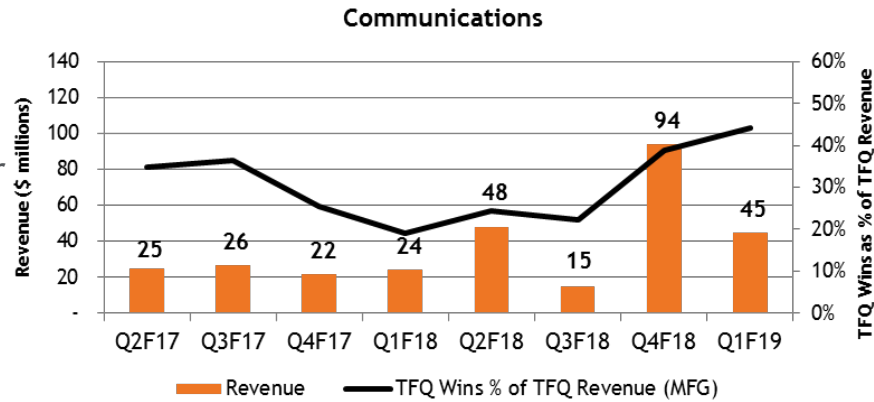
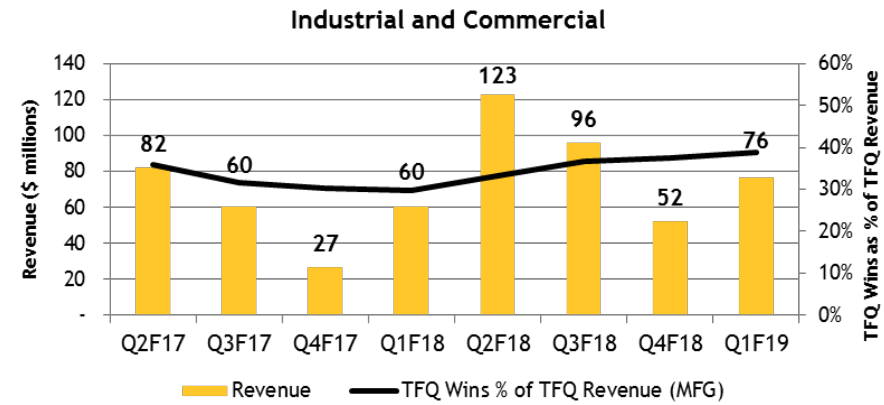
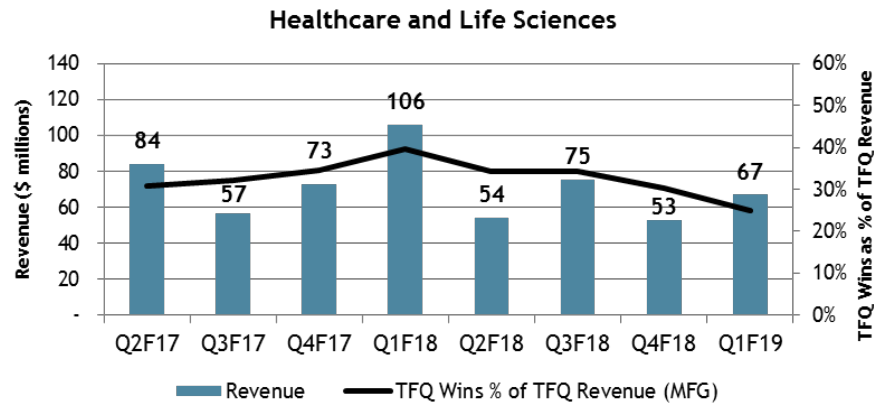
- All AMER facilities benefitted from wins in Q1F19
- New HC/LS facility in APAC continues to win new programs
- Renewed focus in EMEA generates good wins



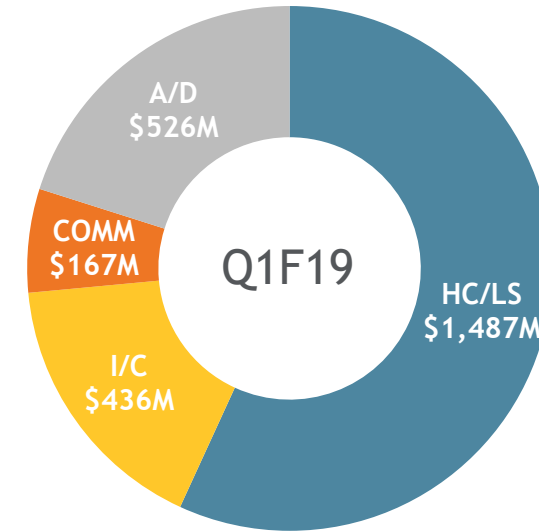
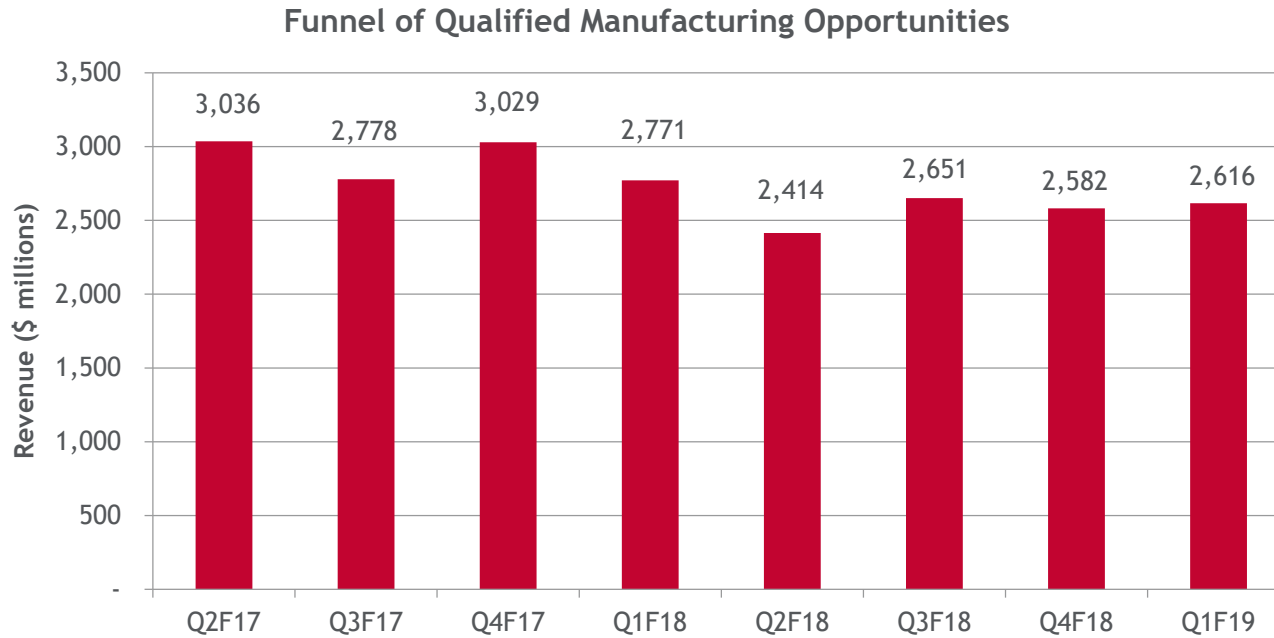
Manufacturing wins by sector



- HC/LS adds robotic-assist program
- I/C expands with additive mfg customer
- COMM adds new IoT customer
- A/D grows security programs



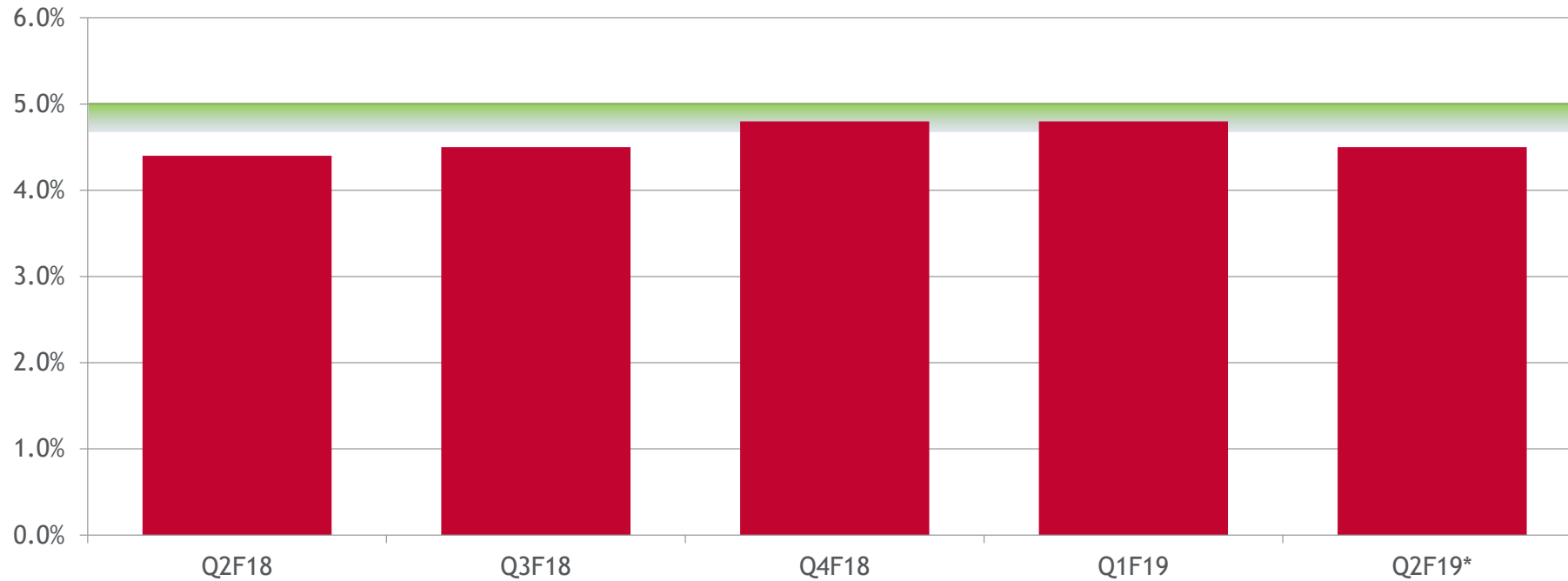
Manufacturing funnel



Healthy qualified manufacturing funnel supports continued wins performance

Operating performance

Operating Margin Target Range: 4.7% to 5.0%



Salary adjustments and US payroll tax reset impacting Q2F19

**Represents midpoint of guidance*

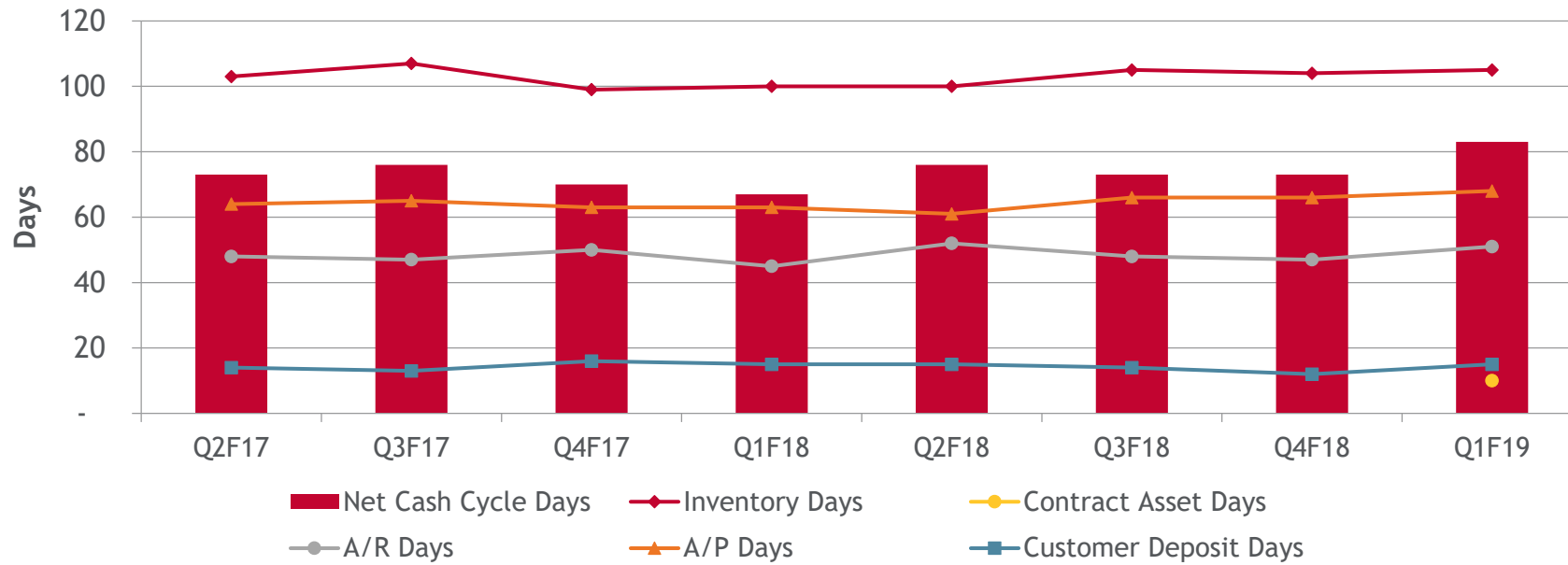
Income statement

	Q1F19	Comments
Revenue	\$766 million	Near mid point of guidance range of \$750 to \$790
Gross margin	9.5%	At higher end of guidance range of 9.3% to 9.6%
Selling & administrative expenses	\$35.4 million	Within guidance range of \$35.0 to \$36.0 million
Operating margin	4.8%	At mid point of guidance range of 4.6% to 5.0%
Non-operating expenses	\$2.8 million	Improved from our guidance range of \$3.0 to \$3.5 million
GAAP diluted EPS	\$0.69	Includes discrete tax expense of \$7.0 million or \$0.22 per share
Non-GAAP diluted EPS	\$0.91	Slightly above mid point of guidance range of \$0.85 to \$0.95
Diluted shares outstanding	32.3 million	Slightly below guidance range of 32.4 to 32.6 million

Balance sheet and cash flow

	Q1F19	Comments
Share repurchases	\$50 million	~ 870,000 at an average price of \$57.53 per share
Free cash flow	(\$58) million	Cash from operations: (\$33) million Capital expenditures: \$25 million
Cash balance	\$193 million	Sequentially down \$105 million
Cash cycle days	83 days	At high end of guidance range of 79 to 83 days

Working capital trends



	Q2F17	Q3F17	Q4F17	Q1F18	Q2F18	Q3F18	Q4F18	Q1F19
Inventory Days	103	107	99	100	100	105	104	105
Contract Asset Days								10
A/R Days	48	47	50	45	52	48	47	51
A/P Days	64	65	63	63	61	66	66	68
Customer Deposit Days	14	13	16	15	15	14	12	15
Net Cash Cycle Days	73	76	70	67	76	73	73	83

Fiscal second quarter 2019 guidance

	Guidance
Revenue	\$760 to \$800 million
GAAP diluted EPS	\$0.80 to \$0.90
Gross margin	9.0% to 9.3%
SG&A	\$36 to \$37 million
Operating margin	4.3% to 4.7%
Depreciation and amortization	~\$13 million
Non-operating expenses	\$4.2 to \$4.6 million
Tax rate - Q2	13% to 15%
Tax rate - F19	13% to 15%
Diluted weighted average shares outstanding	31.5 to 31.8 million
Cash cycle days	81 to 85 days
Capital expenditures - F19	\$70 to \$90 million

Q&A

Analysts please limit to
one question and one follow up.
Thank you.