



*The Product Realization Company*

# FISCAL FIRST QUARTER 2014 FINANCIAL RESULTS

January 15, 2014

# SAFE HARBOR & FAIR DISCLOSURE STATEMENT

Any statements made during our call today that are 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 major factors that could cause actual results to differ materially from those projected, 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 28, 2013, and the Safe Harbor and Fair Disclosure statement in today's press release.

Plexus provides non-GAAP supplemental information such as earnings excluding special items, ROIC and free cash flow. We present information excluding special items because it provides a better indication of core performance for purposes of period-to-period comparisons. ROIC and free cash flow are used for internal management assessments because they provide additional insight into ongoing financial performance. In addition, we provide non-GAAP measures because we believe they offer insight into the metrics that are driving management decisions as well as management's performance under the tests that it sets for itself. For a full reconciliation of non-GAAP supplemental information please refer to today's press release and our periodic SEC filings.

# FISCAL FIRST QUARTER 2014 RESULTS

	Q1 F14 Guidance	Q1 F14 Dec 28, 2013	Q4 F13 Sept 28, 2013	Q1 F14 vs. Q4 F13
Revenue (\$ millions)	\$520 to 550	\$534	\$568	- 6%
Gross margin	9.6 to 9.8%	9.6%	9.6%	Flat
Operating margin excluding restructuring	4.6 to 4.8%	4.8%	4.7%	+ 10 bps
ROIC		14.5%	14.0%	+ 50 bps
Diluted earnings per share		\$0.51	\$0.71	- 28%
Diluted earnings per share before special charges and benefit	\$0.57 to 0.63	\$0.61	\$0.67	- 9%

- Revenue near mid-point of our guidance range, down 6% from prior quarter
  - Juniper headwind approximately \$40M
- Non-GAAP diluted EPS slightly above mid-point of guidance range
  - Recorded \$3.6M restructuring charges (\$0.10 cents of diluted EPS) for the previously announced consolidation of facilities in the Fox Cities, WI

# A FEW FISCAL FIRST QUARTER HIGHLIGHTS

- Operating Margin improvement: 4 quarters in a row
- ROIC: 14.5% or 350 bps above WACC
- Manufacturing Solutions new business wins: \$205M
  - Trailing four wins above target; setting the stage for growth
- Fox Cities, WI transformation/consolidation: 2 of 3 facilities complete
- Low cost Americas solution in Guadalajara, Mexico: Construction on track for completion in the summer 2014
- Investment in Microelectronics Center of Excellence capabilities within our Boise manufacturing site

# FISCAL SECOND QUARTER GUIDANCE

	Q2 F14 Guidance
Revenue	\$535 to \$565 million
Diluted EPS	\$0.57 to \$0.63 <ul style="list-style-type: none"><li>• Excludes anticipated restructuring charge</li><li>• Includes \$0.10 stock based compensation expense</li></ul>

- Revenue range mid-point suggests 3% sequential growth Q1F14 to Q2F14
  - Strength: Industrial/Commercial & Defense/Security/Aerospace; ramps
  - Flat: Healthcare/LifeSciences; seasonal
  - Weakness: Networking/Communications; customer forecast reset
- EPS guidance excludes anticipated restructuring charge associated with the consolidation of the third facility in the Fox Cities, WI transformation project

# PERFORMANCE BY SECTOR

	Q1F14 Dec 28, 2013		Q4F13 Sept 28, 2013		Q1F14 vs. Q4F13	Q2F14 Expectations (percentage points)
Networking/ Communications	\$163	31%	\$197	35%	- 17%	Down high single
Healthcare/ Life Sciences	\$165	31%	\$159	28%	4%	Flat
Industrial/ Commercial	\$136	25%	\$143	25%	- 5%	Up low teens
Defense/ Security/ Aerospace	\$70	13%	\$69	12%	1%	Up twenties
Total Revenue	\$534	100%	\$568	100%	- 6%	

- N/C growth in Q1F14 Ex-JNPR as a result of new program wins, broad based softness in Q2F14
- HC/LS solid in Q1F14, seasonal weakness in Q2F14 with a major customer
- Strong growth expected for I/C and D/S/A in Q2F14 as a result of new program wins

Revenue in millions

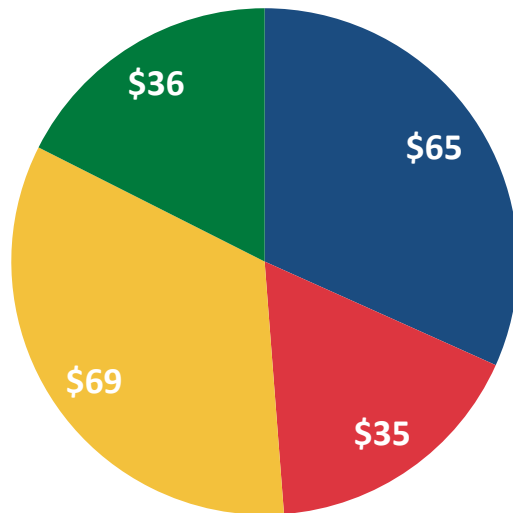
# Q1F14 MANUFACTURING WINS

29 wins totaling \$205M in annual revenue when fully ramped within manufacturing (target ~\$150M)

- Balanced performance between the regions
- Balanced sector performance with strength in Industrial/Commercial and Networking/Communications

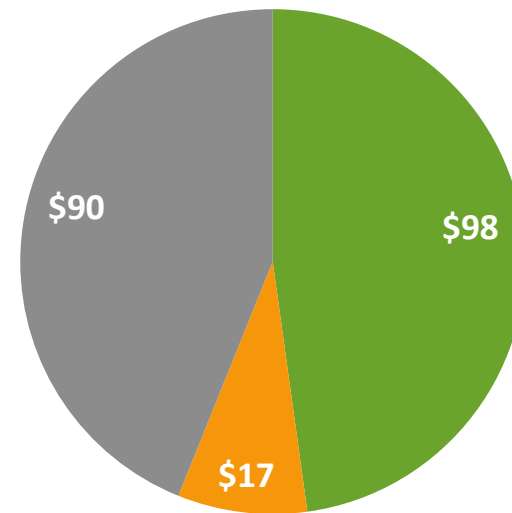
Engineering Solutions wins of \$17M in anticipated revenue

Manufacturing Wins by Sector (\$Ms)



- Networking/Communications
- Healthcare/Life Sciences
- Industrial/Commercial
- Defense/Security/Aerospace

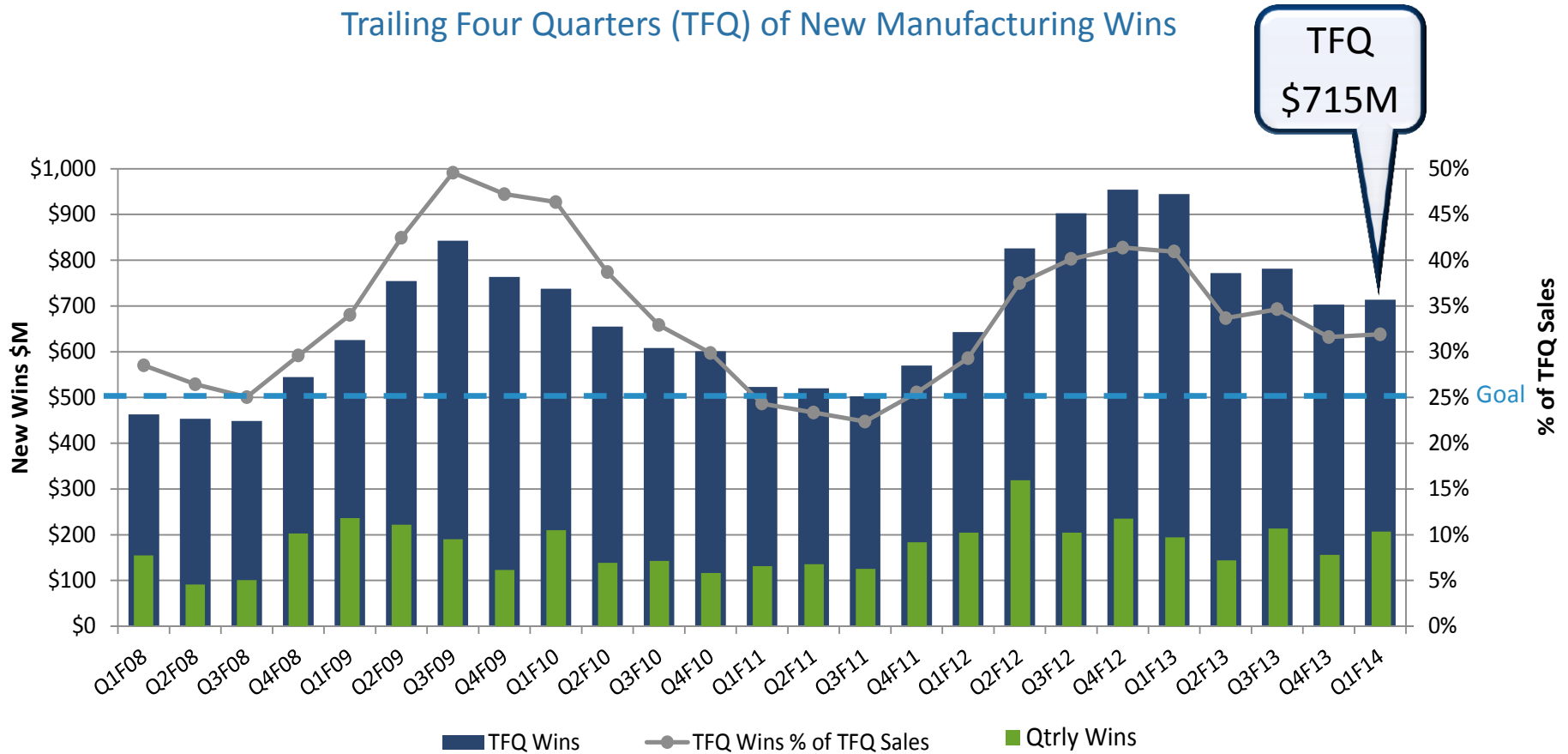
Manufacturing Wins by Region (\$Ms)



- AMER
- EMEA
- APAC

# MANUFACTURING WINS AS A PERCENT OF SALES

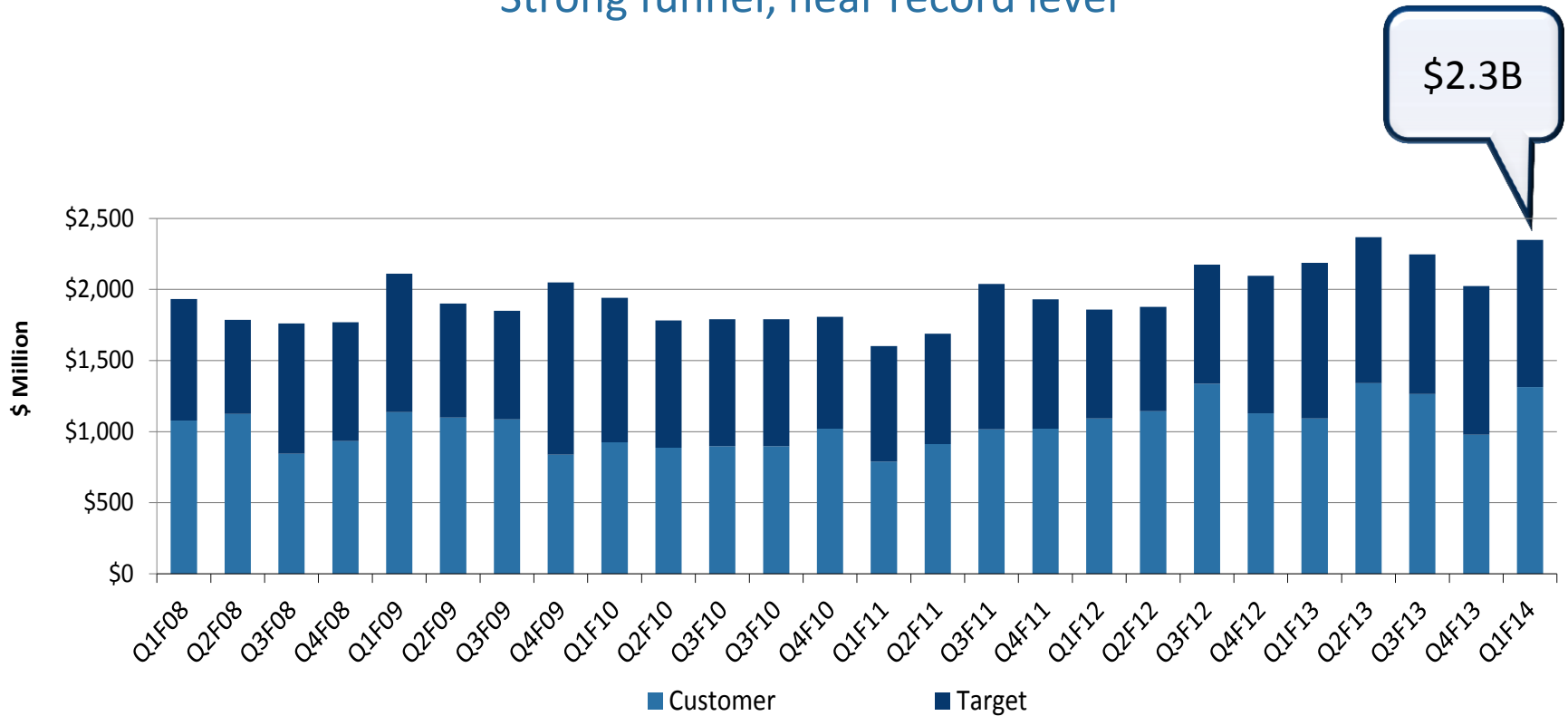
Trailing Four Quarters (TFQ) of New Manufacturing Wins





# FUNNEL OF MANUFACTURING OPPORTUNITIES

Strong funnel, near record level



# FOX CITIES, WI TRANSFORMATION



- Consolidation of three sites
  - Two leased, one owned
- 2 of 3 facility transitions complete
- Flawless results to date
- Centers of Excellence for key market sectors
- Rapid prototyping and after-market services

# GUADALAJARA, MEXICO



*Supporting customer requirements  
by providing additional low-cost  
country solutions*

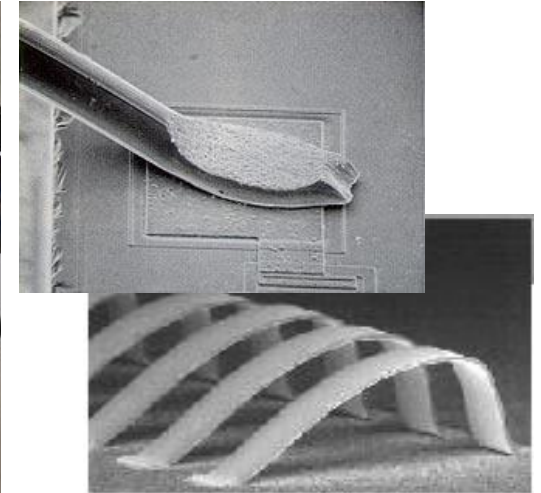
**265 K ft<sup>2</sup> leased facility  
in Guadalajara Technology Park**

- World-class resources and business environment
- Construction began August 2013
- 50% complete
- Construction complete in Q3F14



# MICROELECTRONICS EXPANSION IN BOISE, ID

*New Cleanroom*



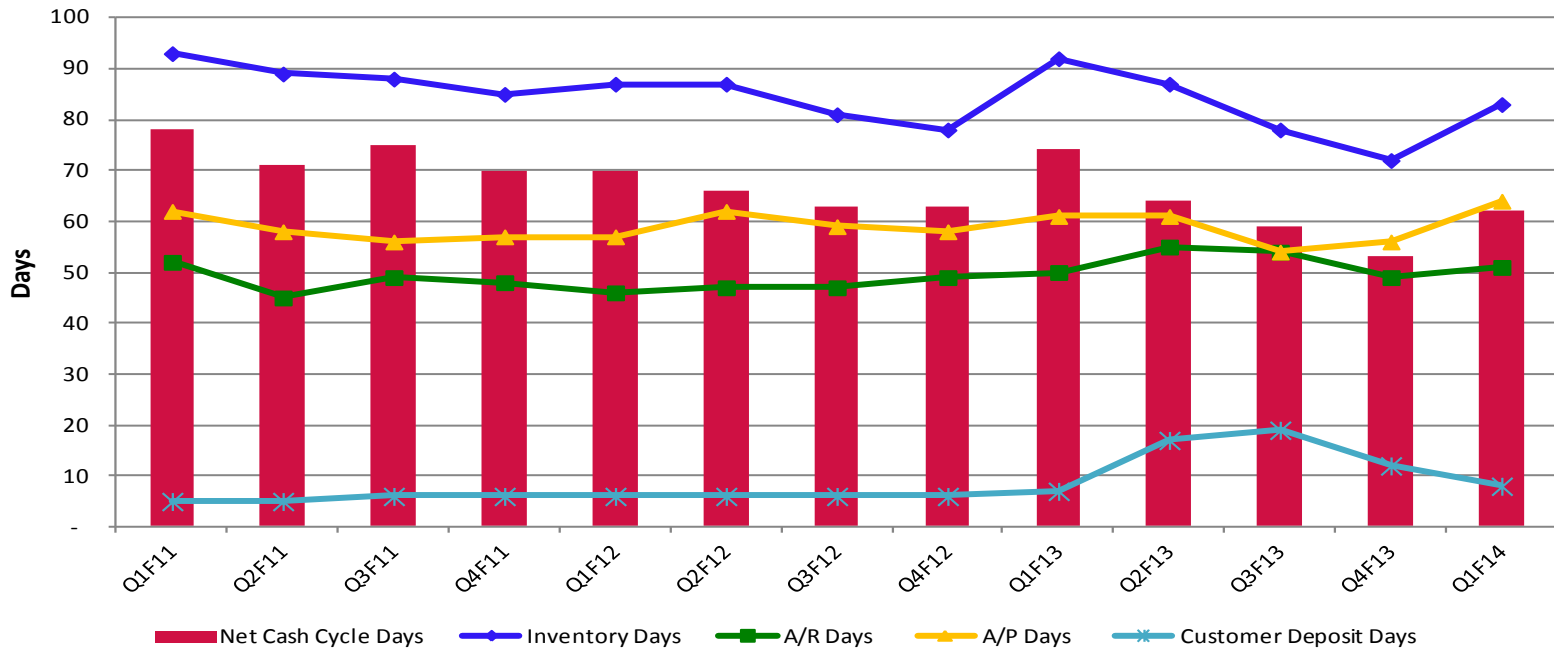
*Existing Cleanroom*



## Micro-Electronics Initiative

- Tripling size of cleanroom at Boise Center of Excellence
- Investing in new equipment
- Leveraging product development expertise
- Strong funnel developed
- Winning new programs

# CASH CYCLE TREND

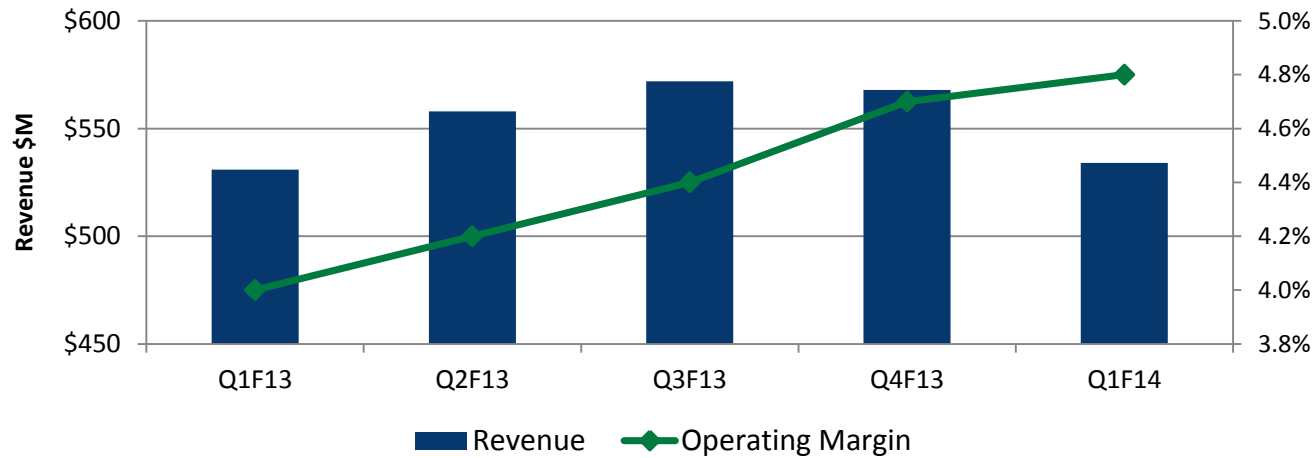


	Q1F11	Q2F11	Q3F11	Q4F11	Q1F12	Q2F12	Q3F12	Q4F12	Q1F13	Q2F13	Q3F13	Q4F13	Q1F14
Inventory Days	93	89	88	85	87	87	81	78	92	87	78	72	83
A/R Days	52	45	49	48	46	47	47	49	50	55	54	49	51
A/P Days	62	58	56	57	57	62	59	58	61	61	54	56	64
Customer Deposit Days	5	5	6	6	6	6	6	6	7	17	19	12	8
<b>Net Cash Cycle Days</b>	<b>78</b>	<b>71</b>	<b>75</b>	<b>70</b>	<b>70</b>	<b>66</b>	<b>63</b>	<b>63</b>	<b>74</b>	<b>64</b>	<b>59</b>	<b>53</b>	<b>62</b>

- Q4F13 benefited by 7 days due to Juniper deposits and inventory sales
- Q1F14 shows continued long-term progress
- Expect cash cycle in high 50 day range exiting F14

# OPERATIONS INITIATIVES

## Revenue vs. Operating Margin



## F14 Operations Initiatives

- Supply Chain productivity
- Manufacturing productivity
- Facility simplifications
- Improved sector mix

# FISCAL FIRST QUARTER INCOME STATEMENT HIGHLIGHTS

	Q1F14 Dec 28, 2013	Q4F13 Sept 28, 2013	Q1F14 vs. Q4F13 Change
Revenue	\$534	\$568	- 6%
Gross margin	9.6%	9.6%	Flat
Operating margin excluding special charges	4.8%	4.7%	+ 10 bps
Diluted earnings per share	\$0.51	\$0.71	-28%
Diluted earnings per share excluding special charges and benefit	\$0.61	\$0.67	- 9%

- Gross margin in-line with expectations
- SG&A during the quarter slightly lower than expected on focused cost management
- Recorded \$3.6 million of special charges (\$0.10 cents of diluted EPS) for the previously announced consolidation of facilities in Fox Cities, WI

*Revenue and Net Income in millions*

# BALANCE SHEET AND CASH FLOWS

	Q1F14	Comments
Return on invested capital	14.5%	Above WACC of 11% and increased from Q4F13, but remains below enduring goal of WACC + 500 bps (16%)
Share repurchases	\$6.9 million	Average price of \$39.88 per share
Cash cycle days	62 days	In-line with expectations, but 9 days higher than Q4F13
Free cash flow	- \$18 million	Operating earnings met expectations, offset by investments in inventory and capital expenditures



# FISCAL SECOND QUARTER 2014 GUIDANCE

	Guidance
Revenue	\$535 to \$565 million
Estimated restructuring charges	\$600,000
Diluted Earnings per share excluding restructuring	\$0.57 to \$0.63
Gross margin	9.4 to 9.6%
SG&A	\$27 to \$28 million
Operating margin	4.4 to 4.6%
Depreciation and amortization	\$12.0 million
Tax rate	10%
Cash cycle days	62 to 64 days
F14 estimated capital expenditures	\$75 million

# WRAP-UP

## Near-term focus items:

1. Continue “new wins” at or our above target to deliver modest growth in F14 and to carry growth momentum in F15
2. Continued progress on operating improvements and initiatives to deliver operating margin in-line with our 5% target as we exit fiscal 2014
3. Complete the Fox Cities, WI transformation in Q2F14
4. Build a management team to lead our new low cost Americas solution in Guadalajara, Mexico and prepare for startup in early Q4F14
5. Continue to build revenue momentum into our new Oradea facility
6. Exceptional customer service: Operational Excellence, Value Stream Solutions

# QUESTIONS



*The Product Realization Company*