



*The Product Realization Company*

# FISCAL THIRD QUARTER 2013 FINANCIAL RESULTS

July 18, 2013

# 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 29, 2012, and the Safe Harbor and Fair Disclosure statement in yesterday's press release.

The Company provides non-GAAP supplemental information. For example, our call today will reference return on invested capital and free cash flow. These non-GAAP financial measures are used for internal management assessments because they provide additional insight into ongoing financial performance and the metrics that are driving management decisions. For a full reconciliation of non-GAAP supplemental information please refer to yesterday's press release and our periodic SEC filings.

# THIRD FISCAL QUARTER 2013 RESULTS

	Q3 F13 Guidance	Q3 F13 June 29, 2013	Q2 F13 March 30, 2013	Q3 F13 vs. Q2 F13
Revenue (\$ millions)	\$550 to 580	\$572	\$558	+ 3%
Gross margin	9.4 to 9.6%	9.7%	9.3%	+ 40 bps
Operating margin	4.2 to 4.4%	4.4%	4.2%	+ 20 bps
ROIC		13.2%	12.7%	+ 50 bps
Diluted earnings per share	\$0.55 to 0.62	\$0.68	\$0.52	+ 31%

- Revenue above mid-point of our guidance range, aided by better than anticipated performance in Networking/Communications and Healthcare/Life Sciences
- Discrete tax item during the quarter benefitted diluted EPS by \$0.07

# THIRD QUARTER UPDATES

- New business wins—strong performance
- Juniper disengagement—no surprises
- Oradea Manufacturing facility—move complete
- Livingston Manufacturing & Design Center facility—move complete
- Fox Cities, WI transformation—on track
- Low cost Americas solution in Mexico—final decision phase
- Productivity initiatives—margins & working capital performance
- Plexus Corp structure—Chief Operating Officer

# GUIDANCE

	Q4F13 Guidance
Revenue (\$ millions)	\$545 to \$575
Diluted earnings per share	\$0.60 to \$0.66  Includes \$0.08 stock based compensation expense

- Revenue down modestly Q3F13 to Q4F13 driven largely by Juniper disengagement
  - Despite revenue decline, expect strong operating results
- Anticipate meaningful sequential decline Q4F13 to Q1F14
  - Anticipated Juniper headwind in Q1F14: \$42M
  - As expected, growth with other customers will not overcome full revenue headwind
- Current customer forecasts indicate sequential growth returns in Q2F14

# PERFORMANCE BY SECTOR

	Q3 F13 June 29, 2013		Q2 F13 March 30, 2013		Q3 F13 vs. Q2 F13	Q4 F13 Expectations (percentage points)
	\$	%	\$	%		
Networking/ Communications	\$218	38%	\$213	38%	2%	Down low-to-mid teens
Healthcare/ Life Sciences	\$142	25%	\$129	23%	10%	Up high single
Industrial/ Commercial	\$138	24%	\$140	25%	-1%	Up mid single
Defense/ Security/ Aerospace	\$74	13%	\$76	14%	-3%	Flat
Total Revenue	\$572	100%	\$558	100%	3%	

## Ex-JNPR

Networking/ Communications	\$133		\$121		10%	Up mid teens
-------------------------------	-------	--	-------	--	-----	--------------

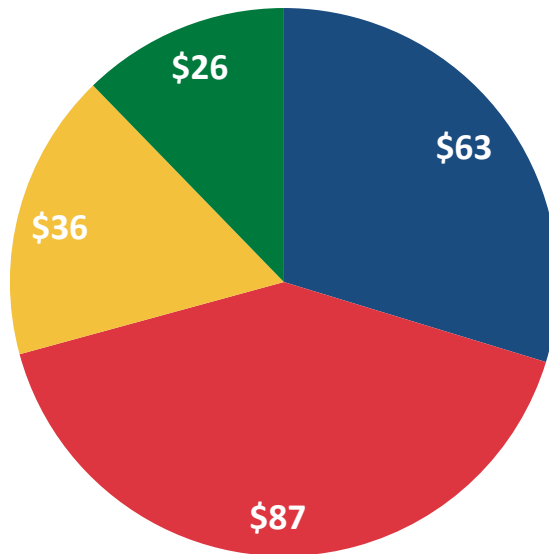
- N/C showing solid growth Ex-JNPR as a result of new program wins
- Strong growth in HC/LS primarily due to new program wins
- I/C and D/S/A soft in Q3F13, but expected to improve in Q4F13

*Revenue in millions*

# Q3 F13 MANUFACTURING WINS

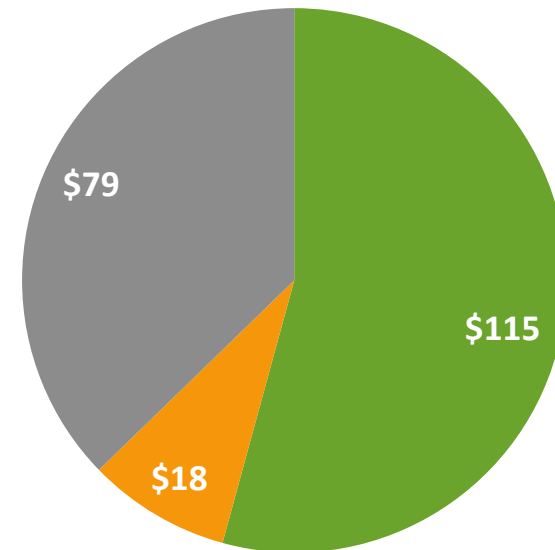
- 28 wins totaling \$212M in anticipated annual revenue when fully ramped within Manufacturing Solutions group
  - Strongest regional performance - AMER
  - Strongest sector performance - Healthcare/Life Sciences
- Record Engineering Solutions wins of \$25M in anticipated revenue

Manufacturing Wins by Sector (\$Ms)



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

Manufacturing Wins by Region (\$Ms)

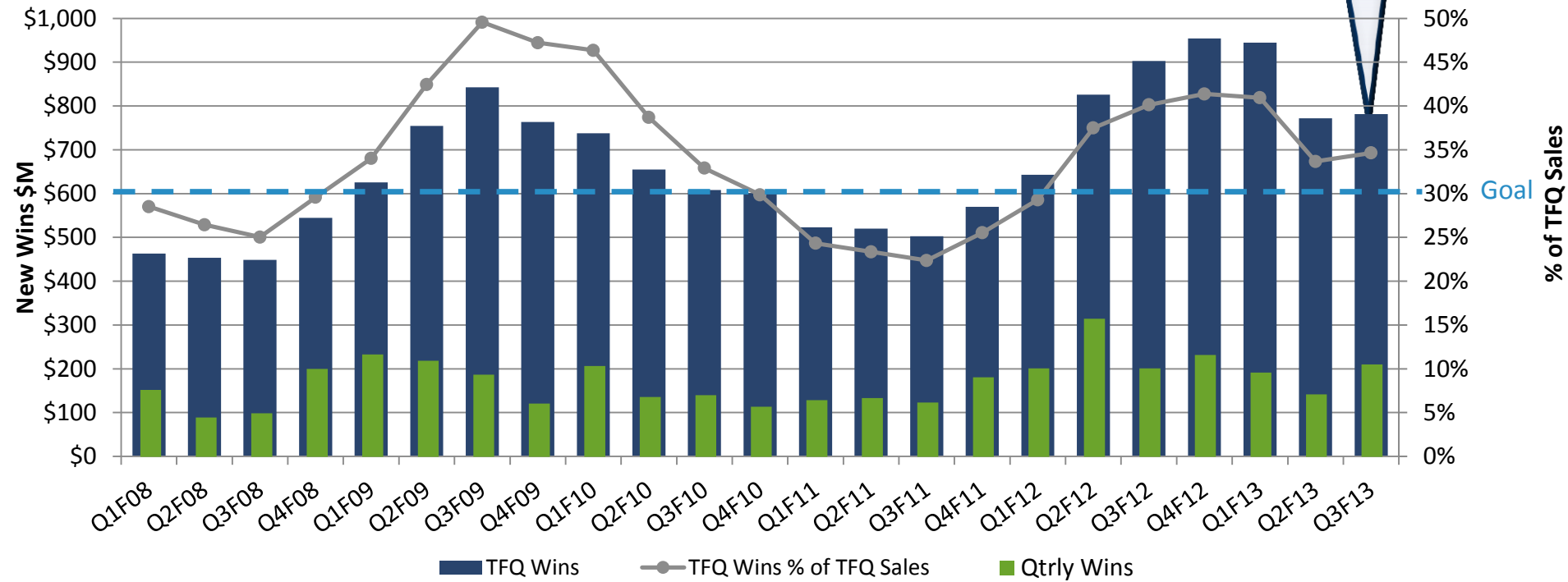


- AMER
- EMEA
- APAC

# MANUFACTURING WINS AS A PERCENT OF SALES

Trailing Four Quarters (TFQ) of New Manufacturing Wins

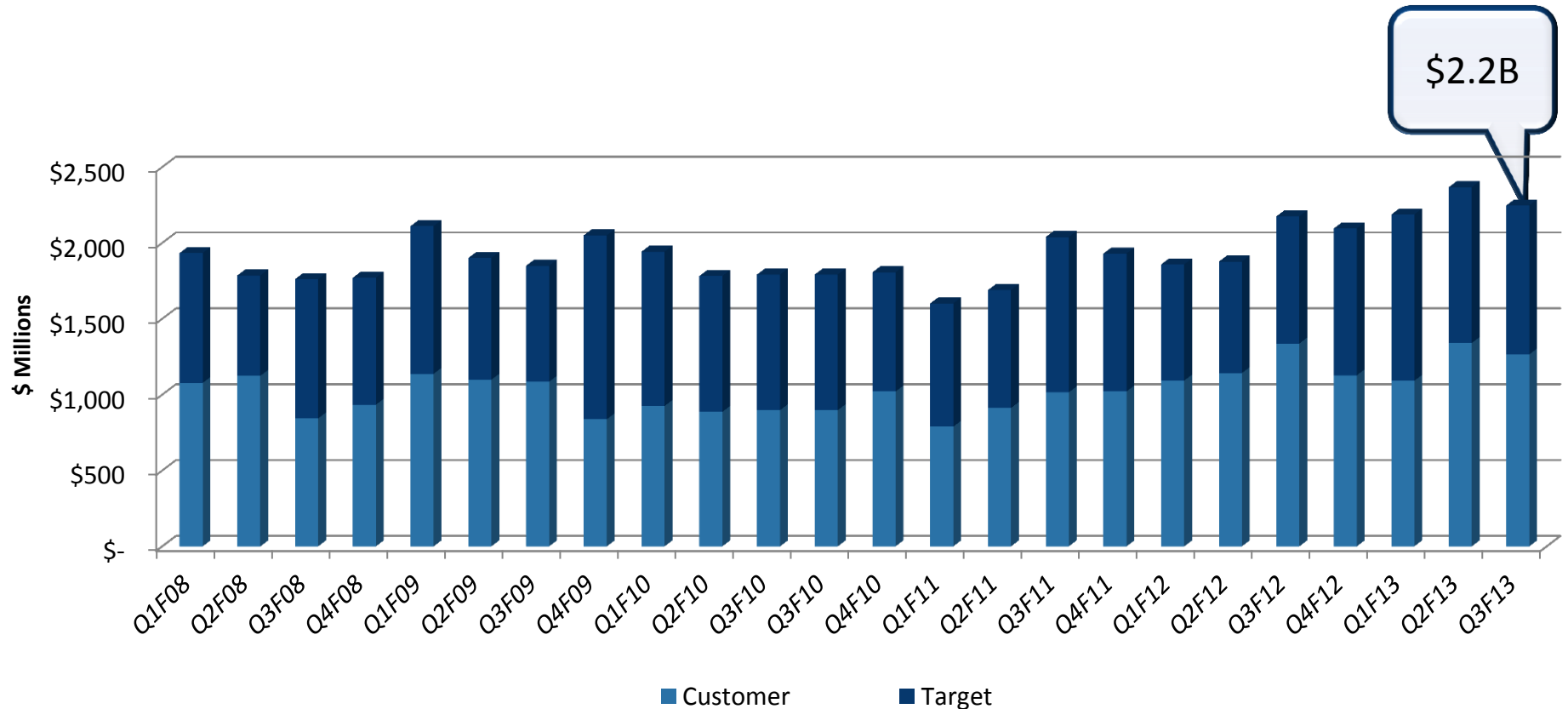
TFQ  
\$782M





# FUNNEL OF MANUFACTURING OPPORTUNITIES

Funnel sustained above \$2B, despite strong wins performance this quarter



# ORADEA MANUFACTURING SITE



- Operational in Oradea, Romania since 2009
- New facility replaces two leased facilities
  - 72,000 sq. ft. to 300,000 sq. ft.
- Enhances growth engine for EMEA



# ENHANCED UK SOLUTION



## Livingston Design Center Relocation

- 15,000 sq. ft.
- Expanded laboratory capabilities

## New Manufacturing Facility

- 47,000 sq. ft.
- Prototyping will be co-located with engineering
- Complimentary with Kelso, Scotland site



## Full Product Realization capabilities under one roof

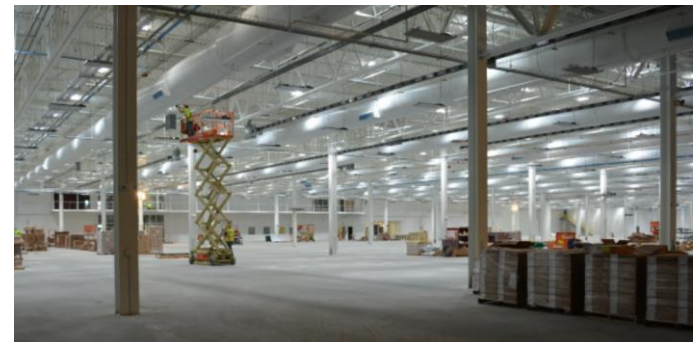
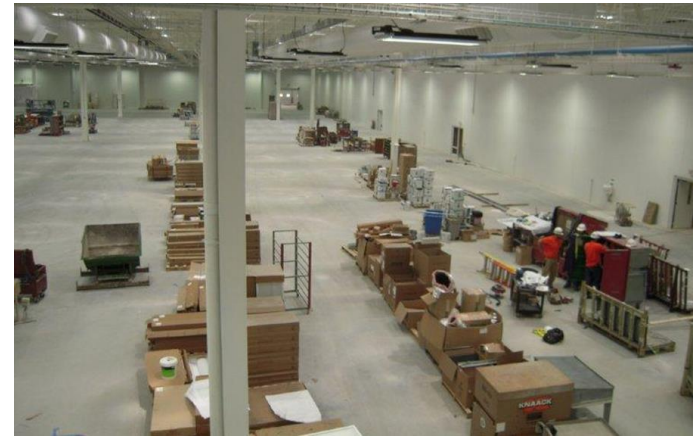




# FOX CITIES, WI TRANSFORMATION



- New 418,000 sq. ft. facility
- Consolidation of three sites
  - Two leased
  - One owned
- On track for completion in Q1F14
- Estimated restructuring charges of \$4-5M over Q1F14 and Q2F14



# THIRD QUARTER 2013 INCOME STATEMENT HIGHLIGHTS

	Q3 F13 June 29, 2013	Q2 F13 March 30, 2013	Q3 F13 vs. Q2 F13 Change
Revenue	\$572	\$558	+ 3%
Gross margin	9.7%	9.3%	+ 40 bps
Operating margin	4.4%	4.2%	+ 20 bps
Net income	\$23.2	\$18.0	+ 29%
Diluted earnings per share	\$0.68	\$0.52	+ 31%

- Gross margin higher than expected; due to customer mix, operational improvements and good results in Engineering Solutions
- Restructuring charges of \$615,000 included in operating results
  - Lower than expected range of \$1.0 to \$1.5 million
- Discrete tax item during the quarter benefitted diluted EPS by \$0.07

*Revenue and Net Income in millions*

# BALANCE SHEET AND CASH FLOWS

	Q3 F13	Comments
Return on invested capital	13.2%	Above WACC of 12%, but below enduring goal of WACC + 500 bps (17%)
Share repurchases	\$14.5 million	Average price of \$27.19 per share
Cash cycle days	59 days	Better than expectations and 5 days better than Q2 F13
Free cash flow	\$23 million	

# FOURTH FISCAL QUARTER 2013 GUIDANCE

	Guidance
Revenue	\$545 to \$575 million
Diluted Earnings per share excluding restructuring	\$0.60 to \$0.66
Gross margin	9.8 to 10.0%
SG&A	\$29 to \$30 million
Operating margin	4.5 to 4.6%
Depreciation and amortization	\$12.5 million
Tax rate	4 to 6%
Cash cycle days	58 to 62 days
F13 estimated capital expenditures	\$100 million

# WRAP-UP

## Near-term focus items:

- Wrap-up Juniper disengagement (final product & material sales)
- Fox Cities, WI transformation over next few quarters
- Continue to build revenue momentum into our new Oradea facility
- New low cost Americas solution in Mexico (anticipate an announcement)
- New wins at target to drive a return to growth in F14
- Deliver results consistent with our Financial Model despite a more challenging growth environment