

# Fiscal second quarter 2019 financial results

April 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 second quarter results

	Q2F19 Results	Q2F19 Guidance	Q1F19 Results
Revenue (\$ millions)	\$789	\$760 to \$800	\$766
GAAP Diluted EPS	\$0.79 <sup>(1)</sup>	\$0.80 to \$0.90 <sup>(1)</sup>	\$0.69

Revenue growth of 13% from Q2F18

I/C and A/D sectors produced strong results

I/C strengthened considerably in the quarter, COMM weakened considerably

Mix shift stressed operating performance

GAAP EPS result included \$0.16 per share of stock-based compensation expense

<sup>(1)</sup> Includes \$0.16 stock-based compensation expense

# Fiscal second quarter highlights

## ROBUST MANUFACTURING WINS MOMENTUM

- Q2F19 wins of \$247M, TFQ wins of \$912M
- Healthy mix to enable continued growth

## RAMP OF HC/LS CENTER OF EXCELLENCE IN PENANG

- Expect to achieve profitability targets in Q4F19

## EXCEPTIONAL A/D PERFORMANCE

- Revenue growth of 28% from Q2F18, 15% from Q1F19

## EXPANSION OF COCA-COLA RELATIONSHIP

- Awarded Freestyle 9100 fountain dispenser

## RETURN ON INVESTED CAPITAL OF 13.3%

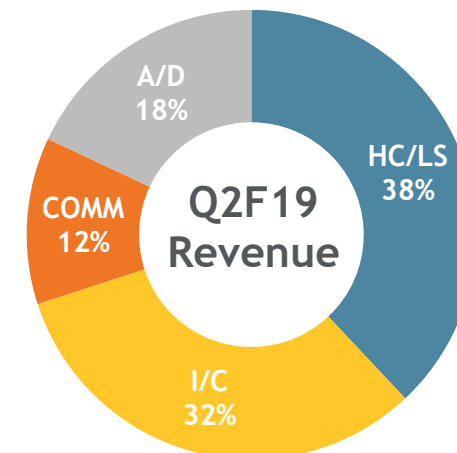
- Economic return of 430 bps above WACC

## INVENTORY REDUCTION OF 3 DAYS

- Dedicated executive effort
- We expect sustained improvement

## ENGINEERING SOLUTIONS GROWTH CONTINUES

- Record quarterly revenue, record wins
- Expecting F19 growth to exceed 20%
- Differentiated service offering



# Fiscal third quarter guidance

## REVENUE GUIDANCE MID-POINT RELATIVELY FLAT TO Q2F19

- Strength in A/D and HC/LS
- Broad-based weakness in COMM
- I/C demand mixed

## GAAP EPS GUIDE

- Includes \$0.17 of stock-based compensation expense
- Suggests operating margin improvement

	Q3F19 Guidance
Revenue	\$760 to \$800 million
GAAP Diluted EPS	\$0.76 to \$0.86*

\* Includes \$0.17 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
- Robust HC/LS and A/D demand; ~56% of portfolio
- F19 growth ex-COMM/semi-cap approaching 20%
- Strong wins provide growth catalyst

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

- Continue industry leading performance
- Expand through productivity and cost containment actions
- Expect to achieve target range in Q4F19

# Performance by sector

	Q2F19 Mar 30, 2019		Q1F19 Dec 29, 2018		Q2F19 vs. Q1F19	Q3F19 Expectations (percentage points)
Healthcare and Life Sciences	\$300	38%	\$301	39%	Flat	Up low single
Industrial and Commercial	\$250	32%	\$219	29%	+ 14%	Down mid single
Aerospace and Defense	\$140	18%	\$123	16%	+ 15%	Up high single
Communications	\$99	12%	\$123	16%	- 20%	Down low teens
Total Revenue	\$789	100%	\$766	100%	+ 3%	

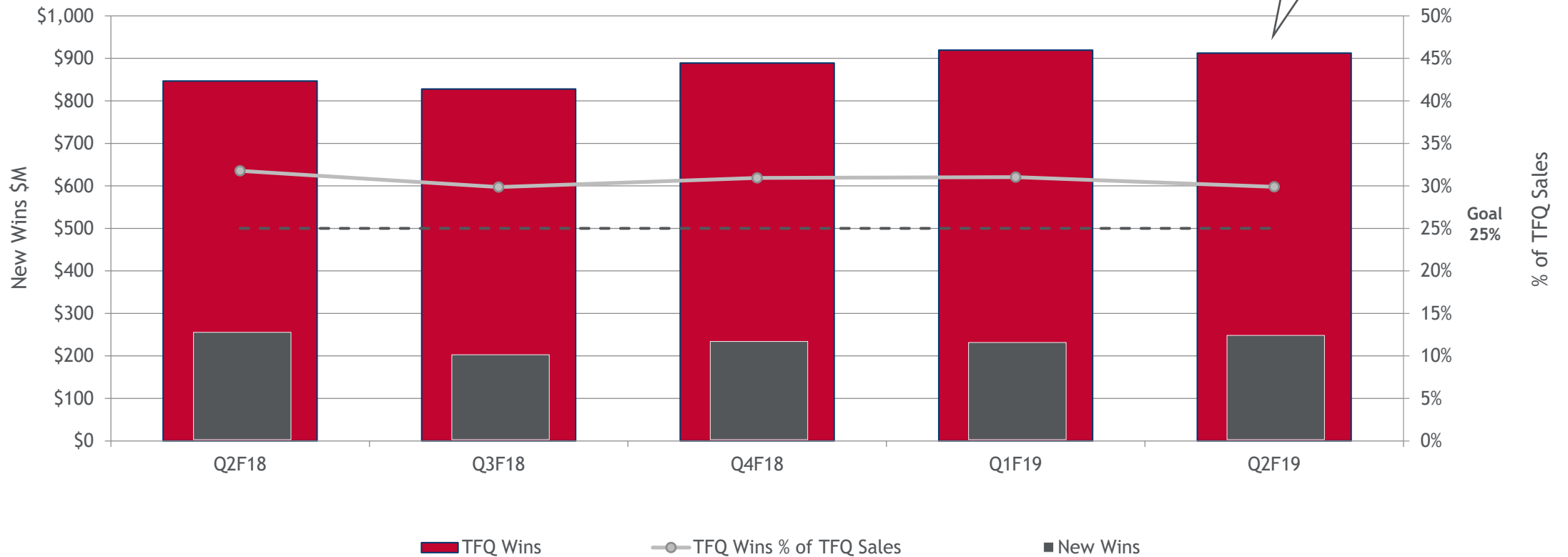
Revenue in millions

# Manufacturing wins

Q2F19 wins: \$247M  
 New programs: 36

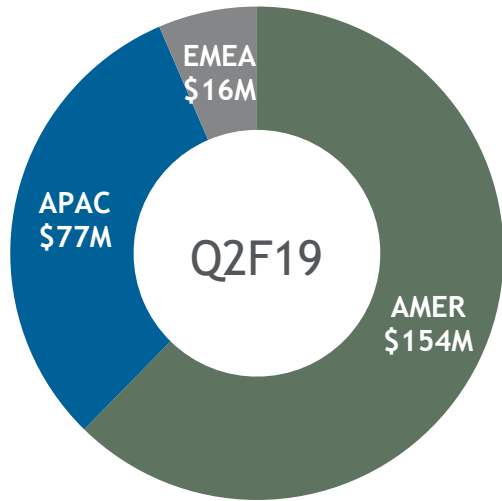
## Trailing Four Quarters (TFQ) Manufacturing Wins

TFQ  
 \$912M





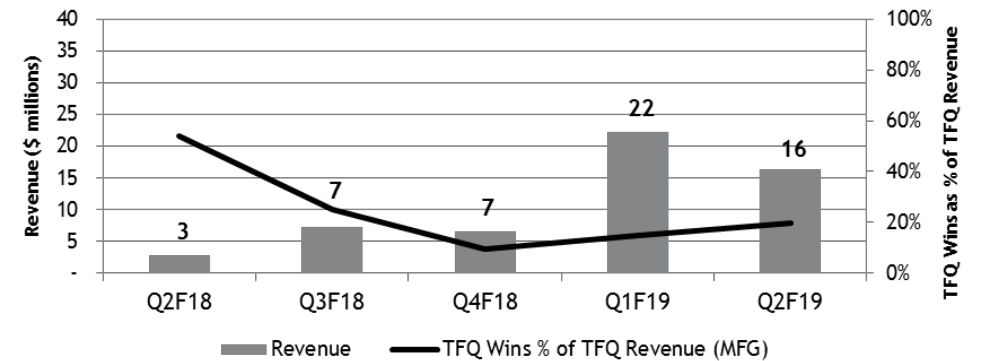
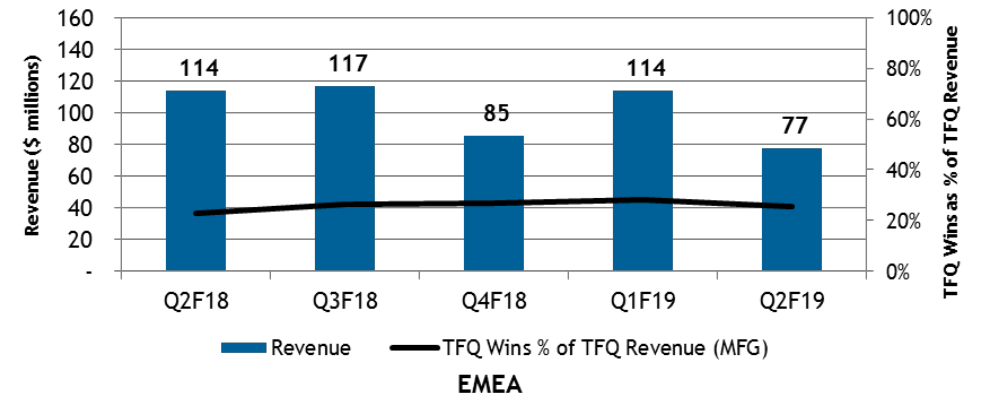
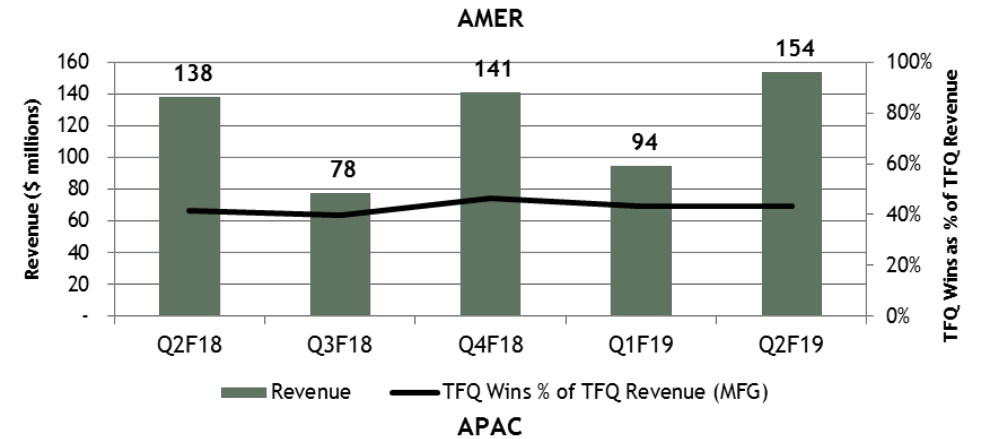
# Manufacturing wins by region



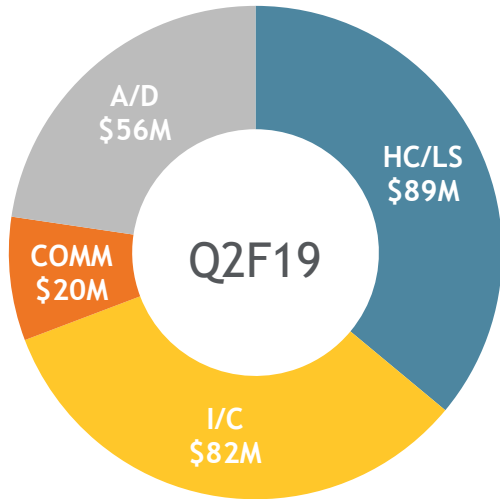
U.S. facilities benefit from strong wins in AMER

Campus in Penang, Malaysia continues to attract new programs

Oradea, Romania facility wins a strategic new customer



# Manufacturing wins by sector

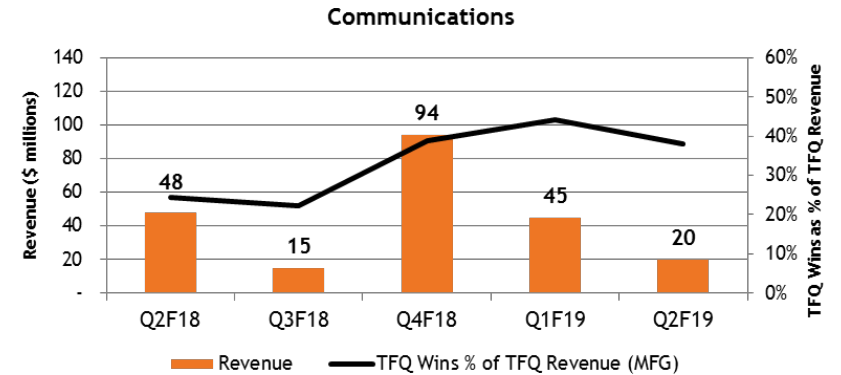
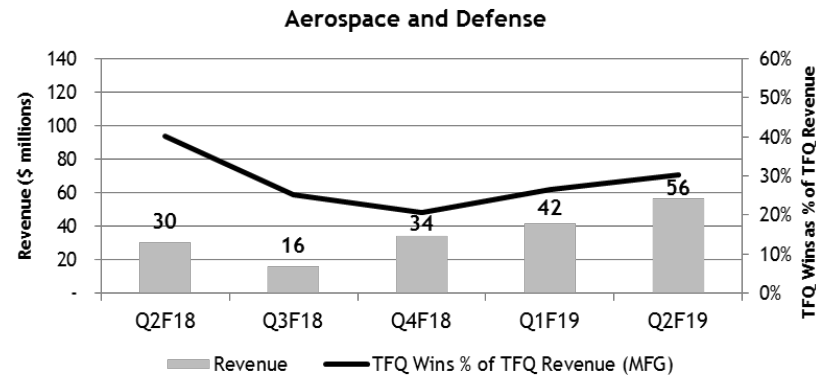
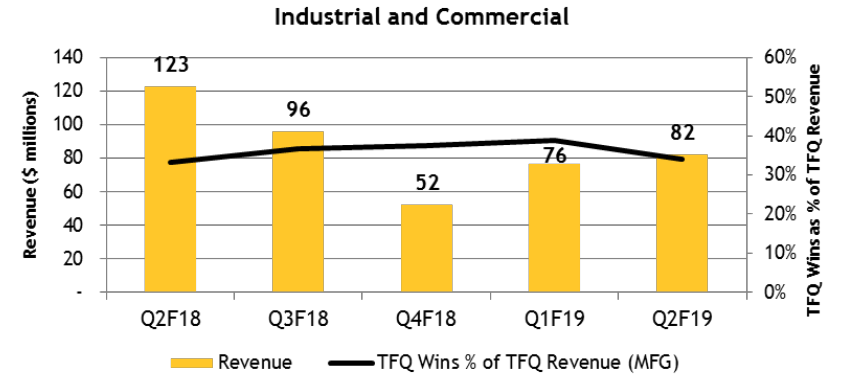
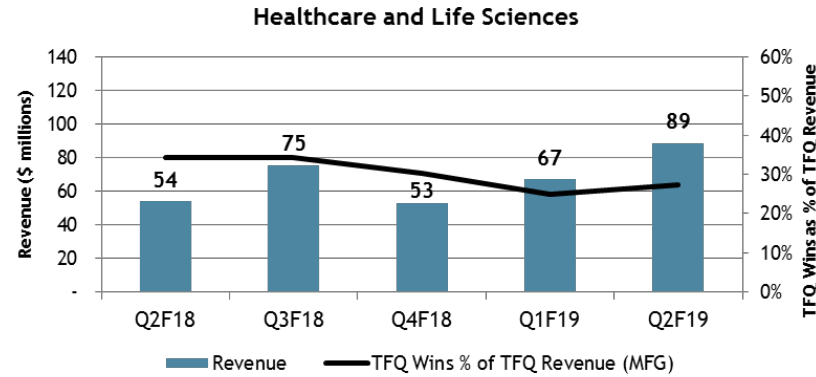


HC/LS adds diverse mix of programs

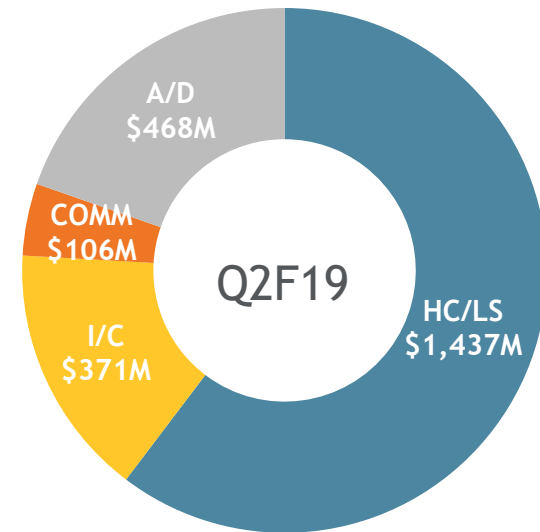
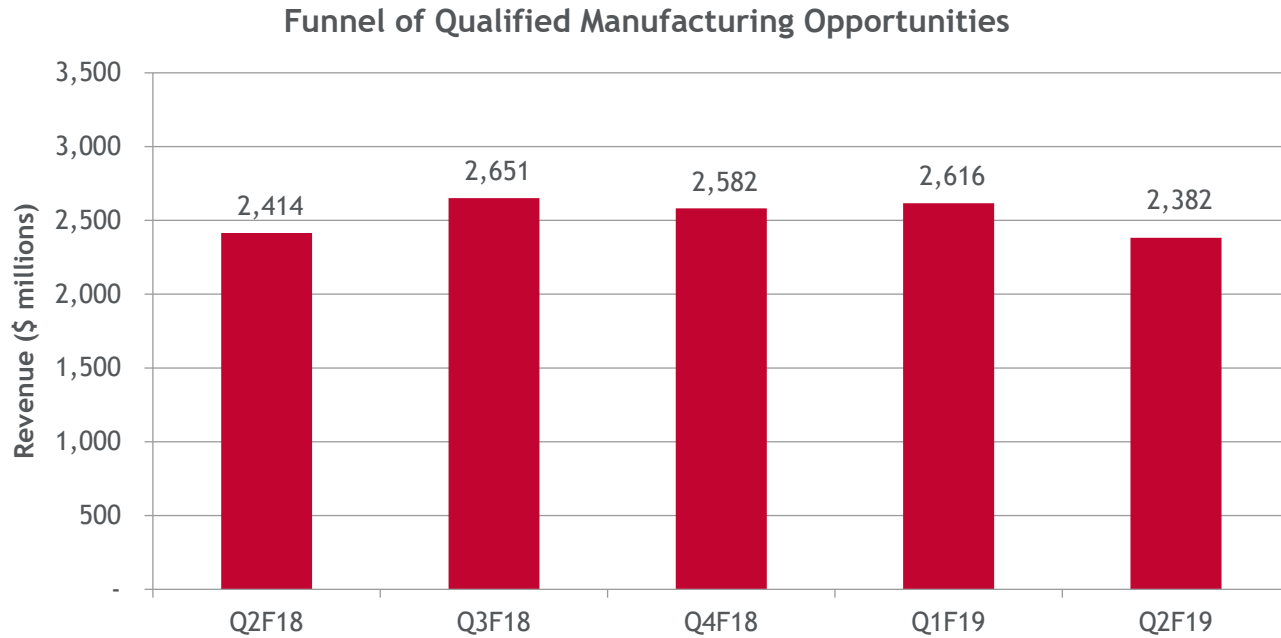
I/C wins new customer in EMEA

A/D expands aerospace relationships

COMM expands customer base



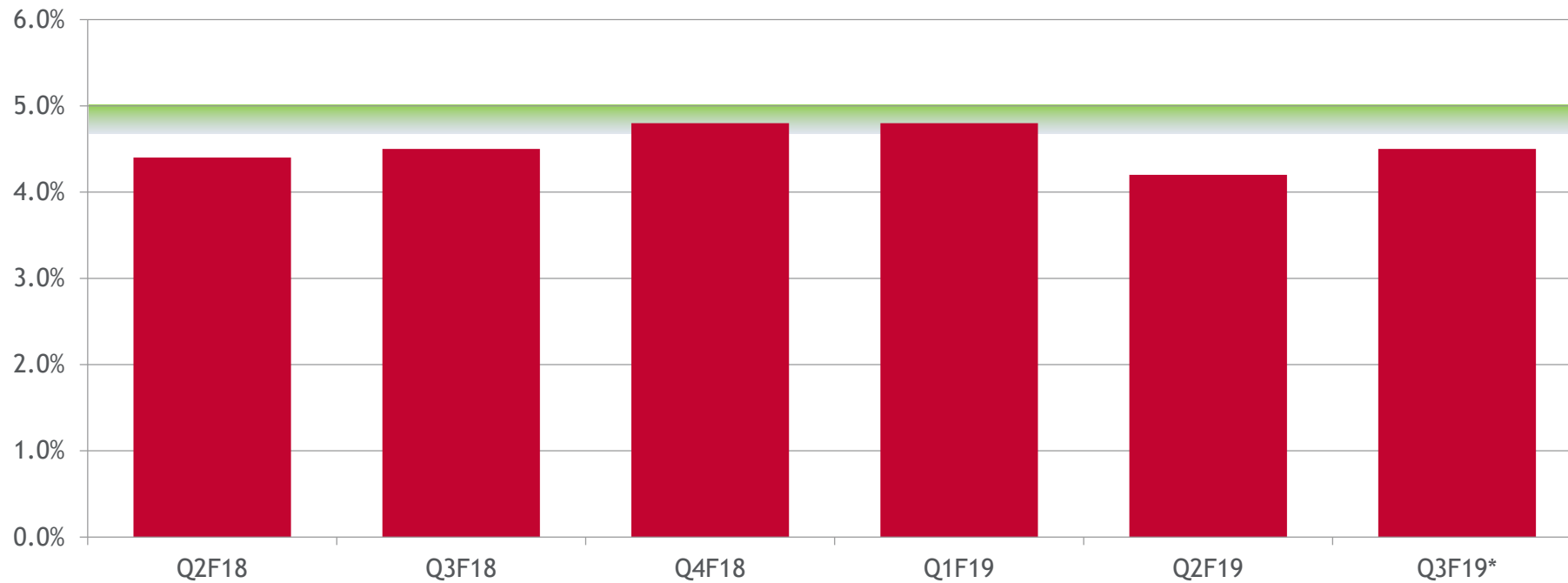
# Manufacturing funnel



*Qualified manufacturing funnel of \$2.4B supports continued wins performance*

# Operating performance

Operating Margin Target Range: 4.7% to 5.0%



*Significant mix changes within the quarter impacted Q2F19*

\*Represents midpoint of guidance

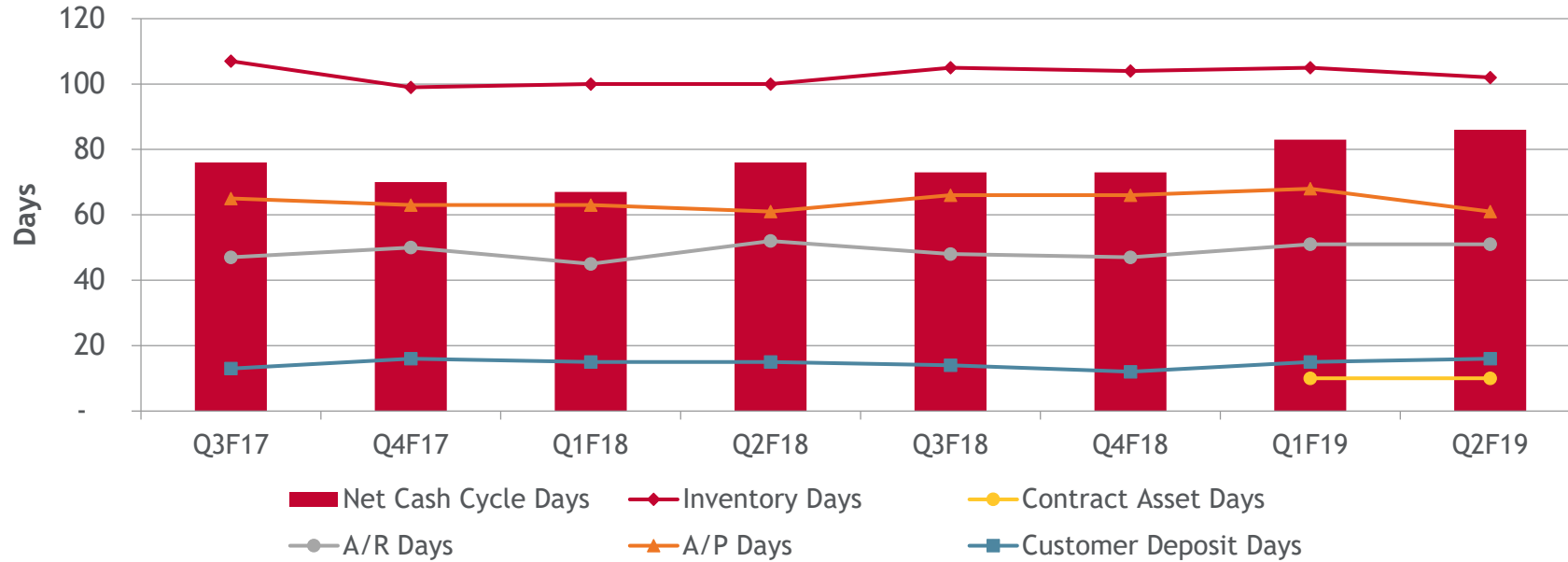
# Income statement

	Q2F19	Comments
Revenue	\$789 million	Above mid point of guidance range of \$760 to \$800 million
Gross margin	9.0%	At low end of guidance range of 9.0% to 9.3%
Selling & administrative expenses	\$37.5 million	Above guidance range of \$36.0 to \$37.0 million
Operating margin	4.2%	Slightly below guidance range of 4.3% to 4.7%
Non-operating expenses	\$4.5 million	Within guidance range of \$4.2 to \$4.6 million
Effective tax rate	13.7%	Within guidance range of 13% to 15%
GAAP diluted EPS	\$0.79	Slightly below guidance range of \$0.80 to \$0.90
Diluted shares outstanding	31.4 million	Slightly favorable to guidance range of 31.5 to 31.8 million

# Balance sheet and cash flow

	Q2F19	Comments
Share repurchases	\$56 million	~ 992,000 at an average price of \$56.72 per share
Free cash flow	(\$31) million	Cash used in operations: \$1 million Capital expenditures: \$30 million
Cash balance	\$184 million	Sequentially down \$9 million
Cash cycle days	86 days	One day above guidance range of 81 to 85 days

# Working capital trends



	Q3F17	Q4F17	Q1F18	Q2F18	Q3F18	Q4F18	Q1F19	Q2F19
Inventory Days	107	99	100	100	105	104	105	102
Contract Asset Days							10	10
A/R Days	47	50	45	52	48	47	51	51
A/P Days	65	63	63	61	66	66	68	61
Customer Deposit Days	13	16	15	15	14	12	15	16
Net Cash Cycle Days	76	70	67	76	73	73	83	86

# Fiscal third quarter 2019 guidance

	Guidance
Revenue	\$760 to \$800 million
GAAP diluted EPS	\$0.76 to \$0.86
Gross margin	9.2% to 9.5%
SG&A	\$37.5 to \$38.5 million
Operating margin	4.3% to 4.7%
Depreciation and amortization	~\$13 million
Non-operating expenses	\$5.1 to \$5.5 million
Effective tax rate - Q3	13% to 15%
Effective tax rate - F19	13% to 15%
Diluted weighted average shares outstanding	30.7 to 31.1 million
Cash cycle days	81 to 85 days
Capital expenditures - F19	\$70 to \$90 million



Q&A  
Thank you.