



*The Product Realization Company*

# FISCAL THIRD QUARTER 2016 FINANCIAL RESULTS

July 21, 2016

# SAFE HARBOR & 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 October 3, 2015, 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 operating margin, 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

	Q3F16 Guidance Apr 20, 2016	Q3F16 Jul 2, 2016	Q2F16 Apr 2, 2016	Q3F16 vs. Q2F16
Revenue (\$ millions)	\$640 to \$670	\$668	\$619	+ 8%
Diluted EPS		\$0.76	\$0.50	+ 52%
Non-GAAP Diluted EPS excluding restructuring	\$0.73 to \$0.81	\$0.82	\$0.55	+ 49%
ROIC		13.0%	11.6%	+ 140 bps

- Sequential revenue growth of 8%; high-end of guidance range
- New program ramps in Industrial/Commercial and Healthcare/Life Sciences sectors
- Strong operating performance delivered non-GAAP EPS a penny above guidance
- ROIC improves to 13%; 200 bps of Economic Return
- Strong free cash flow
- Healthy new business wins

# FISCAL FOURTH QUARTER

	Q4F16 Guidance
Revenue	\$655 to \$685 million
Non-GAAP Diluted EPS	\$0.76 to \$0.84 <ul style="list-style-type: none"><li>• Includes \$0.11 stock-based compensation expense</li><li>• Excludes restructuring charges and other special items</li></ul>

Mid-point of revenue guidance suggests flat to a modest sequential increase

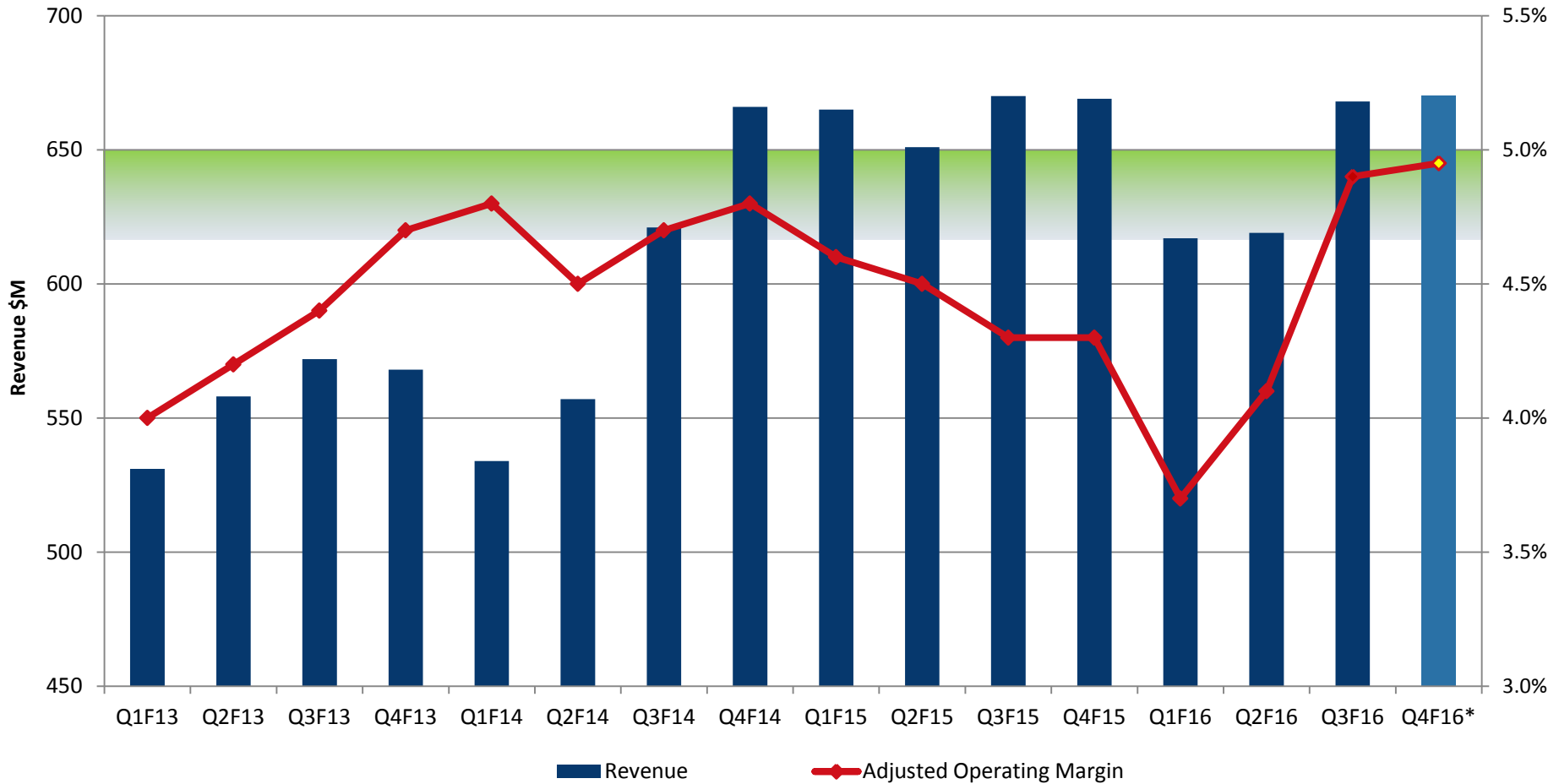
- New program ramps in I/C and D/S/A offset by N/C end-market weakness

Mid-point of EPS guidance suggests strong operating margin

- Cost reduction and productivity improvement initiatives fully implemented
- Target operating margin range achievable in future quarters

# KEY OPERATIONS METRICS

Operating Margin Target Range: 4.7% to 5.0%

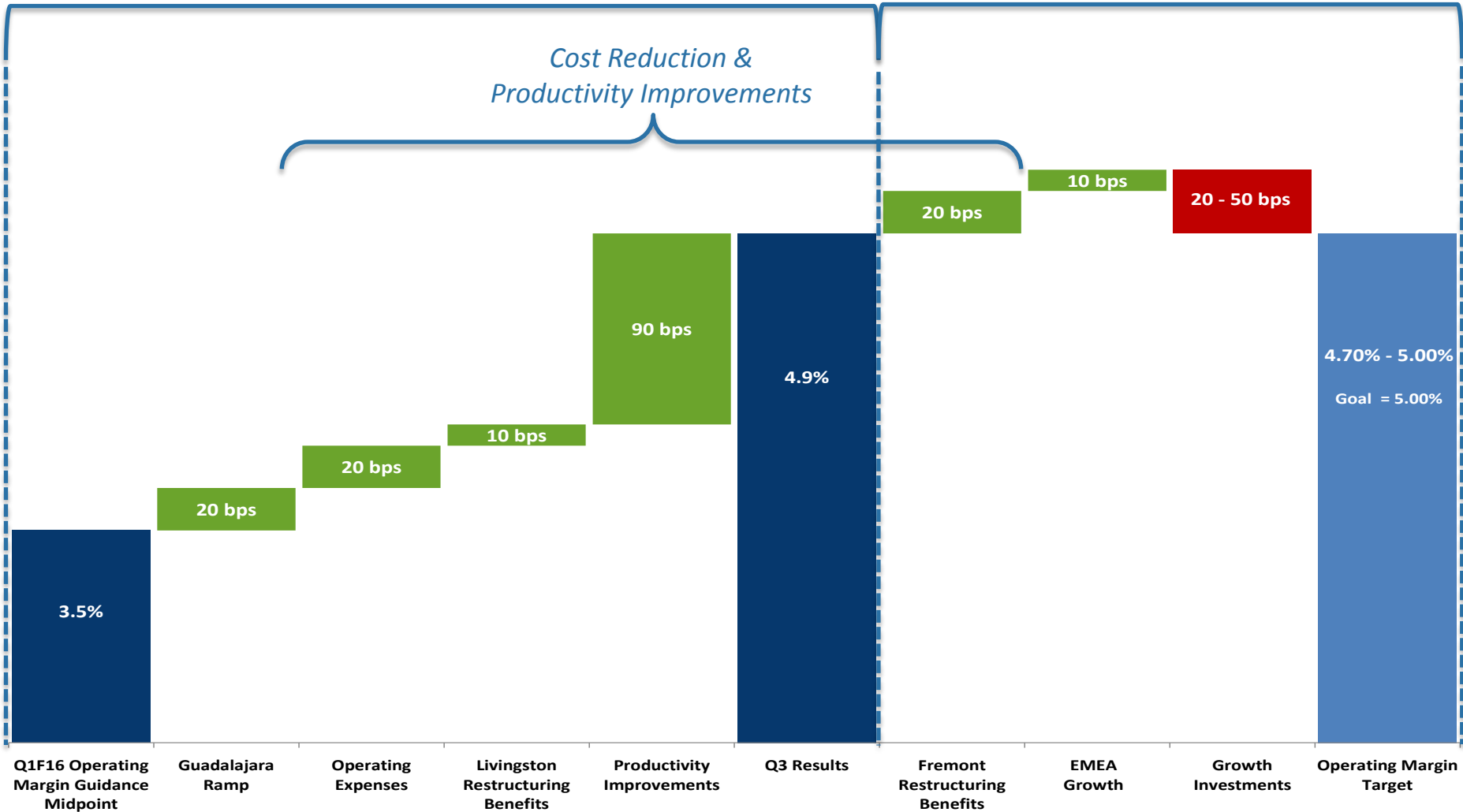


\* Represents midpoint of guidance

# ADJUSTED OPERATING MARGIN

Q1F16 – Q3F16

Future

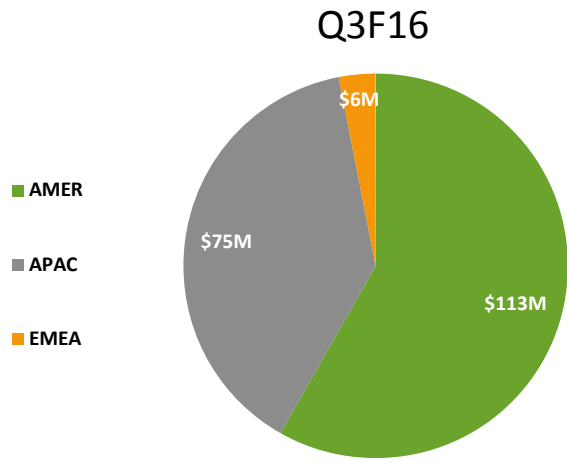


# PERFORMANCE BY SECTOR

	Q3F16 Jul 2, 2016		Q2F16 Apr 2, 2016		Q3F16 vs. Q2F16	Q4F16 Expectations (percentage points)
Networking/ Communications	\$156	23%	\$157	25%	- 1%	Down low double
Healthcare/ Life Sciences	\$207	31%	\$190	31%	+ 9%	Down low single
Industrial/ Commercial	\$202	30%	\$169	27%	+ 20%	Up high single
Defense/ Security/ Aerospace	\$103	16%	\$103	17%	Flat	Up mid single
Total Revenue	\$668	100%	\$619	100%	+ 8%	

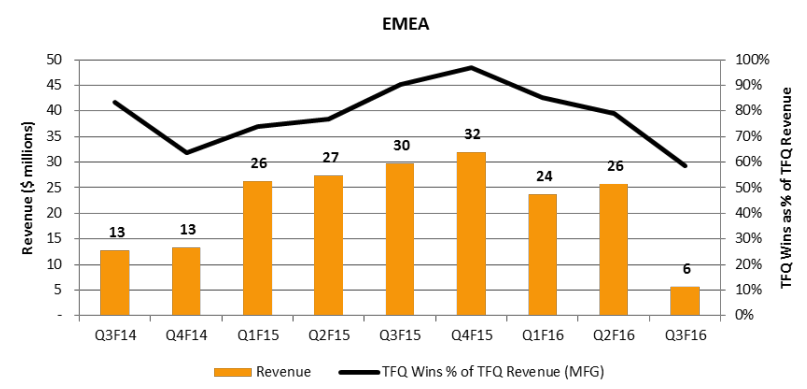
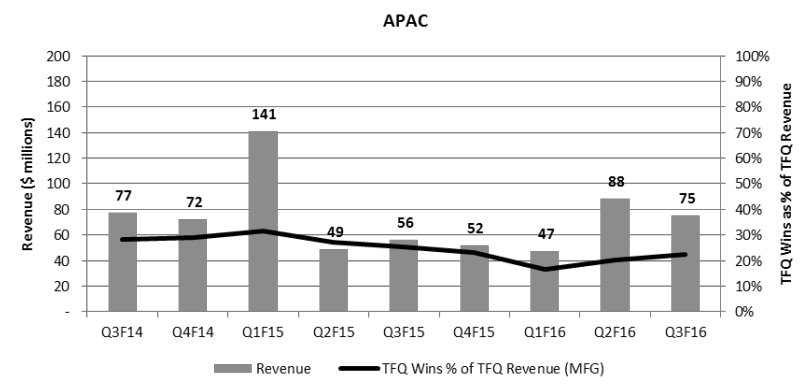
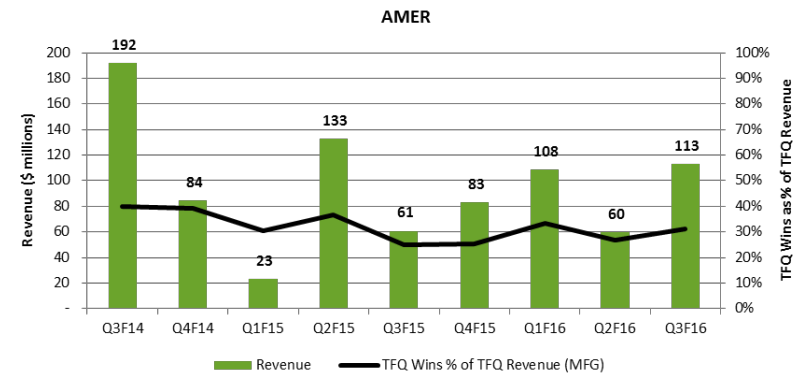
Revenue in millions

# MANUFACTURING WINS BY REGION



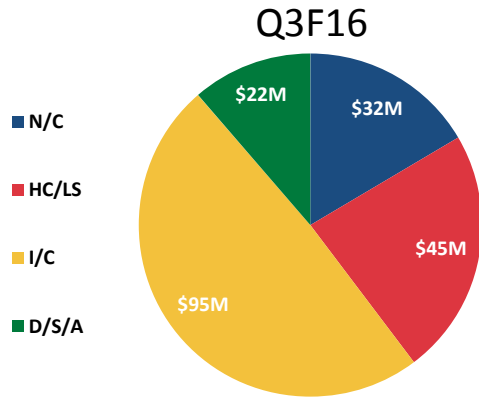
- \$194M in annualized manufacturing revenue when fully ramped (46 programs)
- Best quarterly wins result since Q2F15
- Strength in AMER and APAC regions

Wins Momentum =  $TFQ\ Wins / TFQ\ Revenue$



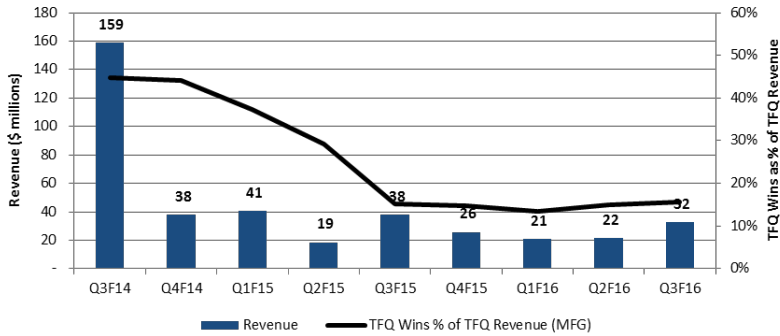


# MANUFACTURING WINS BY SECTOR

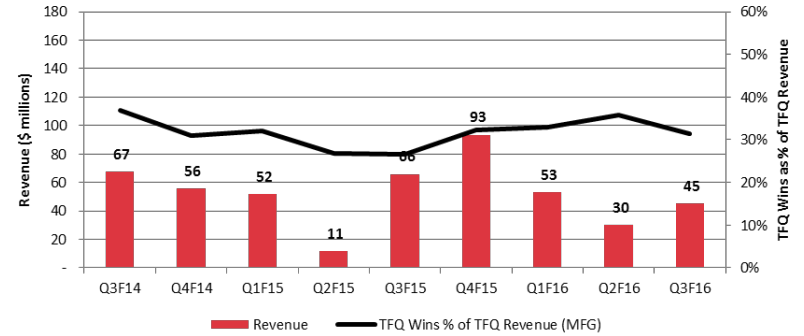


- Sustained robust wins in Industrial/Commercial
- Sector wins momentum supports healthy portfolio

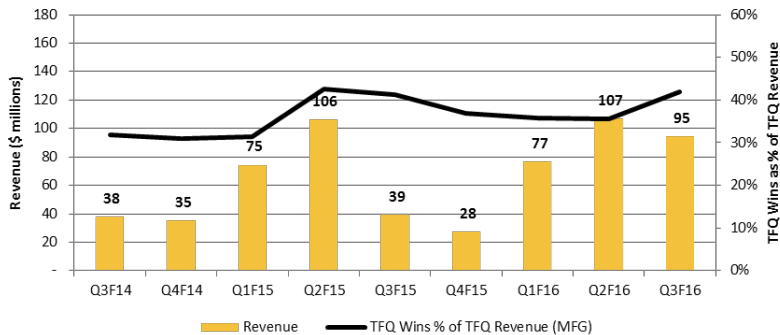
Networking/Communications



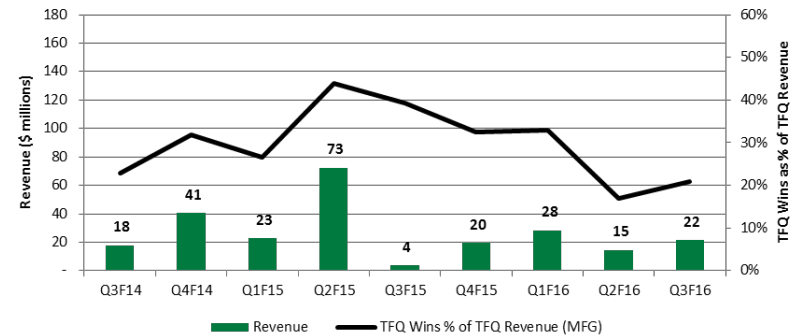
Healthcare/Life Sciences



Industrial/Commercial



Defense/Security/Aerospace

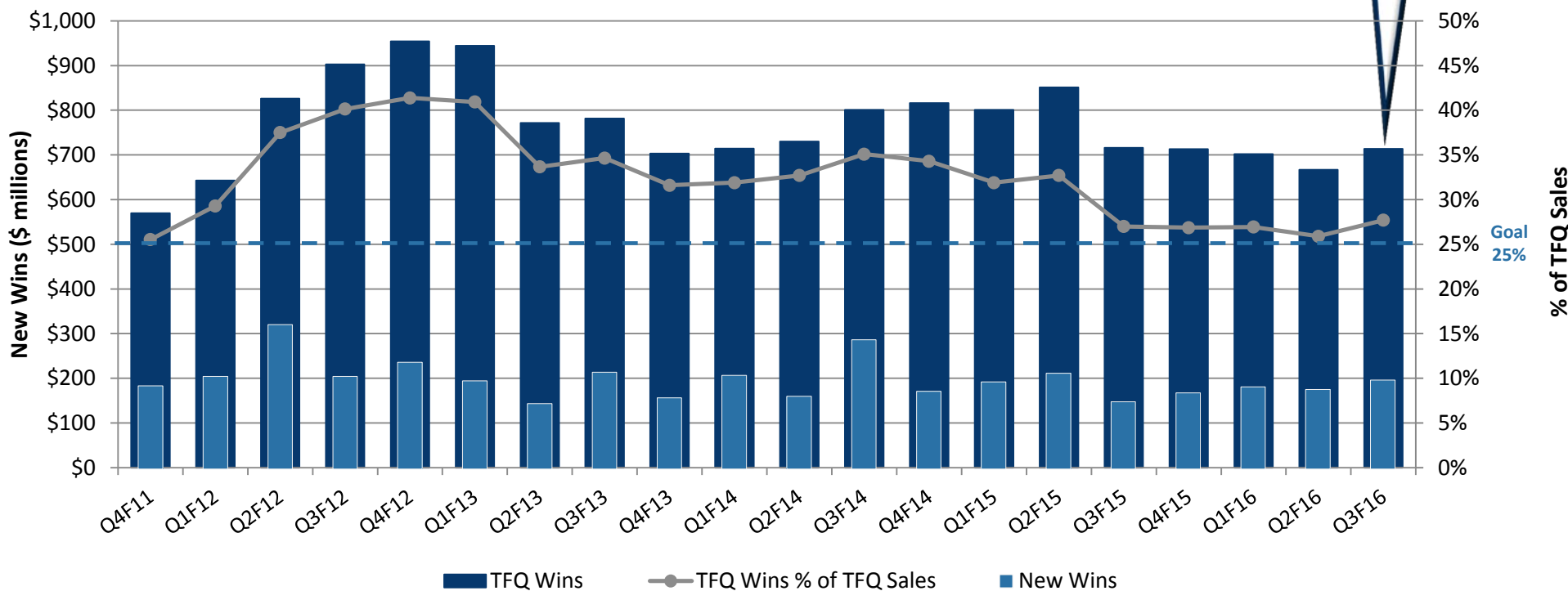


# MANUFACTURING WINS MOMENTUM

Quarterly Target: ~ \$160M

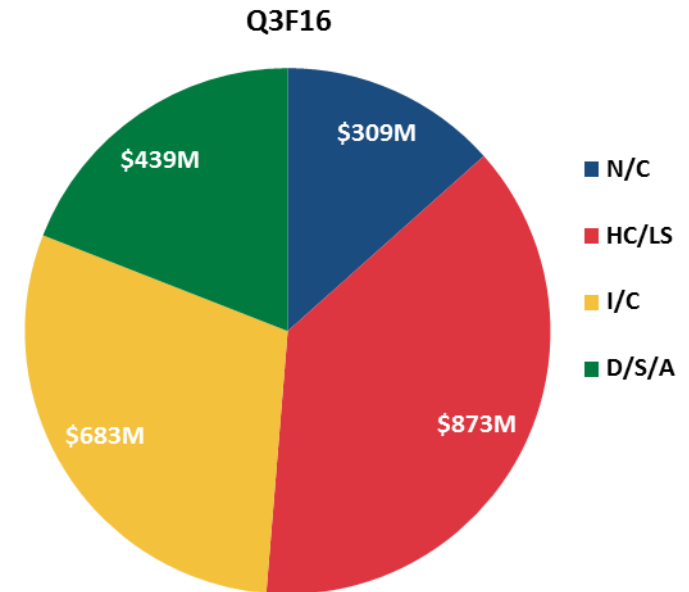
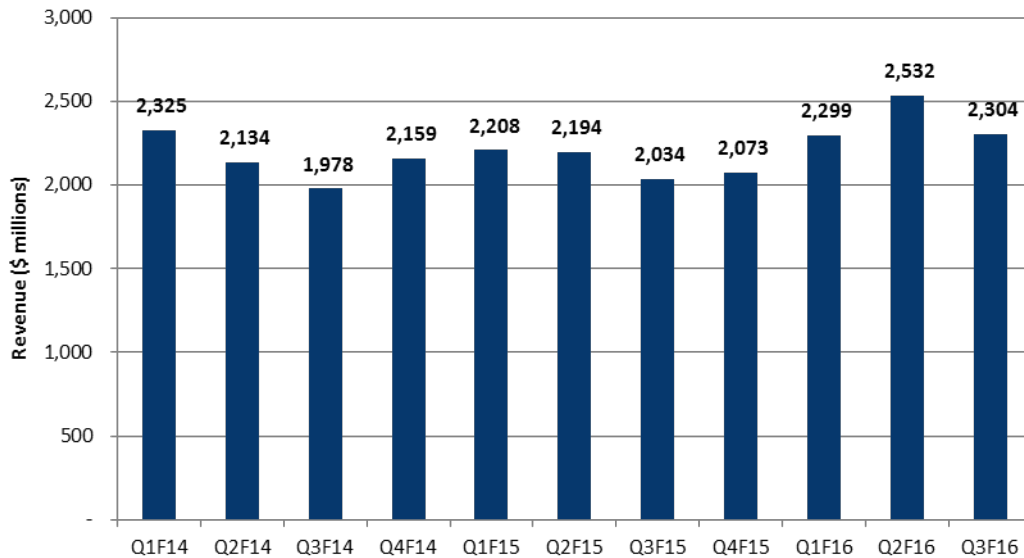
Trailing Four Quarters (TFQ) for Manufacturing Wins

TFQ  
\$714M



# MANUFACTURING FUNNEL

PLXS-MFG Funnel of Opportunities



- Manufacturing funnel healthy at \$2.3B
- HC/LS and I/C funnels particularly strong
- Supports the delivery of our differentiated portfolio

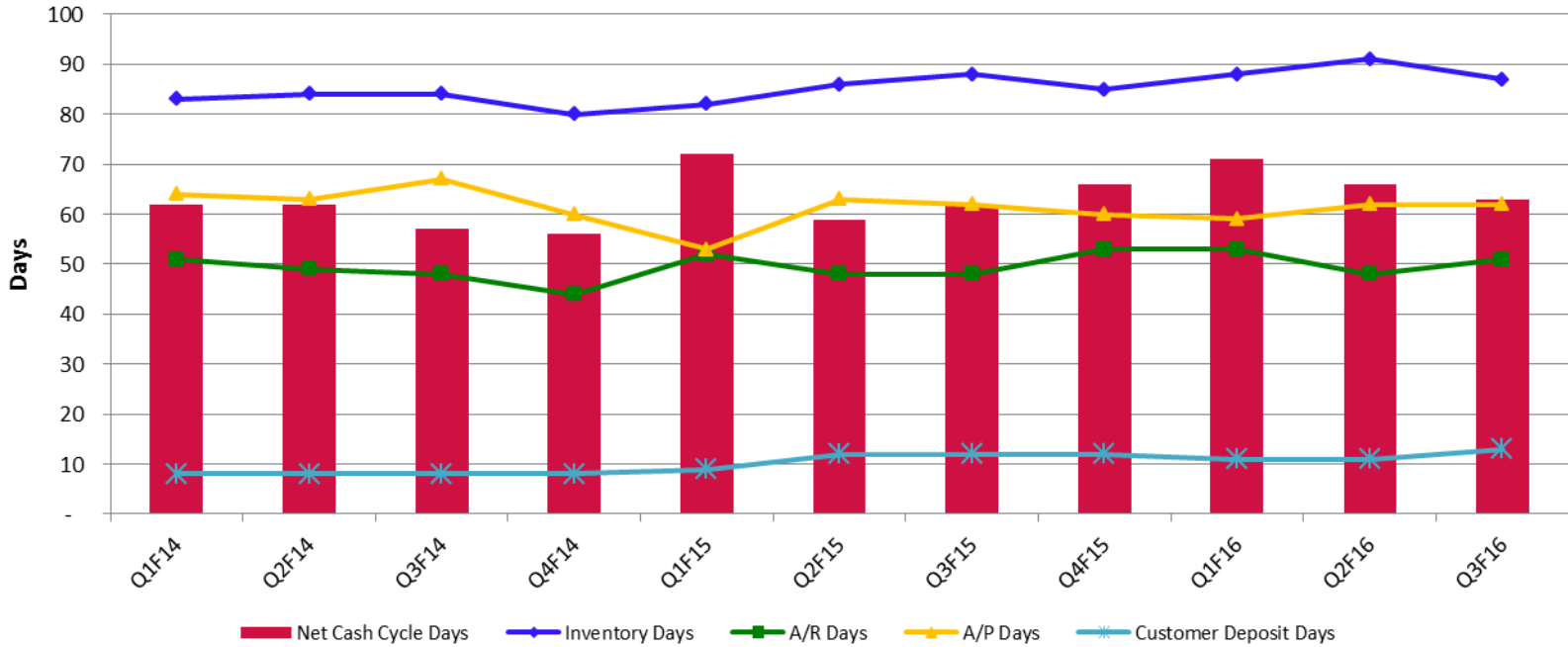
# INCOME STATEMENT

	Q3F16	Comments
Revenue	\$668 million	High end of guidance range from stronger revenue across most sectors
Gross margin	9.4%	Within guidance range; sequential improvement of 75 basis points from better leverage and productivity improvement initiatives
Selling & administrative expenses	\$29.8 million	Within guidance range; 4.5% of revenue
Operating margin	4.6%	Includes \$1.8 million of restructuring charges
Adjusted operating margin excluding restructuring charges	4.9%	Within guidance and target margin range
Diluted EPS	\$0.76	Includes \$1.8 million or \$0.06 per share of restructuring charges
Non-GAAP Diluted EPS	\$0.82	Above guidance range of \$0.73 to \$0.81

# BALANCE SHEET AND CASH FLOWS

	Q3F16	Comments
Return on invested capital	13.0%	200 basis points above fiscal 2016 WACC of 11%
Share repurchases	\$7.2 million	~ 170,000 at an average price of \$42.13 per share
Free cash flow	\$24.3 million	Cash from operations: \$31.3 million Capital expenditures: \$7.0 million
Cash cycle days	63 days	Low end of our guidance range (63 to 67 days)

# WORKING CAPITAL TRENDS



	Q1F14	Q2F14	Q3F14	Q4F14	Q1F15	Q2F15	Q3F15	Q4F15	Q1F16	Q2F16	Q3F16
Inventory Days	83	84	84	80	82	86	88	85	88	91	87
A/R Days	51	49	48	44	52	48	48	53	53	48	51
A/P Days	64	63	67	60	53	63	62	60	59	62	62
Customer Deposit Days	8	8	8	8	9	12	12	12	11	11	13
<b>Net Cash Cycle Days</b>	<b>62</b>	<b>62</b>	<b>57</b>	<b>56</b>	<b>72</b>	<b>59</b>	<b>62</b>	<b>66</b>	<b>71</b>	<b>66</b>	<b>63</b>

# FISCAL FOURTH QUARTER 2016 GUIDANCE

	Guidance
Revenue	\$655 to \$685 million
Non-GAAP diluted EPS	\$0.76 to \$0.84
Gross margin	9.4% to 9.7%
SG&A	\$30 to \$31 million
Adjusted operating margin *	4.8% to 5.1%
Depreciation	~ \$12 million
Q4 tax rate *	9% to 11%
F16 tax rate *	10% to 12%
Cash cycle days	64 to 68 days
F16 capital expenditures	~ \$40 million

\* Before restructuring charges and special items.

Q&A

ANALYSTS PLEASE CONFORM TO:  
ONE QUESTION  
ONE FOLLOW-UP  
THANKS

**PLEXUS**

®

*The Product Realization Company*