



*The Product Realization Company*

# FISCAL SECOND QUARTER 2015 FINANCIAL RESULTS

April 23, 2015

# 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 September 27, 2014, 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 such 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 SECOND QUARTER 2015 RESULTS

	Q2F15 Guidance	Q2F15 Apr 4, 2015	Q1F15 Jan 3, 2015	Q2F15 vs. Q1F15
Revenue (\$ millions)	\$630 to \$660	\$651	\$665	- 2%
Diluted EPS excluding special items	\$0.64 to \$0.72	\$0.69	\$0.72	- 4%
Diluted EPS GAAP		\$0.69	\$0.67	+ 3%
ROIC		14.5%	14.4%	+ 10 bps

Q2F15 revenue above midpoint of guidance range

- Down 2% compared with prior quarter
- Up 17% from comparable quarter last year

Diluted EPS of \$0.69, a penny above midpoint of guidance

# FISCAL SECOND QUARTER HIGHLIGHTS

## Better than anticipated end-market demand

- Networking/Communications
- Healthcare/Life Sciences

## Manufacturing Solutions wins

- \$209M annualized revenue; 25 programs
- Trailing four quarter wins at \$852M

## Operating Performance

- Operating Margin: 4.5%; consistent with guidance
- Cash Cycle: 59 days; improved 13 days Q/Q
- Free cash flow: \$124M
- ROIC: 14.5%
- Economic Return: 3.5% (est. WACC: 11%)

# FISCAL THIRD QUARTER

	Q3F15 Guidance
Revenue	\$670 to \$700 million
Diluted EPS	\$0.71 to \$0.79 <ul style="list-style-type: none"><li>• Includes \$0.10 stock based compensation expense</li><li>• Excludes any unanticipated special items</li></ul>

Growth at midpoint of guidance versus prior quarter results

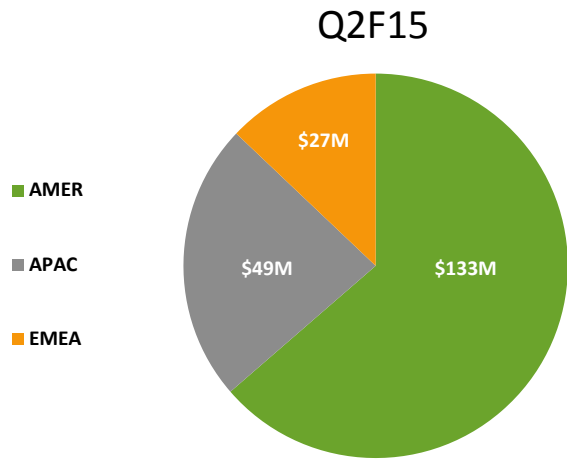
- Revenue up 5%
- Diluted EPS up 9%

# PERFORMANCE BY SECTOR

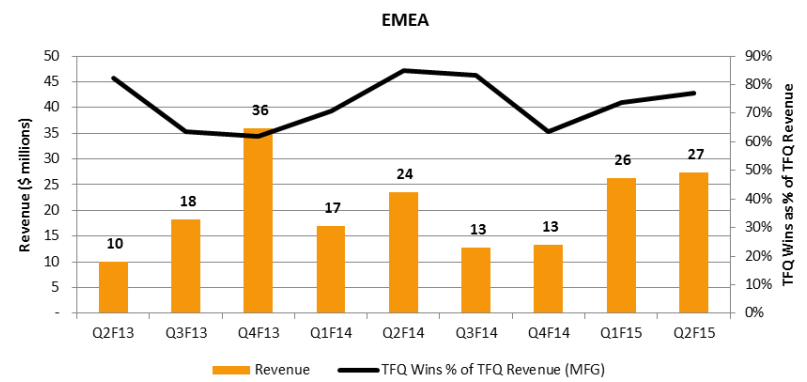
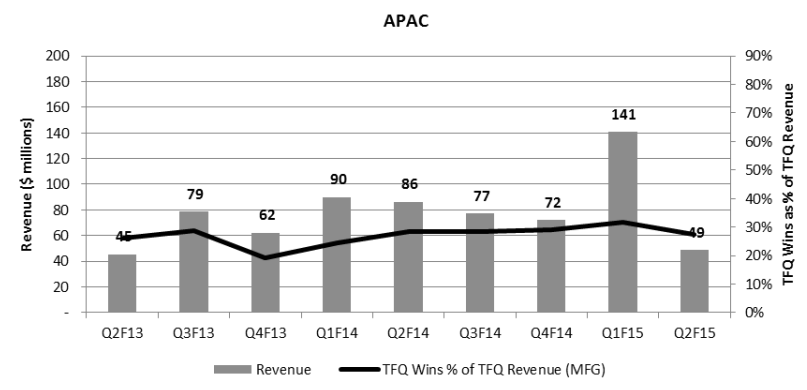
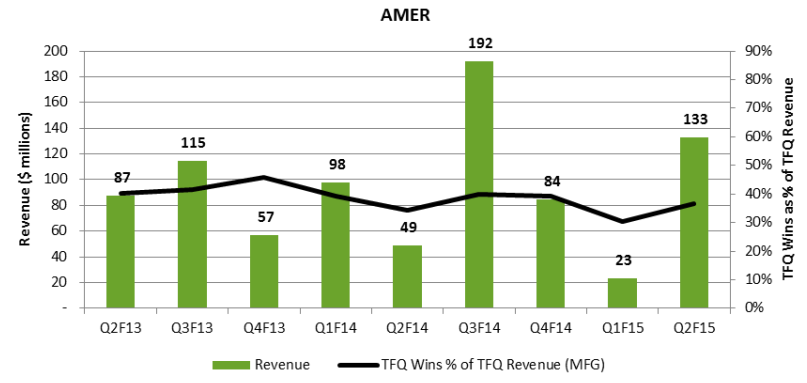
	Q2F15 Apr 4, 2015		Q1F15 Jan 3, 2015		Q2F15 vs. Q1F15	Q3F15 Expectations (percentage points)
Networking/ Communications	\$210	32%	\$234	35%	- 10%	Up high single
Healthcare/ Life Sciences	\$191	29%	\$196	30%	- 3%	Down low single
Industrial/ Commercial	\$160	25%	\$148	22%	8%	Up high single
Defense/ Security/ Aerospace	\$90	14%	\$87	13%	4%	Up high single
Total Revenue	\$651	100%	\$665	100%	- 2%	

Revenue in millions

# MANUFACTURING WINS BY REGION

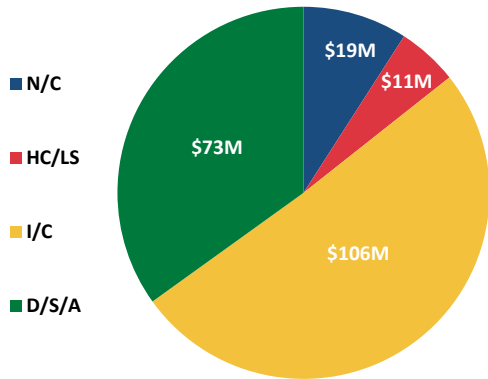


- \$209M in annualized manufacturing revenue when fully ramped (25 programs)
- AMER region led wins magnitude
- Healthy wins momentum in all regions



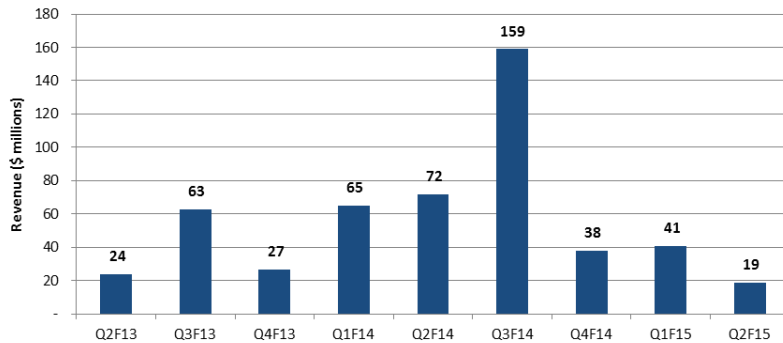
# MANUFACTURING WINS BY SECTOR

Q2F15

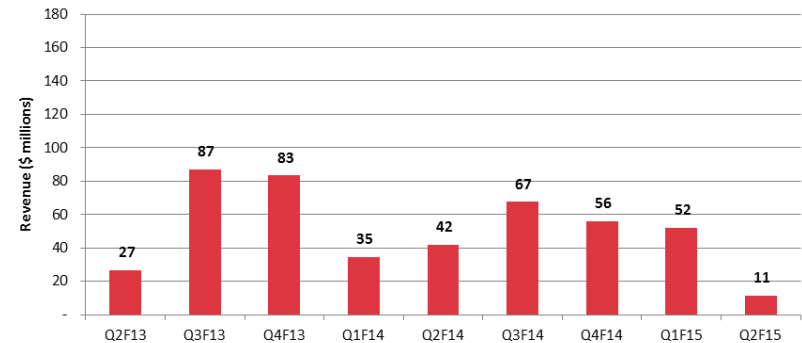


- Strength in Industrial/Commercial and Defense/Security/Aerospace
- Funnel healthy at \$2.2B

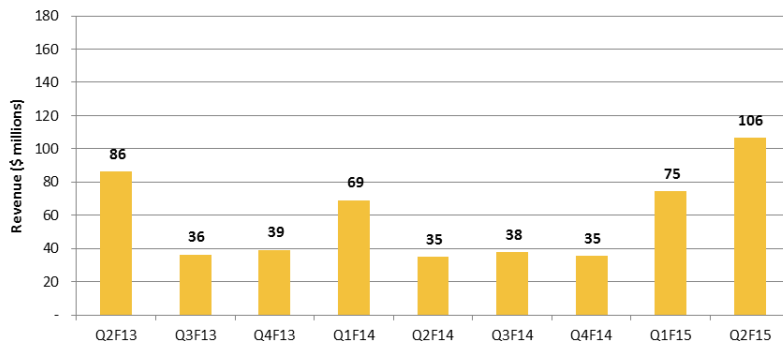
Networking/Communications



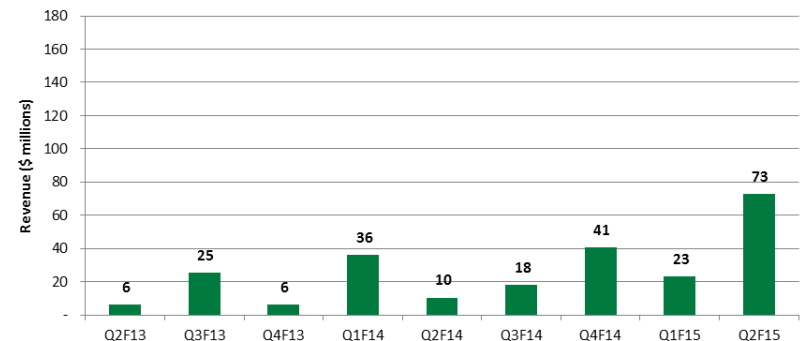
Healthcare/Life Sciences



Industrial/Commercial



Defense/Security/Aerospace

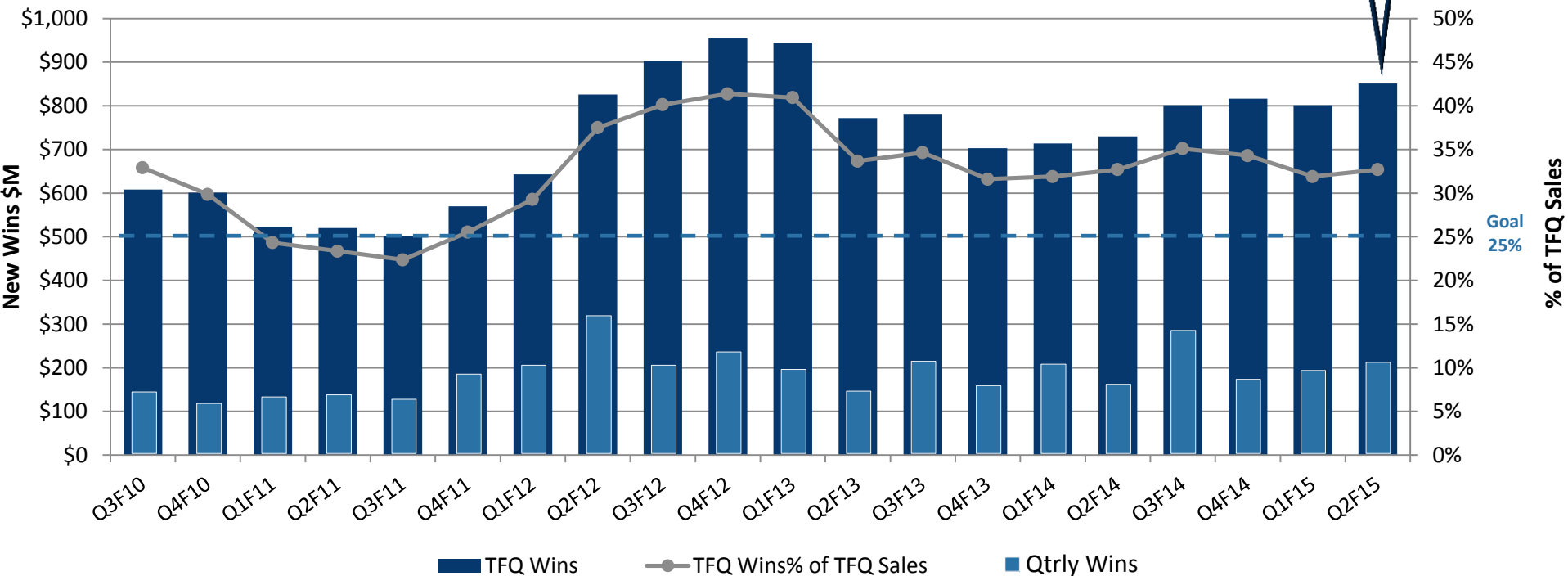




# MANUFACTURING WINS MOMENTUM

Trailing Four Quarter Wins Remain Strong

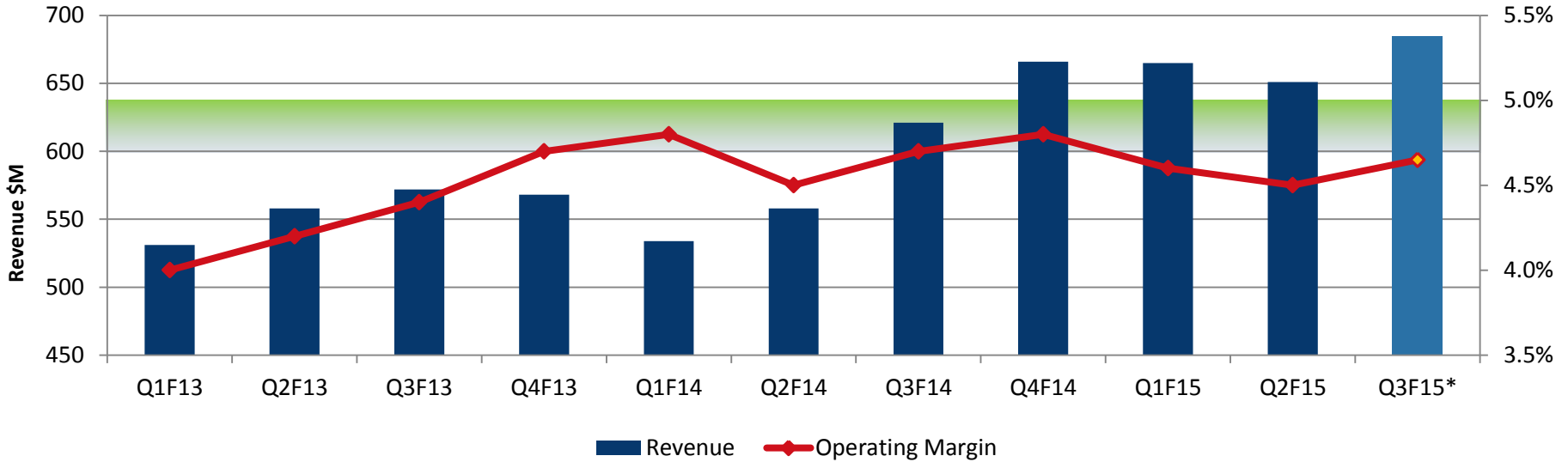
TFQ  
\$852M



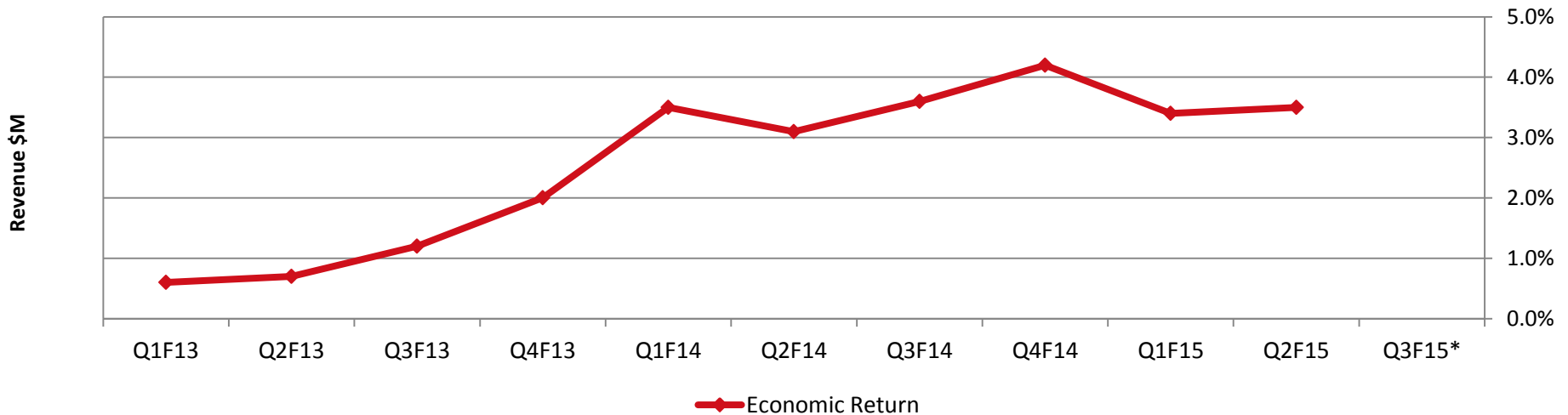
Quarterly target approximately \$160M

# REVENUE, OPERATING MARGIN AND ECONOMIC RETURN

*Operating Margin Target Range: 4.7 to 5.0%*



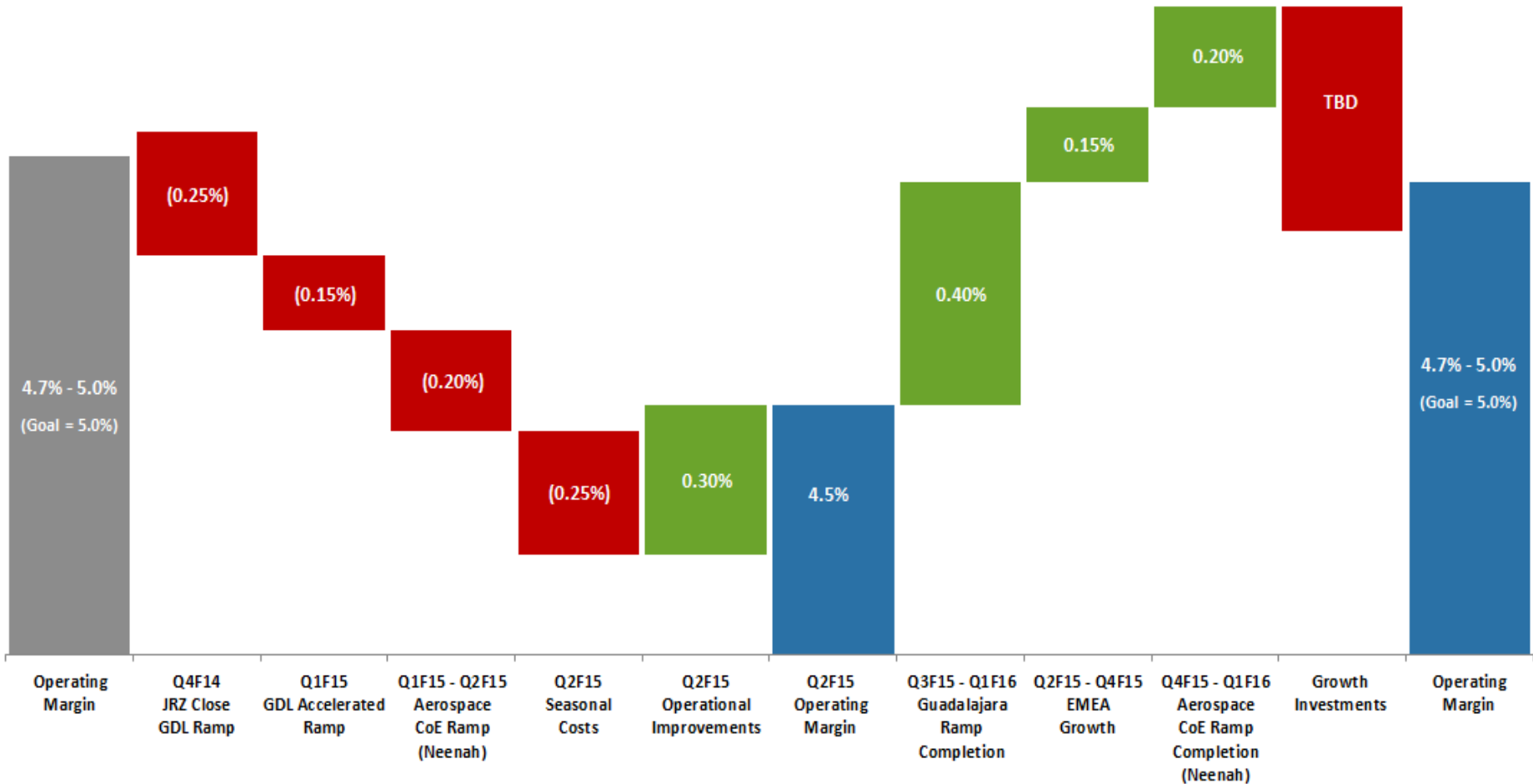
*Economic Return Performance*



# OPERATING MARGIN

Q4F14 – Q2F15

Q3F15 – Q1F16



# FISCAL SECOND QUARTER INCOME STATEMENT HIGHLIGHTS

	Q2F15 Apr 4, 2015	Q1F15 Jan 3, 2015	Q2F15 vs. Q1F15 Change
Revenue	\$651	\$665	- 2%
Gross margin	9.2%	9.2%	Flat
Selling & administrative expenses	\$30.3	\$30.9	- 2%
Operating margin excluding special items	4.5%	4.6%	- 10 bps
Diluted earnings per share GAAP	\$0.69	\$0.67	+ 3%
Diluted earnings per share excluding special items	\$0.69	\$0.72	- 4%

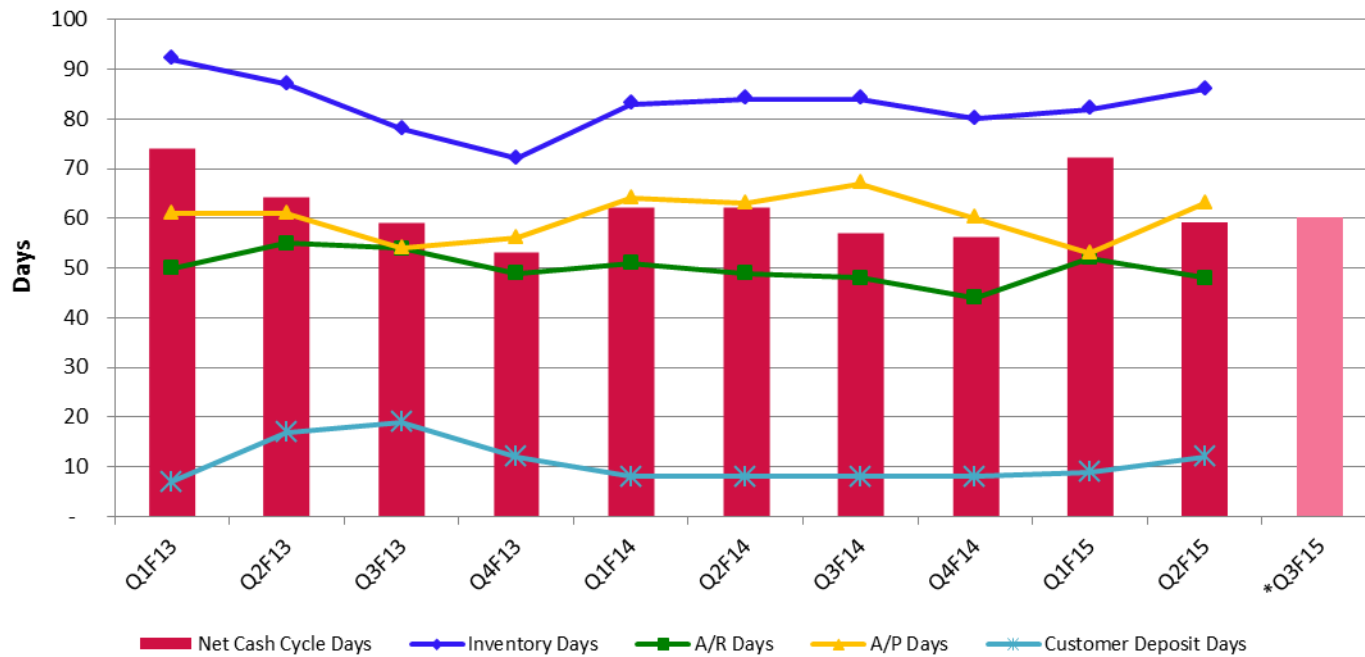
- Gross margin and SG&A in-line with expectations
- No restructuring charges recorded during the fiscal second quarter
- Fiscal first quarter included \$1.7M restructuring charges (\$0.05 of diluted EPS) primarily related to the closure in Juarez, MX and transition of programs to Guadalajara, MX

*Dollars in millions, except  
earnings per share*

# BALANCE SHEET AND CASH FLOWS

	Q2F15	Comments
Return on invested capital	14.5%	Above WACC of 11% and representing an Economic Return of 3.5% compared to enduring goal of 5.0%
Share repurchases	\$7.7 million	192,000 at an average price of \$40.05 per share
Free cash flow	\$124 million	Cash from operations was \$131M Capital expenditures were \$7M
Cash cycle days	59 days	Better than expectations and 13 days better than Q1F15

# WORKING CAPITAL TRENDS



	Q1F13	Q2F13	Q3F13	Q4F13	Q1F14	Q2F14	Q3F14	Q4F14	Q1F15	Q2F15	*Q3F15
Inventory Days	92	87	78	72	83	84	84	80	82	86	
A/R Days	50	55	54	49	51	49	48	44	52	48	
A/P Days	61	61	54	56	64	63	67	60	53	63	
Customer Deposit Days	7	17	19	12	8	8	8	8	9	12	
<b>Net Cash Cycle Days</b>	<b>74</b>	<b>64</b>	<b>59</b>	<b>53</b>	<b>62</b>	<b>62</b>	<b>57</b>	<b>56</b>	<b>72</b>	<b>59</b>	<b>60</b>

\*represents midpoint guidance

# FISCAL THIRD QUARTER 2015 GUIDANCE

	Guidance
Revenue	\$670 to \$700 million
Diluted earnings per share	\$0.71 to \$0.79
Gross margin	9.0 to 9.3%
SG&A	\$30.5 to \$31.5 million
Operating margin	4.5 to 4.8%
Depreciation and amortization	\$12.4 million
Q3 tax rate	9 to 11%
F15 tax rate	9 to 11%
Cash cycle days	58 to 62 days
F15 capital expenditures	\$50 million

# FISCAL YEAR FINANCIAL GOALS

Revenue growth:	13% to 14.5% (revised: was >10%)
Operating Margins:	4.7% to 5% (Q4F15)
Free Cash Flow:	\$70 to \$90 million (revised: supports higher revenue)
Economic Return:	4% to 5%

## Key supporting initiatives:

- Guadalajara swings to profitability Q4F15
- EMEA region sustains profitability Q4F15 (delayed, was Q3)
- Operational Excellence—continue performance improvements in AMER
- Forecasts—stay vigilant; mixed end-market dynamics



# Q&A

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

**PLEXUS**

®

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