

PLXS
A differentiated strategy

Todd Kelsey | President & Chief Executive Officer



OUR DIFFERENTIATION

- Consistent, proven strategy
- Growing markets, unique portfolio
- Commitment to customers, exceptional execution
- Consistent, superior financial results
- Experienced, engaged leadership team

PLXS strategy

FOCUS on highly complex products and demanding regulatory environments

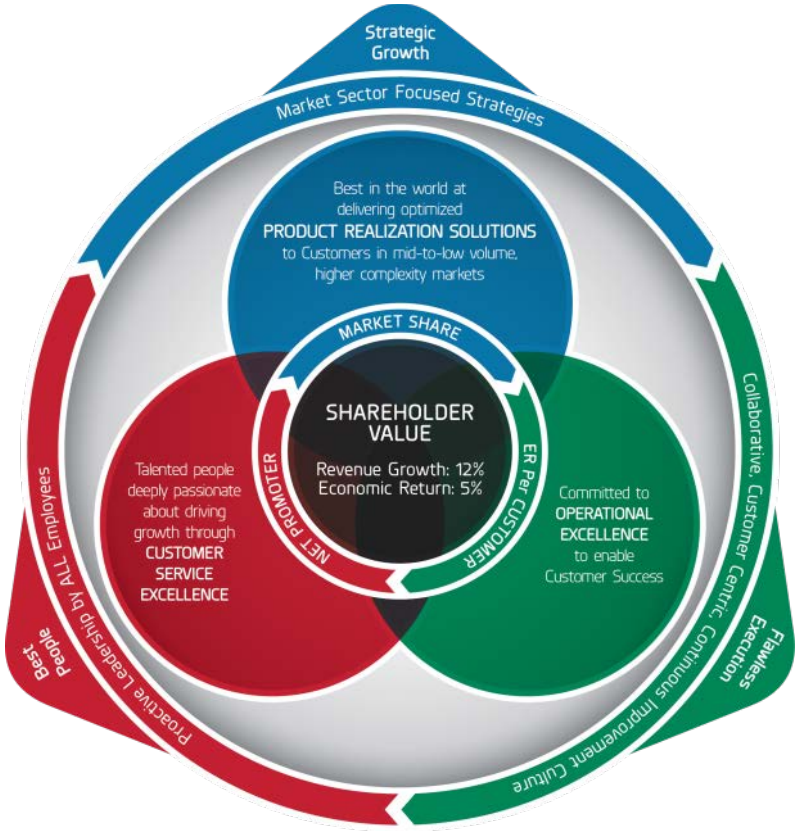
- Product realization solutions
- Innovative engineering
- Biased towards organic growth

Superior EXECUTION

- Operational Excellence
- Customer Service Excellence
- Employee engagement

DISCIPLINED, consistent financial model

- Revenue CAGR: 9% to 12%
- GAAP operating margin: 4.7% to 5.0%
- Economic return: ROIC 500 bps above WACC



The focused transformation of our unique portfolio

$1.8B

F08



$3.2B

F19*

**Street consensus*



Highly complex products and demanding regulatory environments

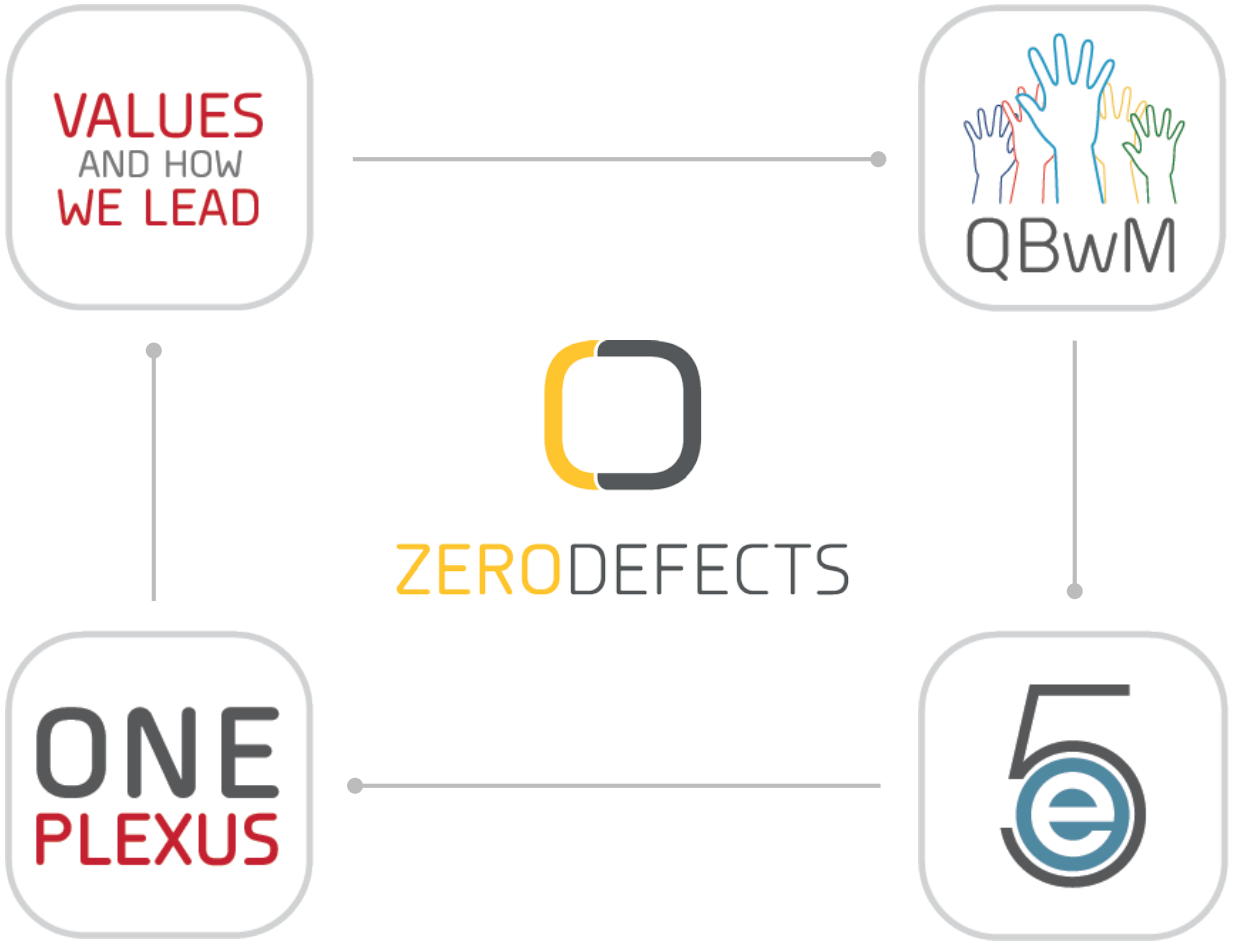
Healthcare and Life Sciences | Industrial and Commercial | Aerospace and Defense | Communications

A track record of growth in the sectors where we differentiate

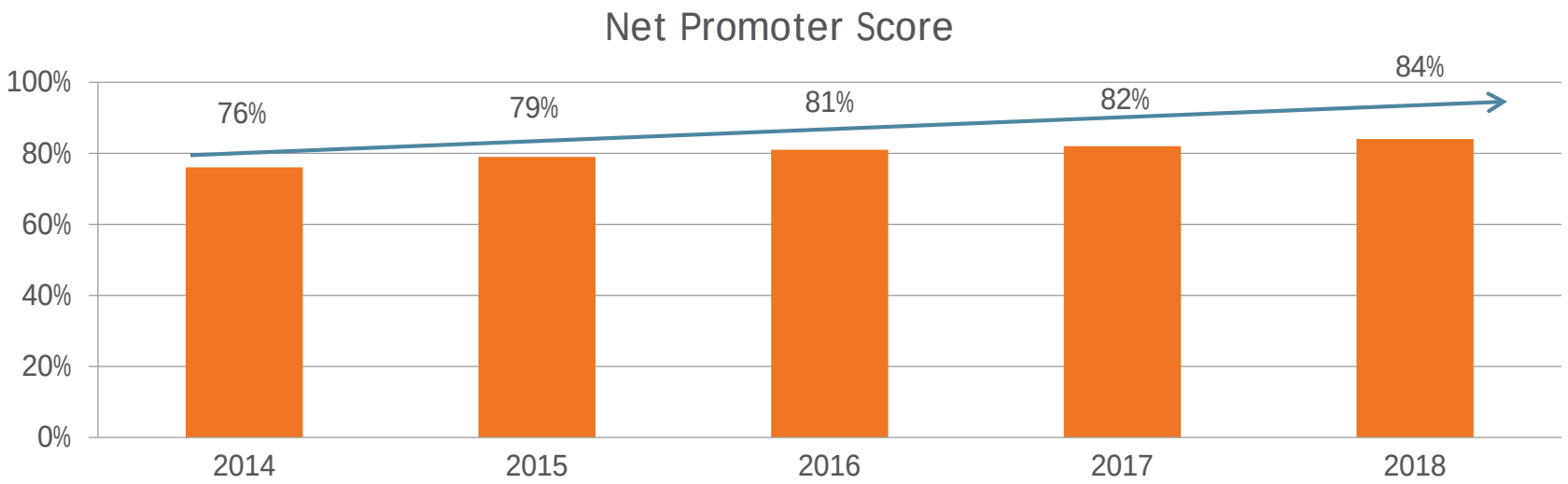
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Total			9-12%	

Significantly outgrowing the market

Exceptional execution is the path to $5B



Our commitment to customer success



We'll help you create the products that build a better world.

Building long-term partnerships

15-30+ years



10-14 years



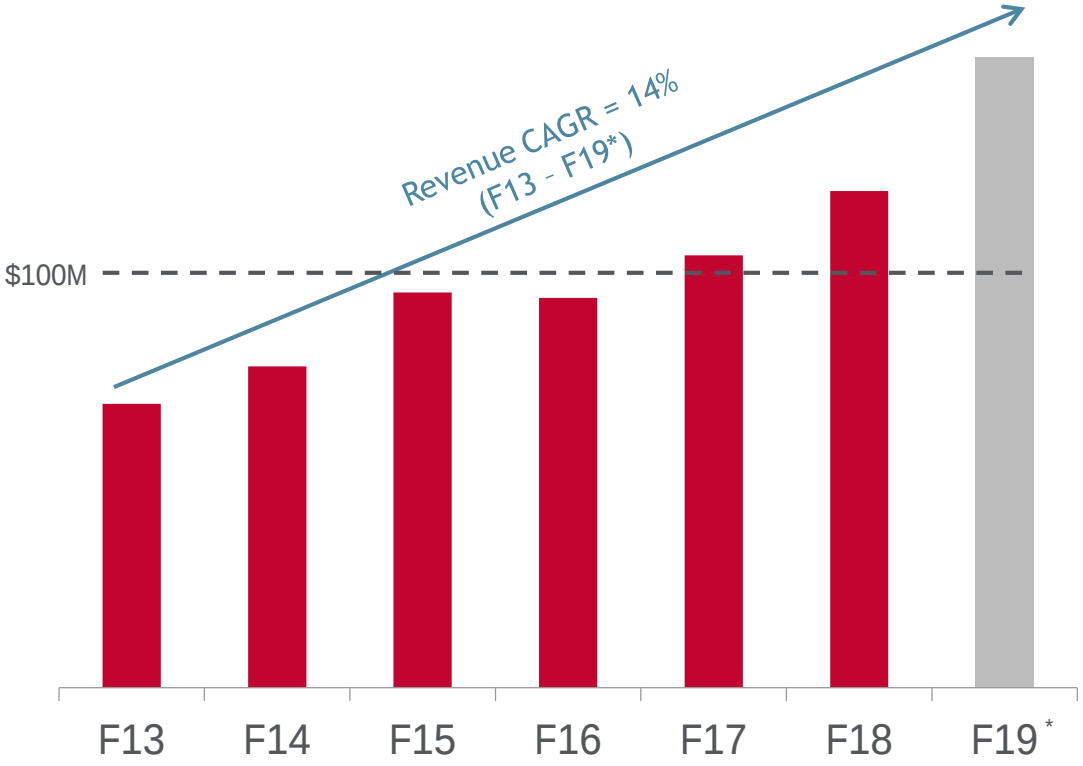
5-9 years



0-4 years



Operational Excellence and Customer Service Excellence enable success



Engineering is core to PLXS

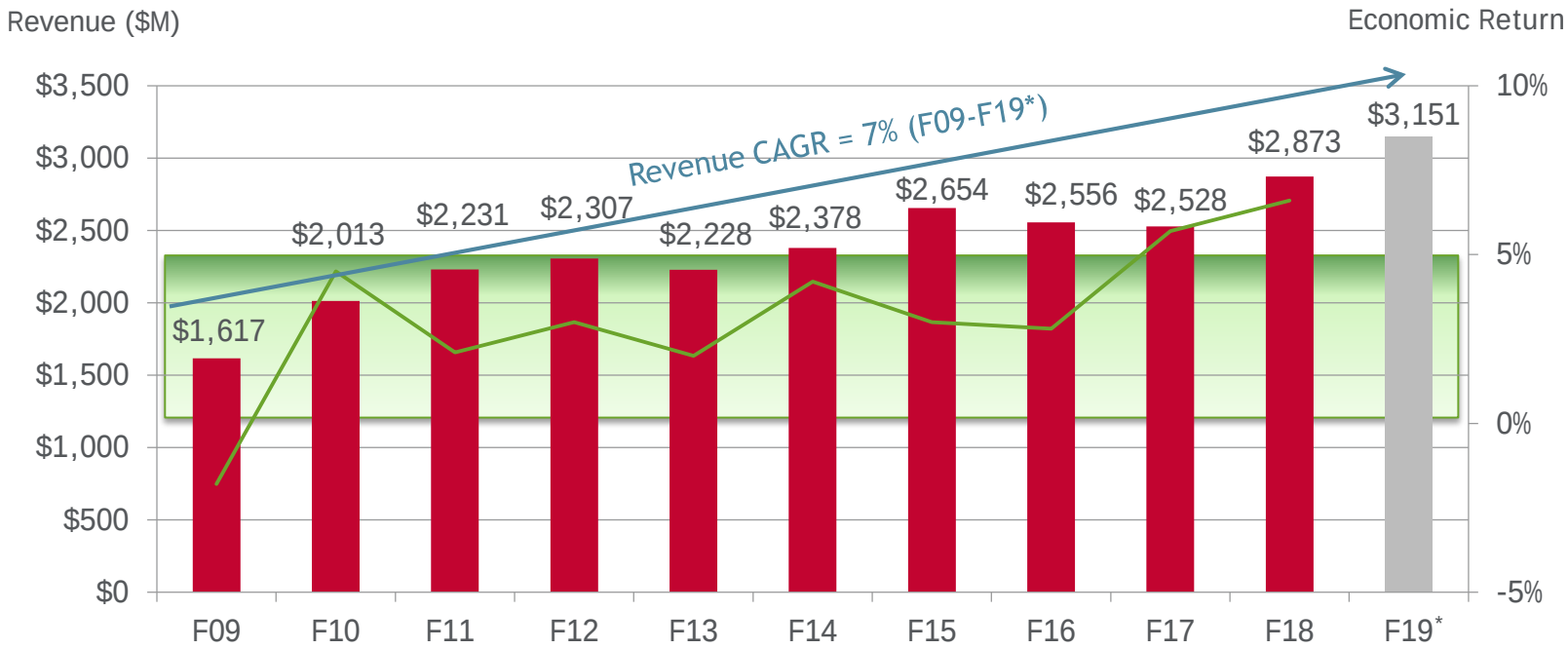
- A 40-year history of problem solving
- Innovation engine for our customers
- Global network of collaborative design centers
- High value and customer longevity
- Source of exceptional quality manufacturing programs

Nearly 700 development engineers globally

**F19 revenue is estimated*

Committed to financial discipline to create shareholder value

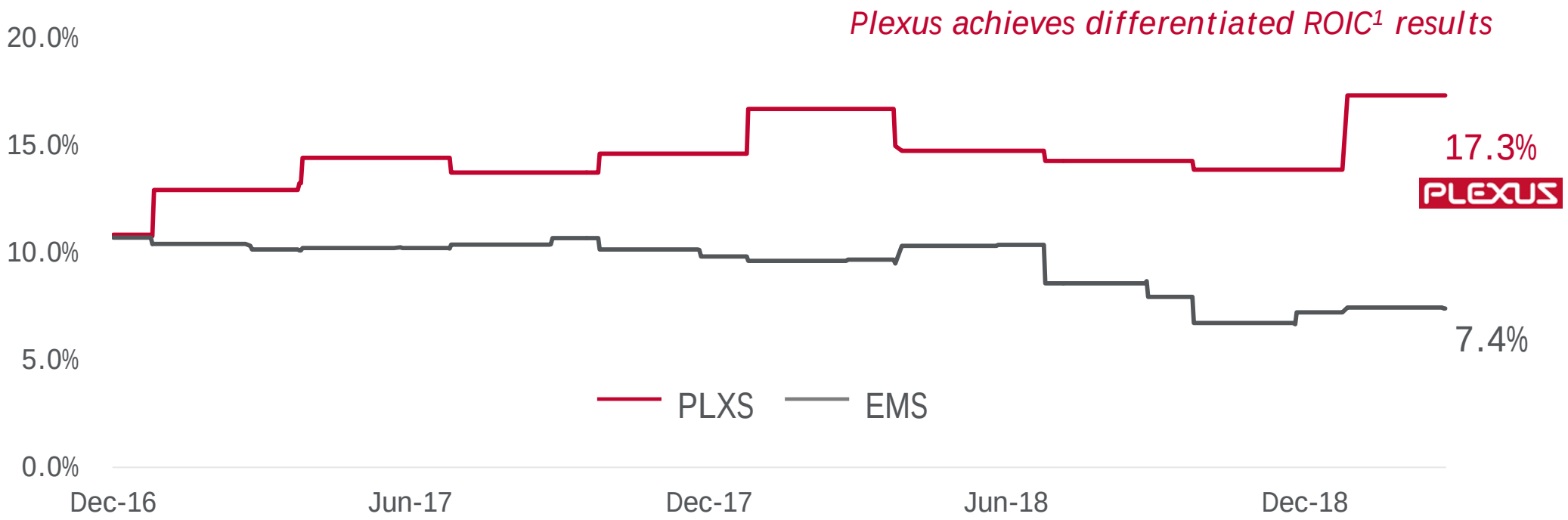
	PLXS		EMS Industry Average Revenue CAGR
	Economic Return (avg.)	Revenue CAGR	
Enduring Goal	500 bps	12%	
1 Year	N/A	10%	3%
3 Year	610 bps	7%	4%
5 Year	480 bps	6%	3%
10 Year	400 bps	7%	2%



Shareholder alignment - 80% of incentive compensation based on these 2 metrics

*F19 Street consensus

Committed to creating shareholder value

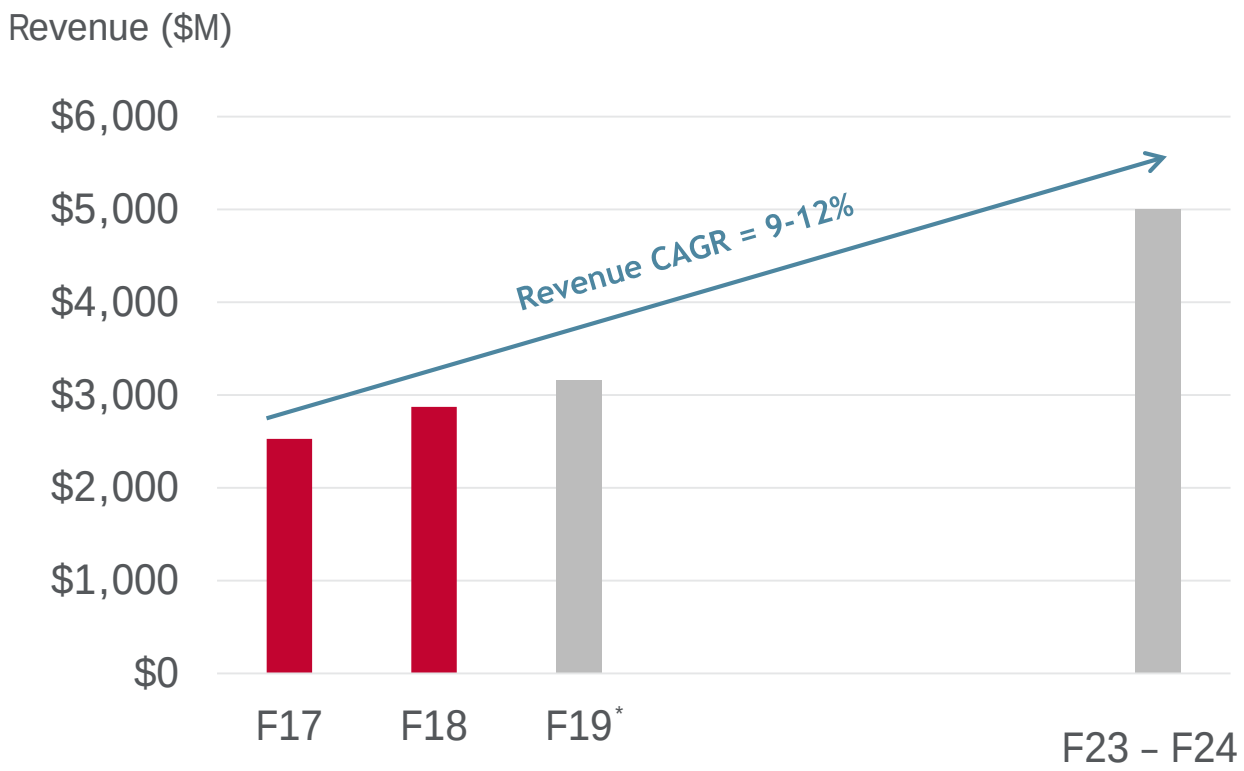


Source: J.P. Morgan

[1] Calculated as LTM net income divided by the sum of the average of the current period and last period's debt plus book equity less cash

A differentiated strategy designed for $5B

- Focused, unique portfolio
- Exceptional execution to grow share with our customers
- Strong culture and exceptional talent
- Disciplined financial performance aligned to shareholders



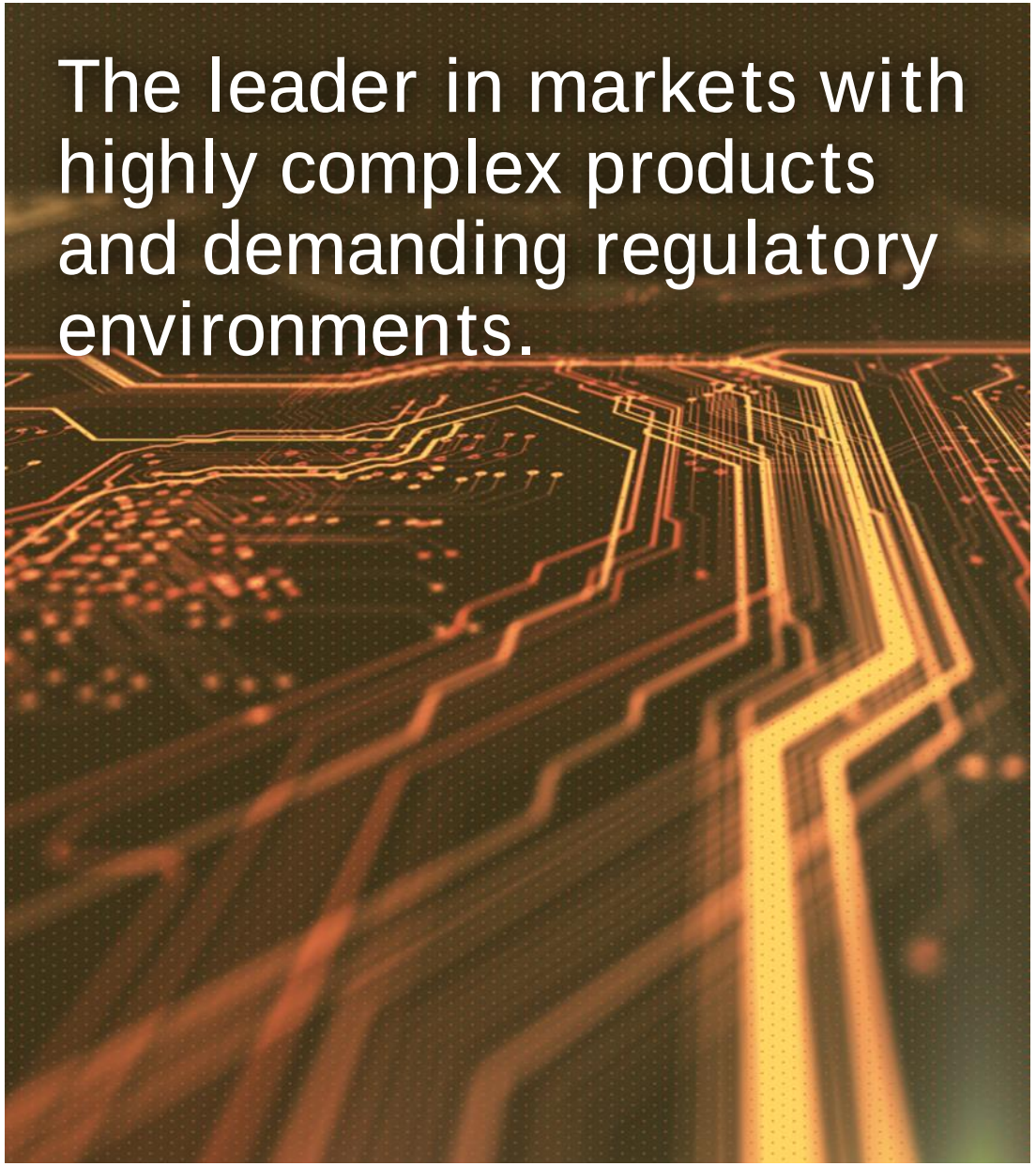
*F19 Street consensus


We’ll help you create the products
that build a better world.

Differentiation: The journey to $5B



Steve Frisch | Executive VP & Chief Operating Officer



OUR JOURNEY

Evolution of Plexus' differentiation

Differentiation: the customers' needs

Our path forward

The evolution of differentiation: New technology disruption

1979-90

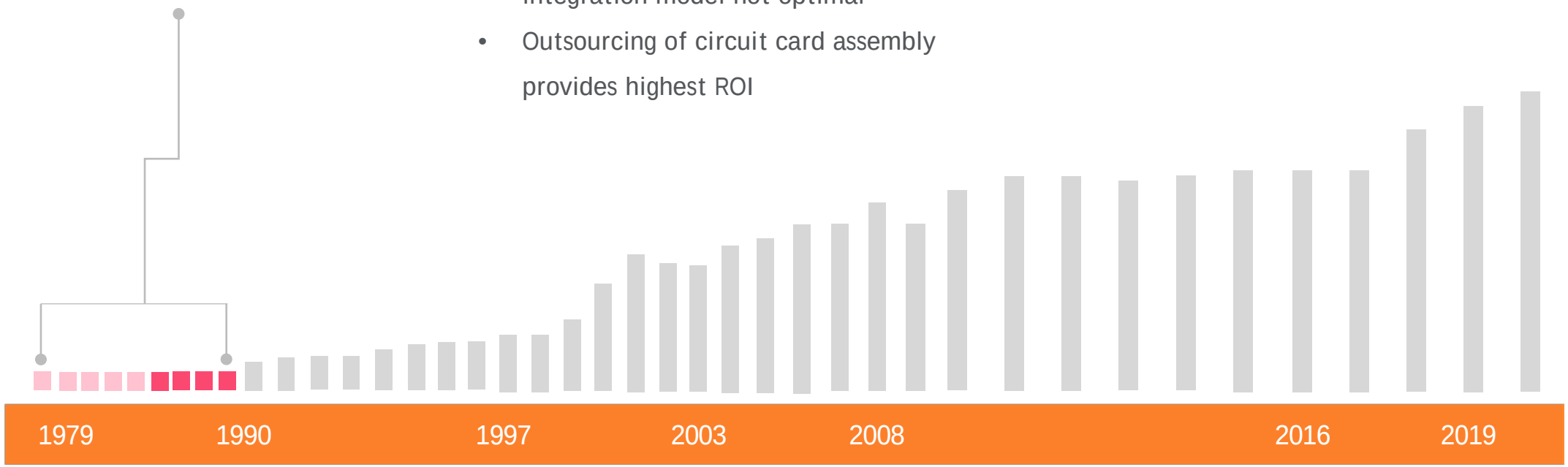
THE BEGINNING OF THE EMS INDUSTRY

Industry trends

- Electronic content integrated into products
- OEM's traditional vertical integration model not optimal
- Outsourcing of circuit card assembly provides highest ROI

PLXS response

- Plexus founded in 1979
- Engineering and Manufacturing services



The evolution of differentiation: Advanced manufacturing

1990-97

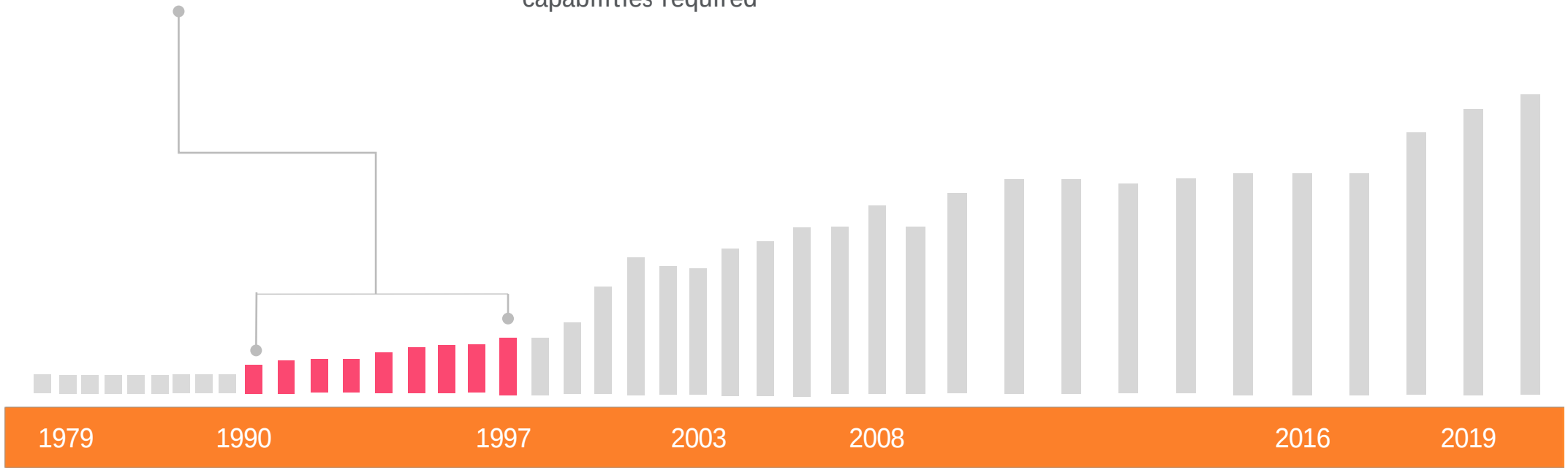
COMPLEXITY OF ASSEMBLY TECHNOLOGY INCREASES

Industry trends

- High density packages (Ball Grid Array)
- Advanced manufacturing and test capabilities required

PLXS response & results

- Plexus develops state-of-the-art manufacturing and test
- Plexus F90-F97 CAGR: **26%**



The evolution of differentiation: Capacity

1997-2003

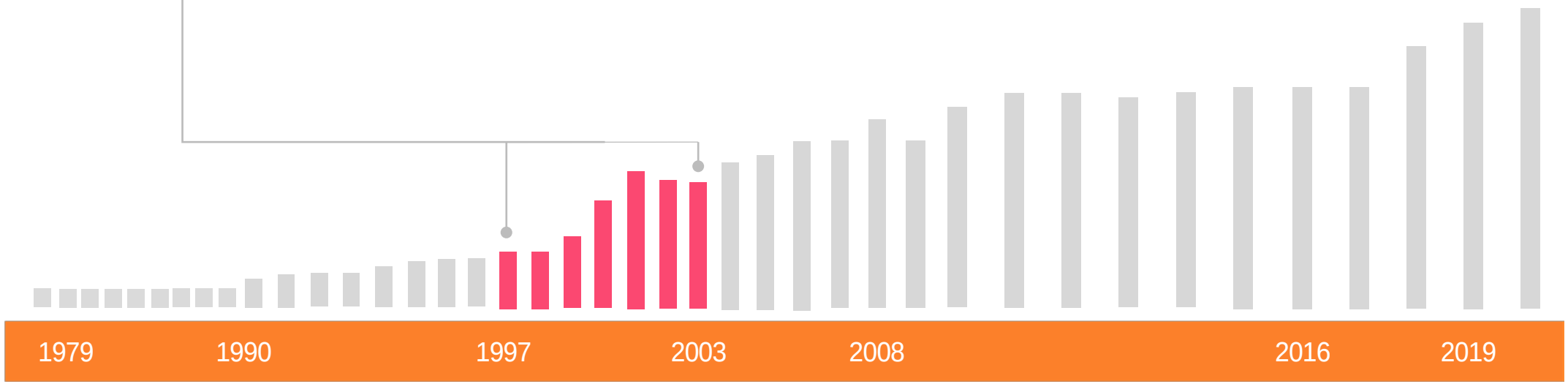
DOT-COM BOOM

Industry trends

- Significant customer demand drives rapid global expansion
- EMS growth through M&A: consolidation and customer facilities

PLXS response & results

- Plexus strategically expands in EMEA and APAC with ROI focus
- Plexus F97–F03 CAGR: **13%** (includes the Dot-Com crash)



The evolution of differentiation: Market strategy

2003-08

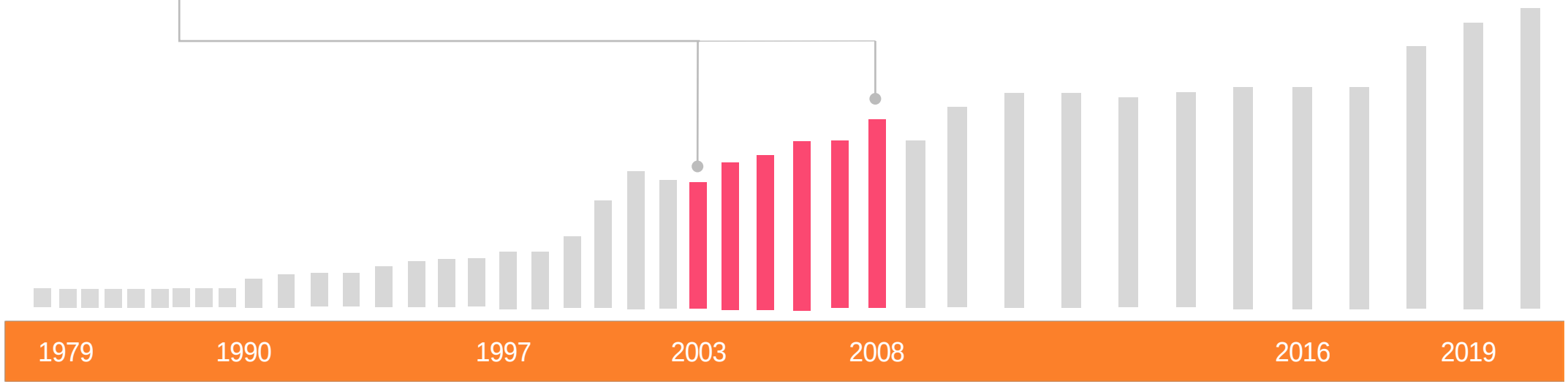
DIVERGING STRATEGIES, DEFINING MARKETS

Industry trends

- Dot-Com crash requires strategy beyond capacity
- EMS strategies diverge: ODM, IP development, vertical integration, etc.

PLXS response & results

- Plexus established mid- to low- volume, high complexity focus for differentiated market sectors
- Plexus F03-F08 CAGR: **18%**



The evolution of differentiation: “Productivity”

2008-16

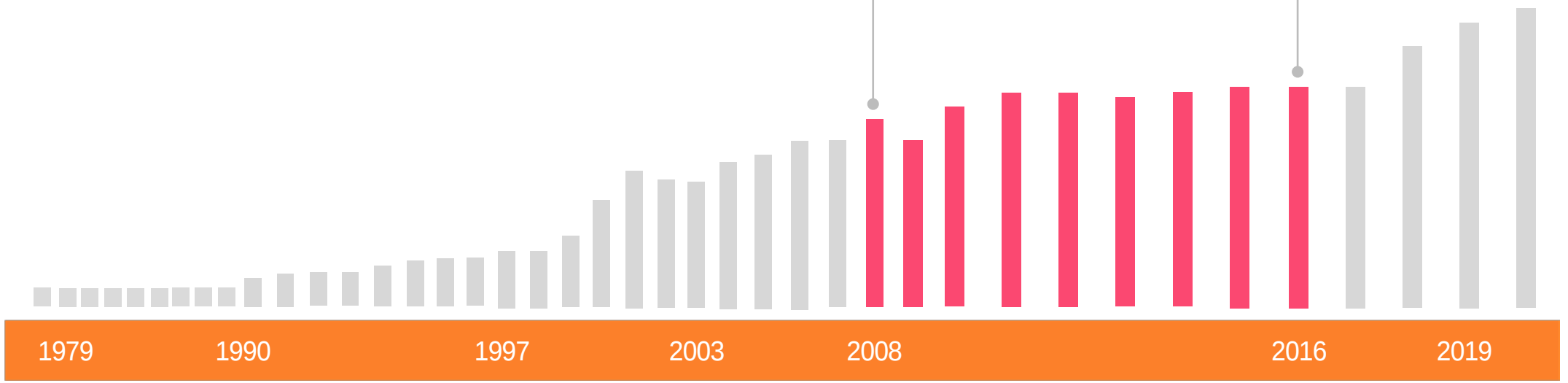
COST REDUCTION REIGNS SUPREME

Industry trends

- Financial crisis and a sluggish economy slowed growth for customers
- Focus on cost reductions vs. delivery or quality

PLXS response & results

- Plexus de-emphasizes Networking
- Plexus F08-F16 CAGR: **4%** (includes financial crisis)



**Fiscal 2008 through fiscal 2016*

The evolution of differentiation: Quality and delivery

2016-PRESENT

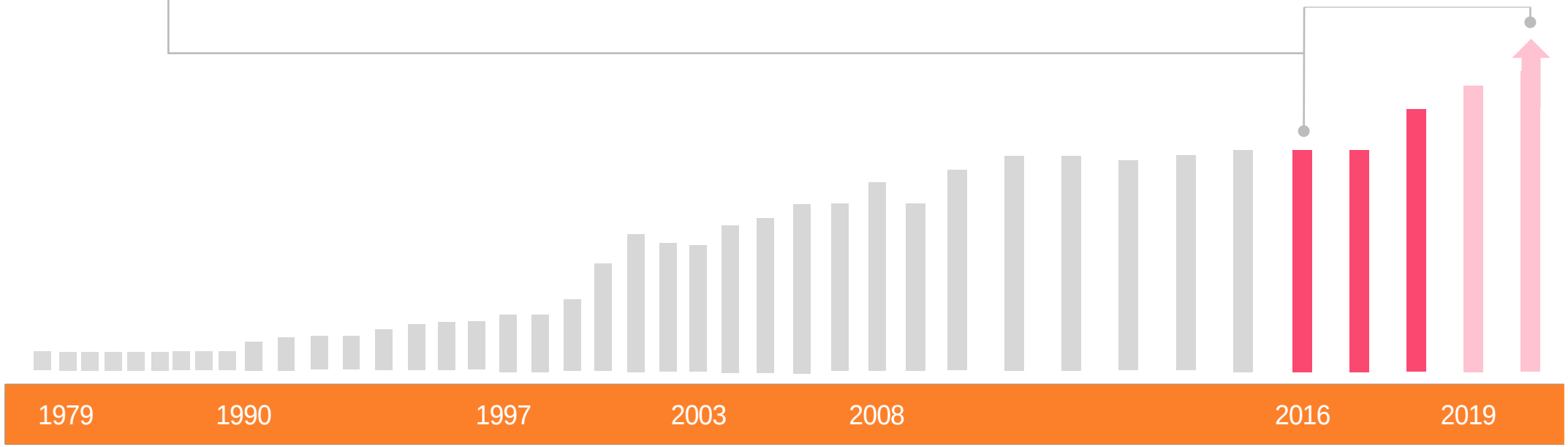
A STANDARD OF EXCELLENCE

Industry trends

- OEM's focus on disruptions due to delivery and quality
- Zero defects and 100% on-time delivery

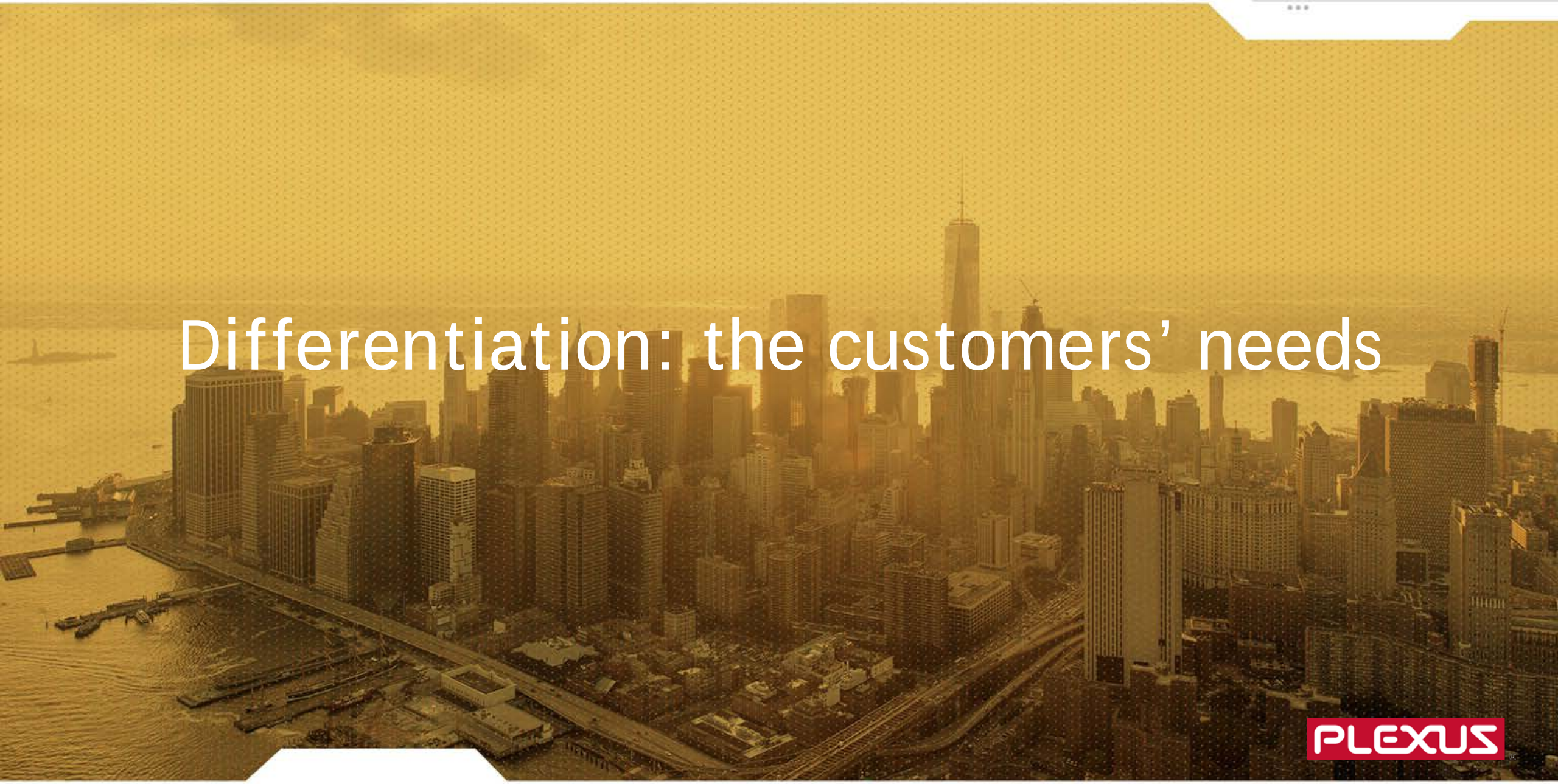
PLXS response & results

- Operational Excellence and Customer Service Excellence
- Plexus F18 Growth: **14%**



**Fiscal 2016 through 2nd quarter of fiscal 2019*

Differentiation: the customers' needs



UTC Supplier Gold
The way forward



Meeting the customers' needs

Customer requirements:

- 12 months of Zero Quality Escapes
- 12 months of 100% On-Time in Full (OTIF)

Plexus delivers:

- Zero Quality Escapes since August 2016
- 100% On-Time in Full since December 2014

Customers reward partners that consistently deliver high quality products on time

The customers' needs

Our cost of quality is at least $600M…our delivery performance [to our customer] is only 85%.

- Chief Executive Officer

Looking for perfection! Our first priority is quality.

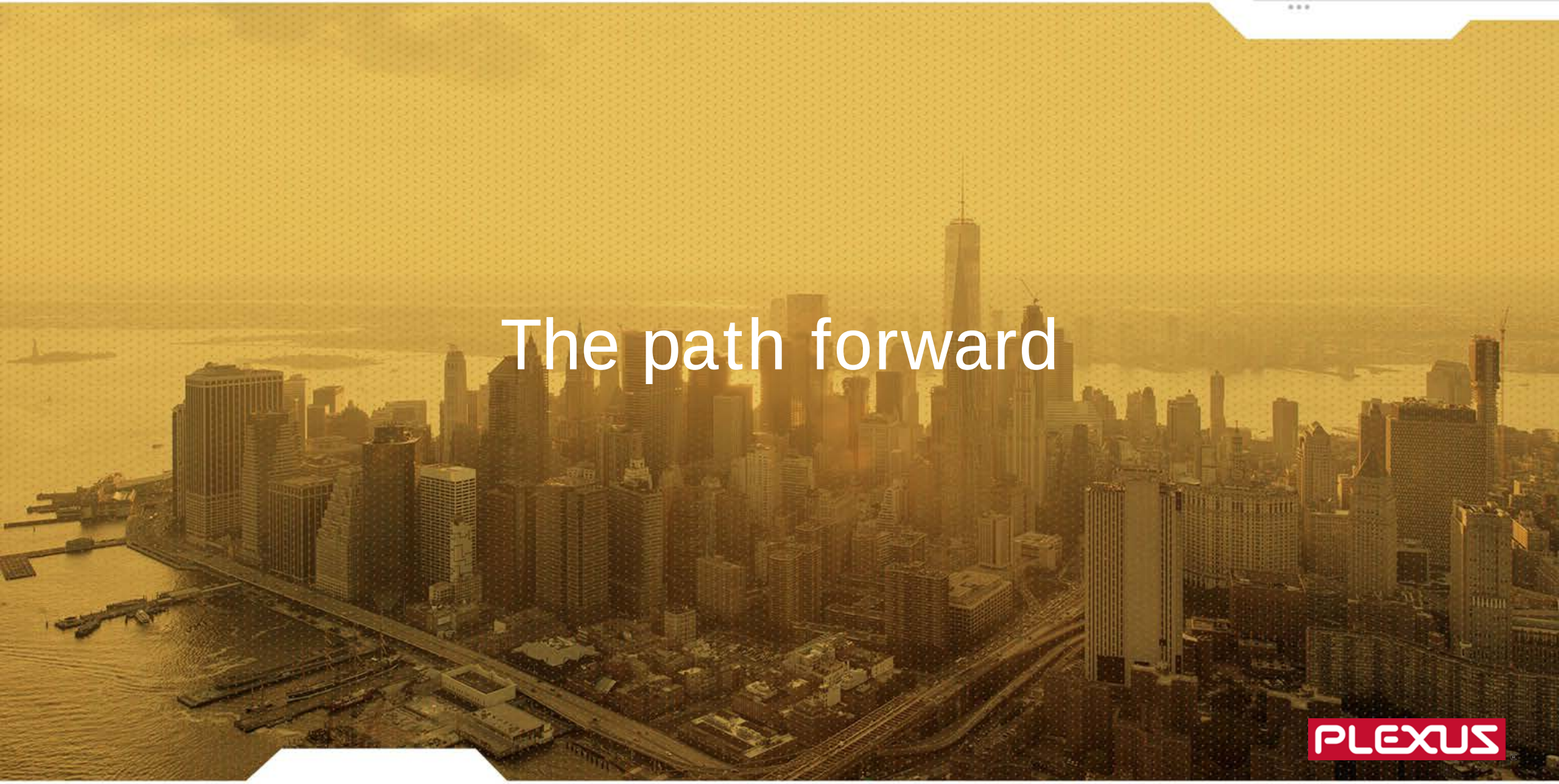
- Chief Procurement Officer

We are now making supplier selections on quality, not just cost.

- Product Sourcing Lead

Two years ago we realized we had a gap with supplier quality…no room for error.

- Sr. VP Quality


The path forward

Exceptional execution is the path to $5B



A strong foundation

“Who we are”

Best People - pillar of our strategy

Culture – tenured leadership

- Integrity & honesty
- Talent development
- Diversity & Inclusion

Employee Net Promoter Score



Operational Excellence

"What we deliver"

Flawless Execution – pillar of our strategy

Quality Begins with Me (QBwM)

Investments:

- Toyota Way continuous improvement
- Automation
- Industry 4.0 - Global Shop Floor

Delivery – On time to request (OTTR)



Customer Service Excellence

"How we deliver"

The 5 E's

- Empathetic
- Entrepreneurial
- Ensure Accountability
- Empowered
- Engaged



Market sector intimacy – pillar of our strategy

"Success from the customer's perspective"

Net Promoter Score: 84%

Global team, global solutions

"Working together"

Global toolset

- Enterprise resource planning (ERP)
- Design environment
- Manufacturing environment

Global management, regional execution

Net Promoter Score feedback



The path to $5B is straightforward



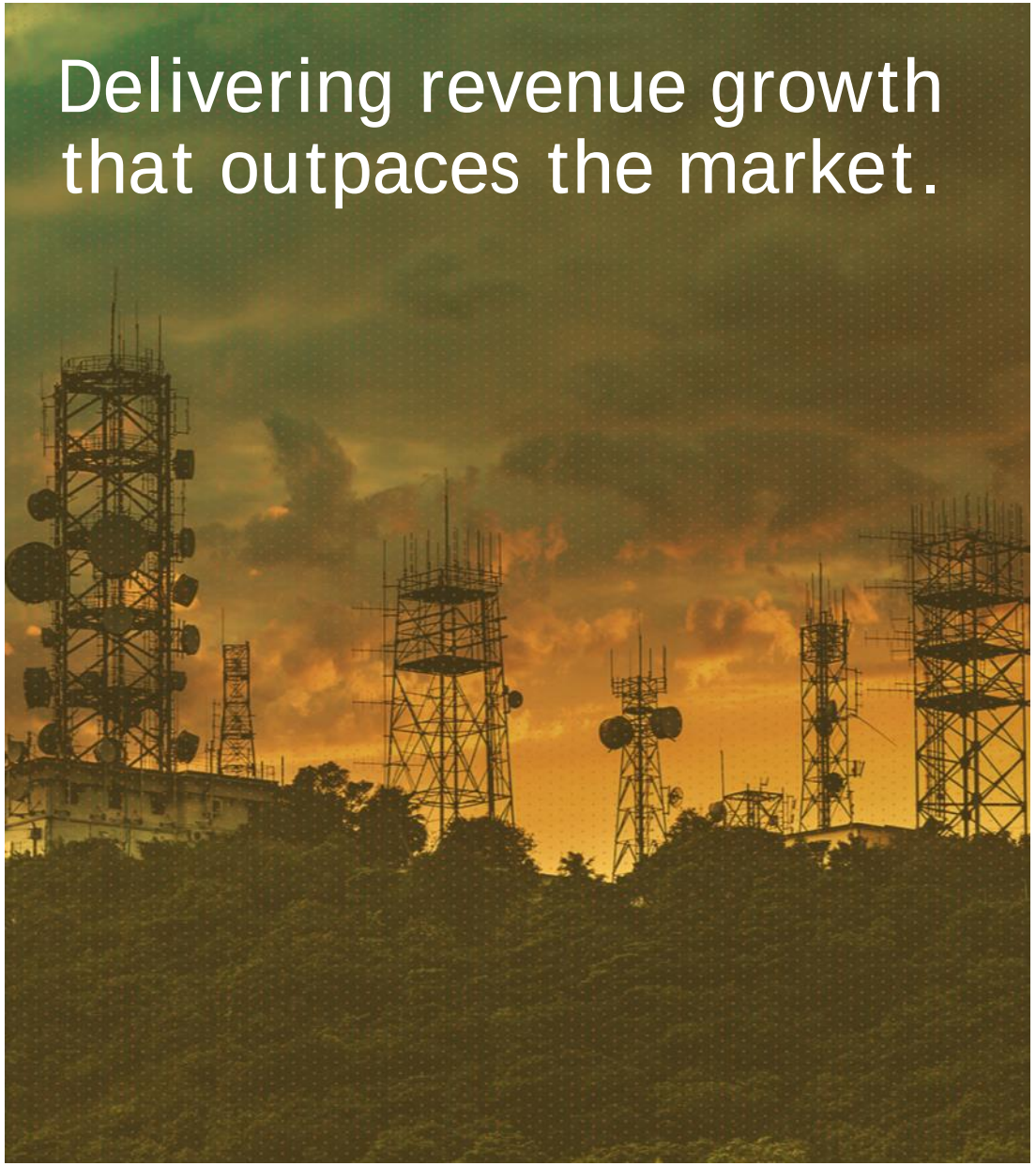
ZERODEFECTS


We’ll help you create the products
that build a better world.

Delivering revenue growth that outpaces the market

Andy Hyatt | Sr. Vice President, Global Customer Solutions

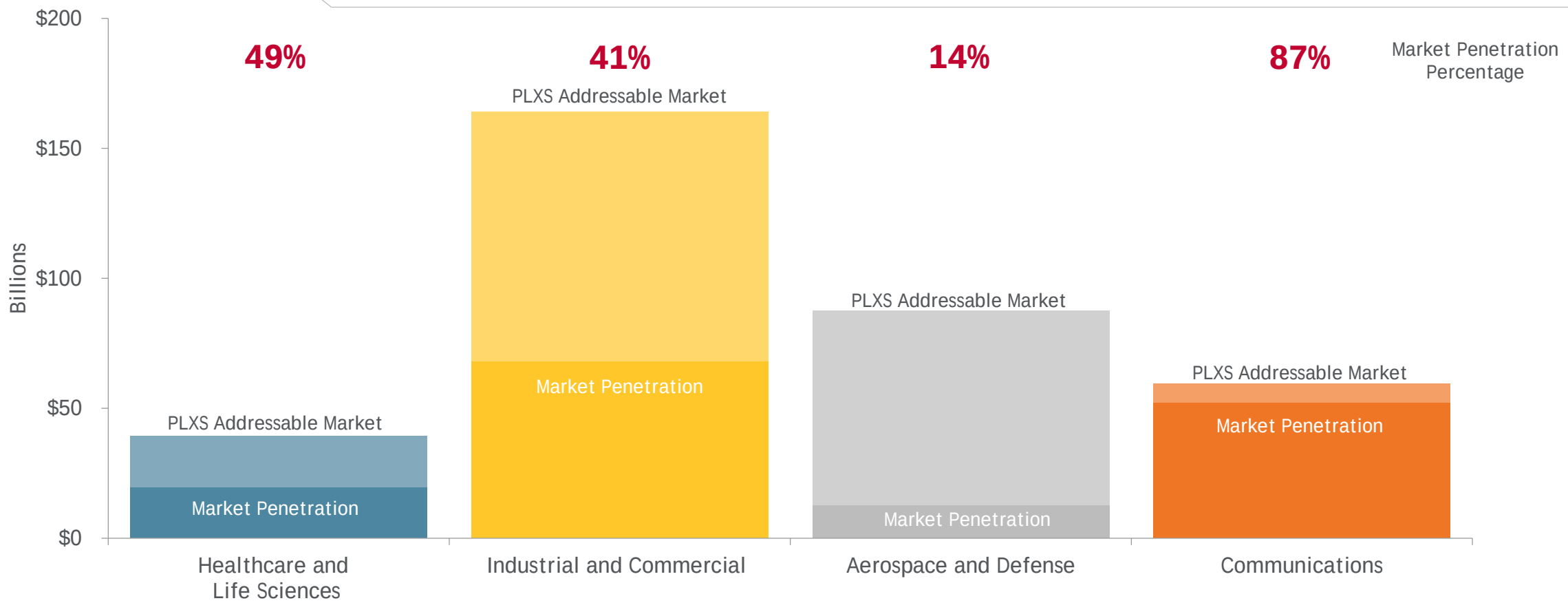




SUSTAINABLE GROWTH ENGINE

- Unique markets and growth potential
- Diligent approach to enabling growth
- Business development pipeline
- Wins model analytics

Ample growth potential in our differentiated markets



Sources: TAM Plexus addressable market reports, Department of Defense, Homeland Security | May 2019

Sector-focused, disciplined targeting approach

Process focused, research based approach

Emphasis on

- Market leaders
- Emerging companies
- Technologies we can leverage

Quality vs. quantity

Relationship expansion with customers

Disciplined approach, unafraid to say “no”

- Shiny object concept



Disciplined sales management approach

Process

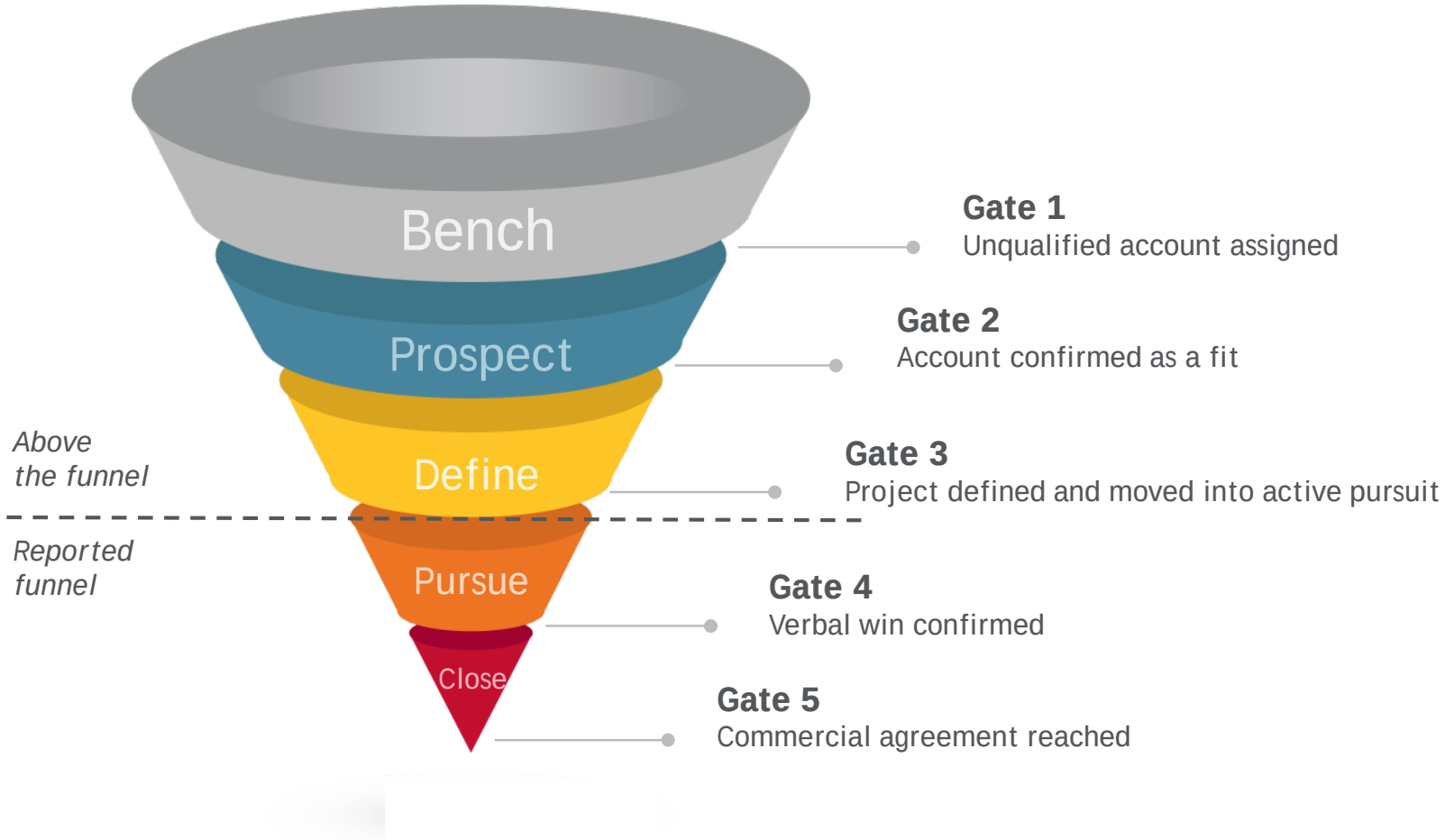
Proprietary Business Development analytics

Talent

Creating growth by leveraging exceptional talent

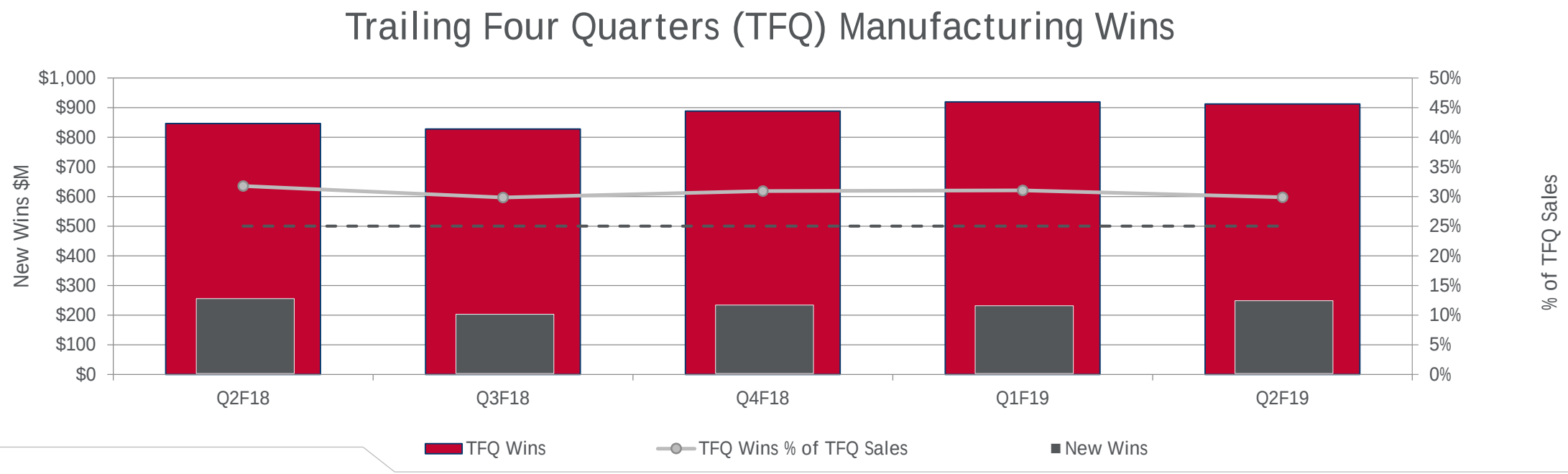
Measurement

Automation of business intelligence data



Leads to higher win rates, a highly efficient sales force with repeatable results

A history of exceptional wins performance



- Consistently demonstrating our ability to exceed 25% threshold
- Connecting growth rate, funnel size and win rates to resource needs
- Additional momentum through new product development conversions

PLXS' 25% TFQ wins model supports 9% to 12% revenue growth objective

A track record of growth in the sectors where we differentiate

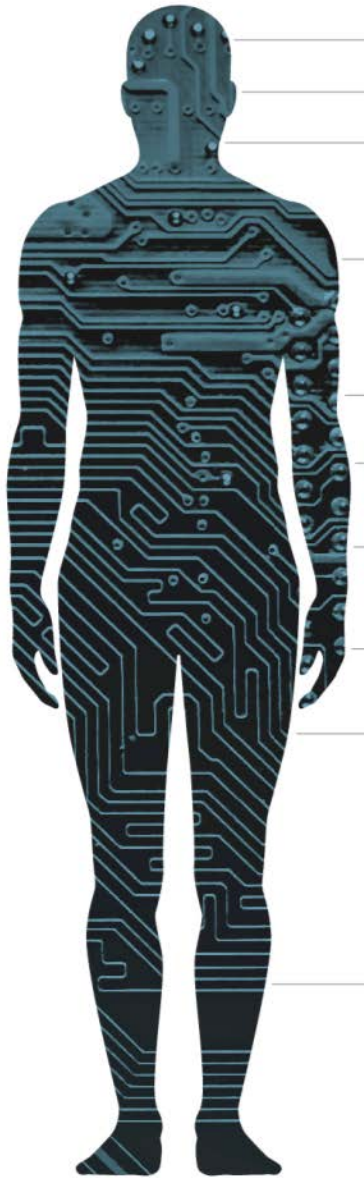
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We’ll help you create the products
that build a better world.



Leadership in the Healthcare and Life Sciences Industry

Mike Tendick | Market Sector Vice President, HC/LS



- Intracranial pressure monitors
- Ophthalmic surgery
- CPAP systems
- Ventricular assist devices
- Cardiac monitoring/telemetry
- Atrial fibrillation
- Automated external defibrillator
- Internal cardiac defibrillator
- Breast biopsy systems
- Cosmetic laser systems
- Robotic assisted surgical devices
- Pain management systems
- Dialysis systems
- Nutritional pumps
- Insulin pumps
- Continuous glucose monitors
- BPH treatment devices
- Incontinence treatment
- Blood gas and O_2 monitoring systems
- Orthopedic surgical tools/monitors
- Electrosurgery devices
- Clinical lab equipment
- Point of care diagnostics
- Wound management
- Drug delivery devices
- Diagnostic imaging
- Bedside monitors
- MRI image enhancers
- Ultrasound imaging systems
- Ultrasound osteoporosis devices

Leading expertise in each of our markets

IMAGING

THERAPEUTIC

MONITORING

LIFE SCIENCES

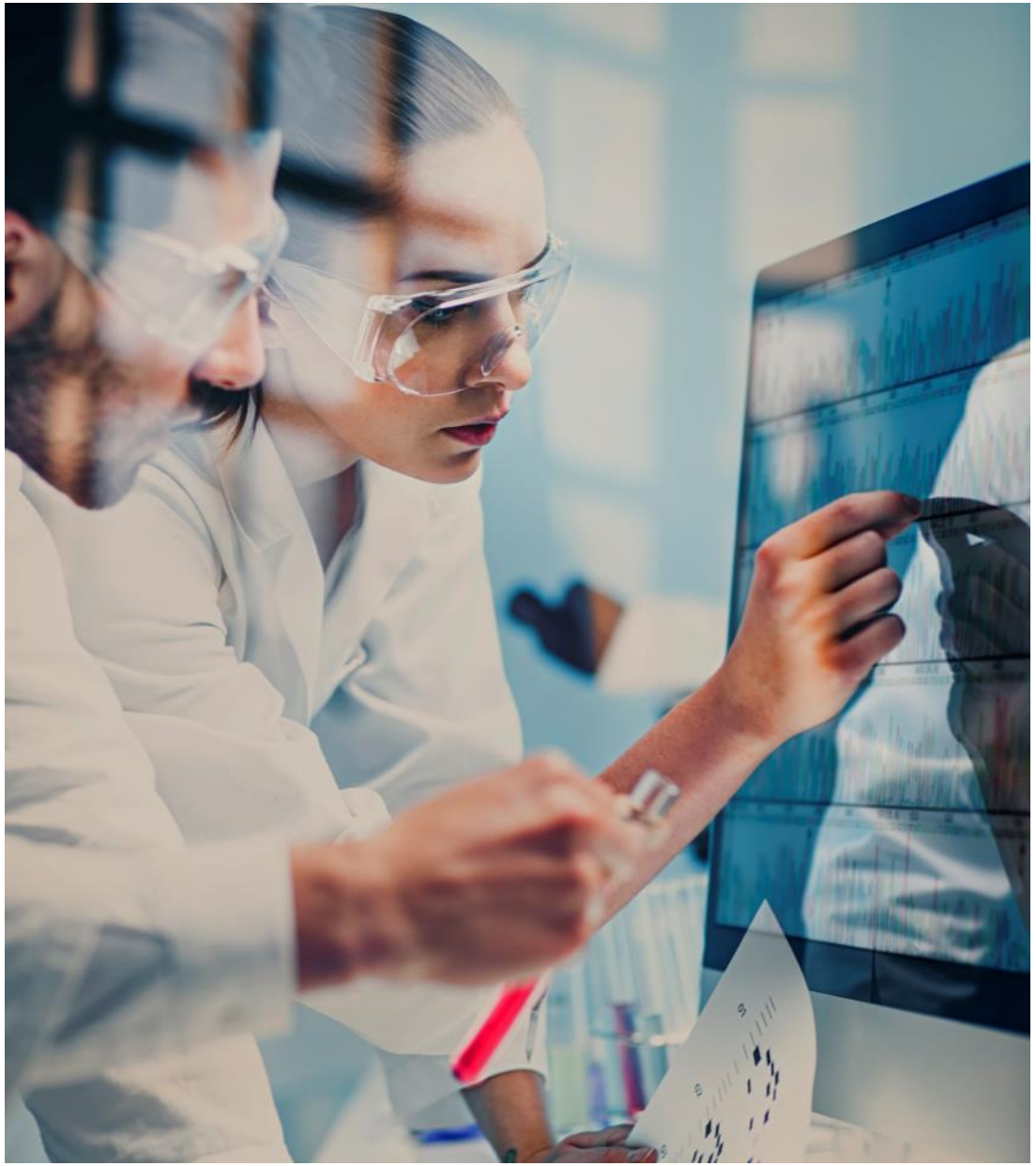
PLXS capitalizing on industry trends

Industry trends

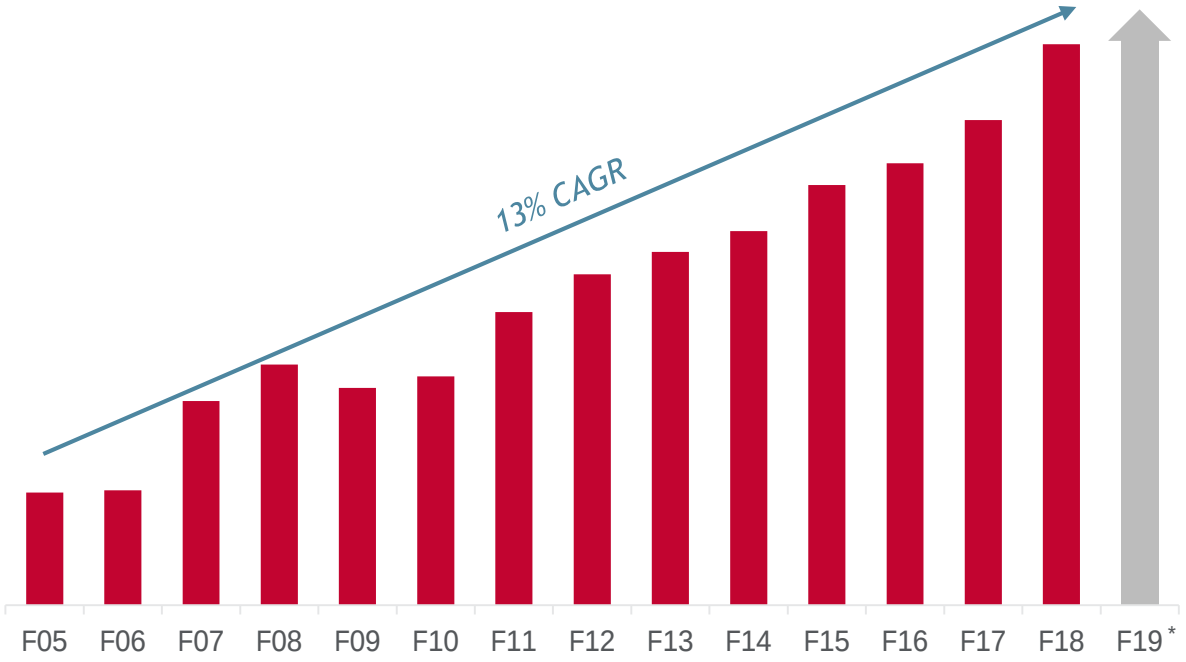
- Favorable developed and emerging market demographics
- OEMs need to reduce cost
- Healthcare/Life Sciences industry consolidation
- Increasing medical device regulatory and quality standards

PLXS opportunities

- The market will see strong growth for the next 10+ years
- Plexus' innovative solutions enable OEMs to combat cost pressures
- Outsourcing continues to increase
- Plexus' expertise enables customers to overcome regulatory hurdles



Innovative engineering generates consistent growth



*F19 revenue is estimated

Providing solutions our customers need, where they need them

AMER

4 Design Centers
3 Manufacturing
- *FDA Class II & III*
- *Single Use Device Assembly*

EMEA

3 Design Centers
2 Manufacturing
- *FDA Class II*

APAC

1 Design Center
3 Manufacturing
- *FDA Class II & III*
- *Single Use Device Assembly*



Location with FDA Class II and III certifications and Single Use Device production

Strategic long term relationships

GROWING WITH OUR CUSTOMERS OF CHOICE

- Industry leaders
- Rapidly growing technology innovators
- Market disruptors

TAKING THE LONG TERM VIEW

- Patience and persistence
- Roadmap alignment

ENSURING PLEXUS BECOMES THE PARTNER OF CHOICE

- Customer Service Excellence
- Operational Excellence

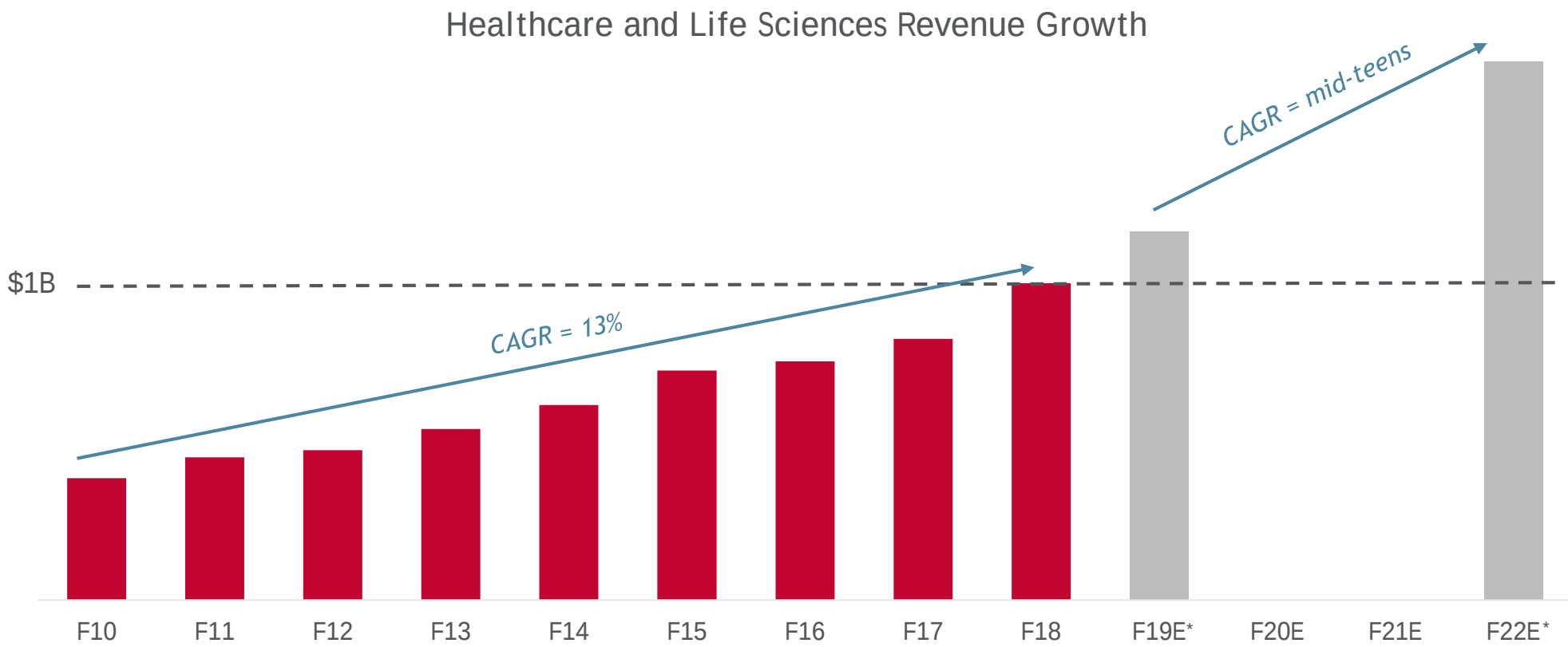
A BARRIER TO ENTRY, QUALITY AND REGULATORY EXPERTISE

- FDA Class II & III, 21 CFR Part 820, ISO 13485
- Industry leading experts in highly regulated environment

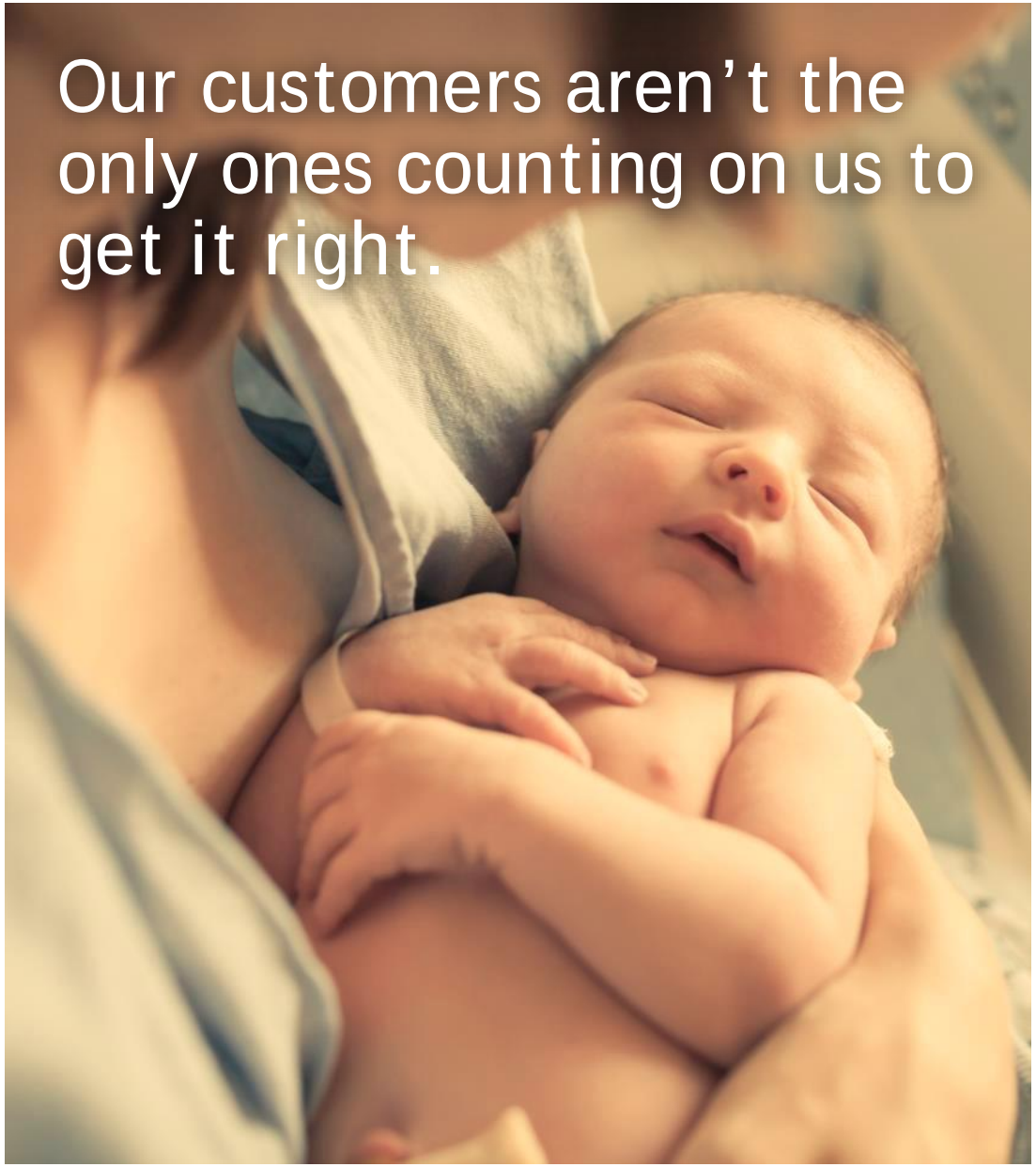
13 of 15

TOP HC/LS COMPANIES
PARTNER WITH PLEXUS

The strategy is working, driving long term growth



*Revenue is a target



KEY TAKEAWAYS

- Innovation leader in Healthcare and Life Sciences
- Plexus' solutions enable customer success
- Strategic customer relationships drive strong growth


We’ll help you create the products
that build a better world.



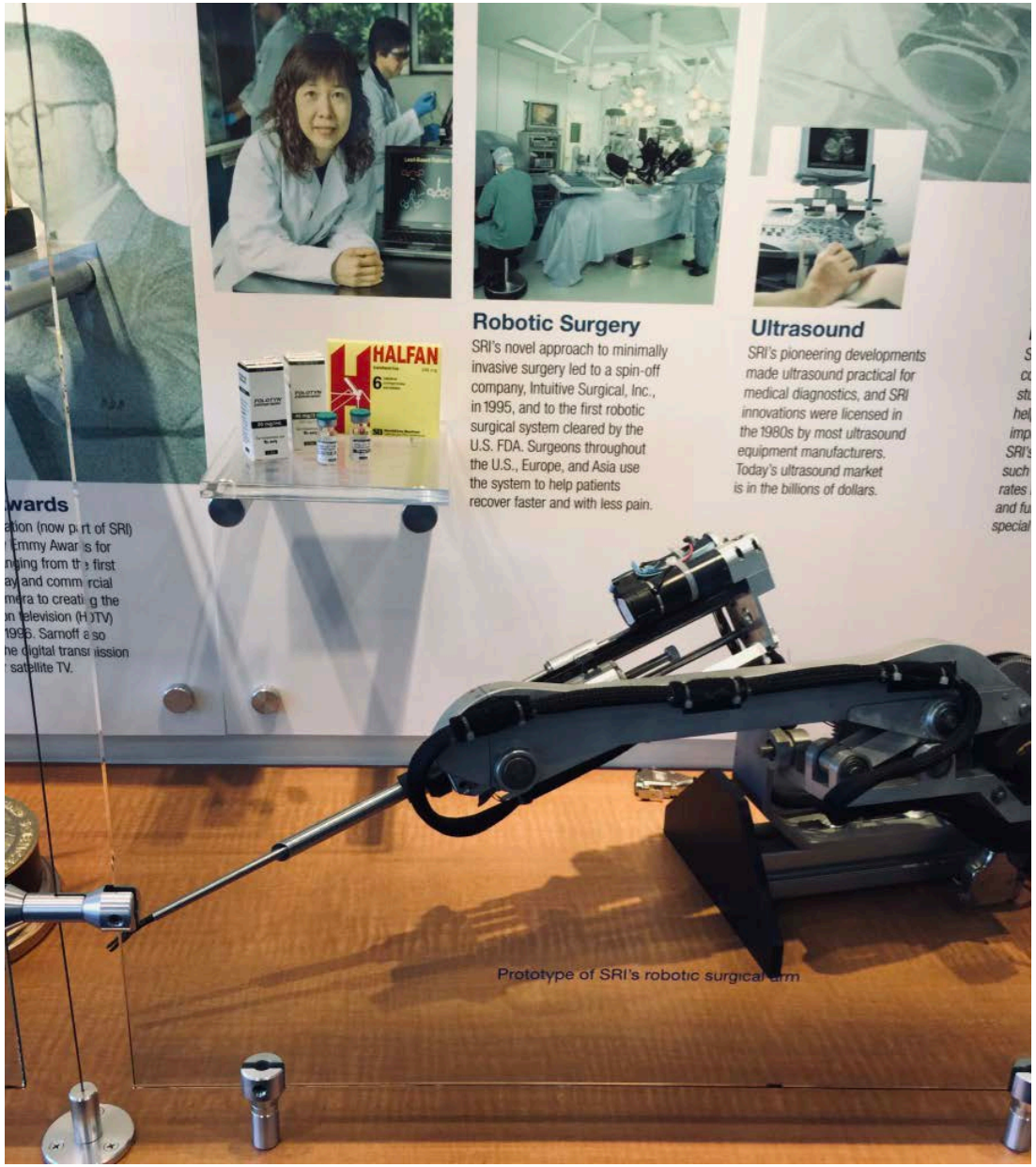
Herb Coussons, MD

- Customer engagements are proprietary
- Plexus will not comment on current customer engagement specifics
- Companies referenced in this presentation are for reference only

Robotic and Computer Assisted Surgery

Growth, development and impact on healthcare





"SRI* is Silicon Valley's soul."

- Business Week

- DARPA project at SRI in early 1980's
- Licensed to Intuitive Surgical in 1995
- FDA approved in 2000 by a 510K equivalency pathway

*Stanford Research Institute (SRI)



Intuitive Surgical | 2000-2015

GROWTH ADOPTION THROUGH CLINICAL DATA

510(k) approval

- Safety and equivalency to laparoscopy
- Limited efficacy or clinical data required

Gained clinical indications from 2000-2007

- CTS, Gyn Cancer & Benign, Urology, Gen Surg, ENT

Clinical efficacy data develops over decades

- Demand spreads worldwide with CE mark in Europe
- Overcoming regulatory in APAC

Clinical benefits | Minimally invasive surgery

Wristed instruments

- Less blood loss
- Fewer transfusions
- Lower infection rates
- Less pain
- Fewer complications

3D HD optics

- Faster recovery
- Faster return to work/family
- Lower length of stay
- Less adjacent organ injury
- Fewer complications

Image stability

- Fewer thromboembolisms
- Less readmissions
- Lower re-operations
- Specialty specific

Scaling of movements

Clinical benefits | Minimally invasive surgery

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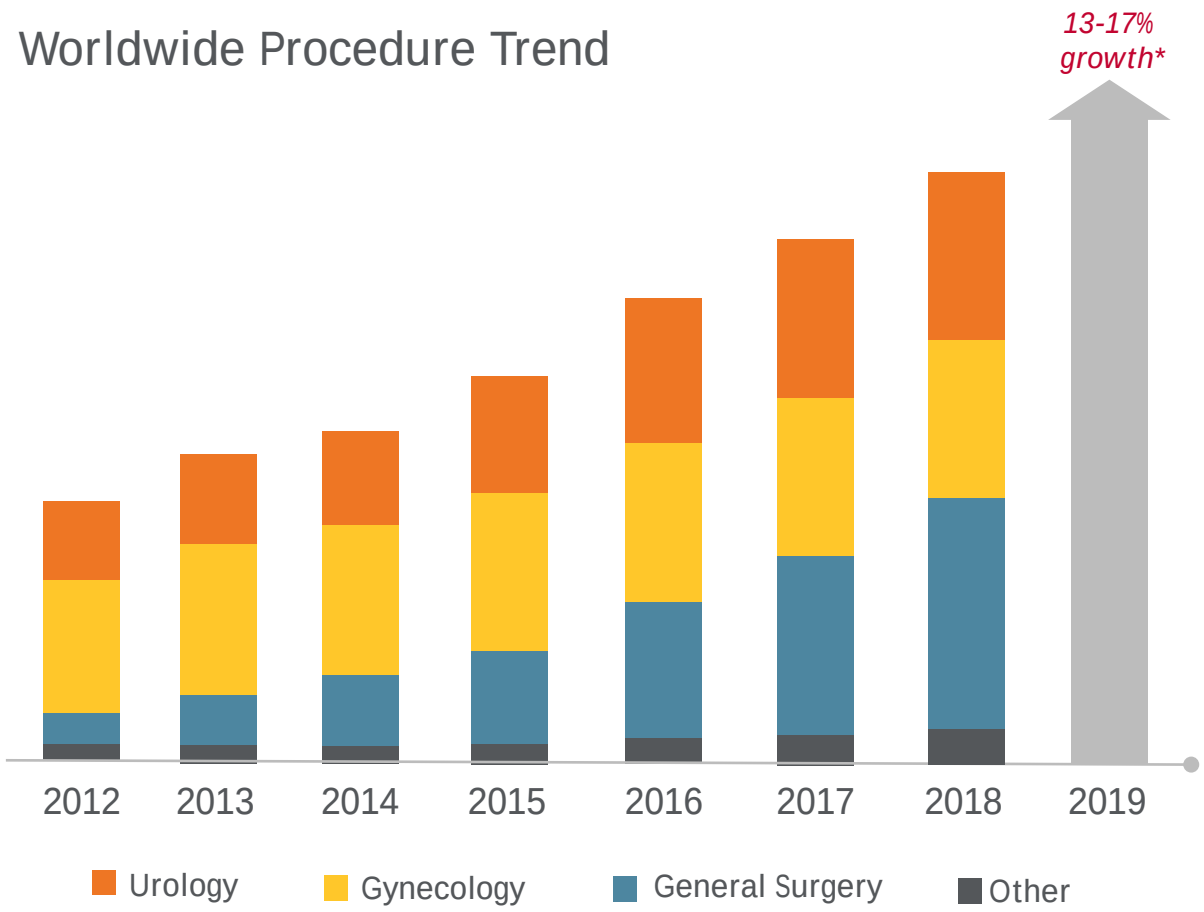
Image stability

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Scaling of movements

Lower cost

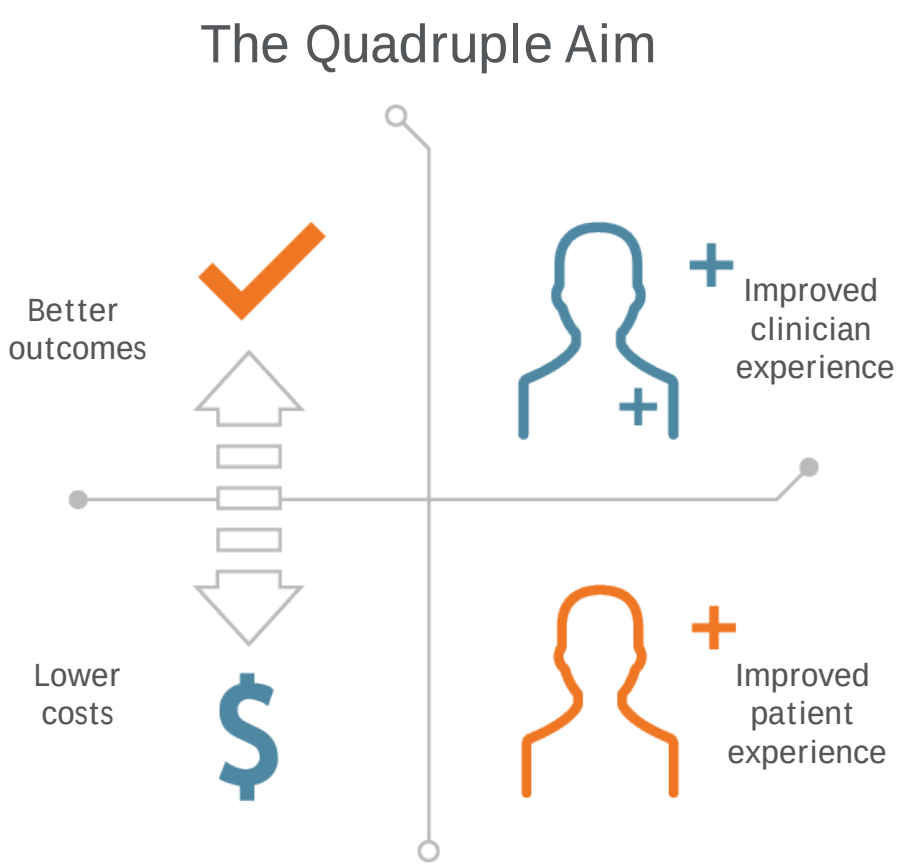
Business growth and development





*projection for 2019
Source: JP Morgan Healthcare Conference 2019

Computer Assisted Surgery's role in the future of healthcare



- The patient experience
- Better outcomes
- Cost competition
- Clinician benefits
  - Technologic enablers
  - Variation reduction
  - Learning curves
  - Simulation
  - Future technology
  - Measurable quality
  - Differentiation

Growth potential of Computer Assisted Surgery

- 5,600 systems worldwide (2019)
- Over 1M procedures in 2018
- Over 10% annual growth 2012 to 2019
- Product expansion into other specialties
  - Ortho and spine
  - Vascular
  - Navigation systems
- Over 40 competitors in phase
  - Market Launch, R&D and regulatory approval

$4B

CURRENT REVENUE

$100B

ANTICIPATED MARKET REACH BY 2024

A culture of problem solving and innovation

Mike Running | Sr. VP, Global Engineering Solutions & Aftermarket Services




“Success demands a singleness of purpose.” – Vince Lombardi



ENGINEERING EXCELLENCE

- Culture created over 40 years
- Seamless integration in all aspects of Plexus
- Talent source for the organization
- Best in class breadth and depth of capabilities

Integrated engineering enables manufacturing growth



DESIGN AND DEVELOPMENT



SUPPLY CHAIN SOLUTIONS



NEW PRODUCT INTRODUCTION



MANUFACTURING

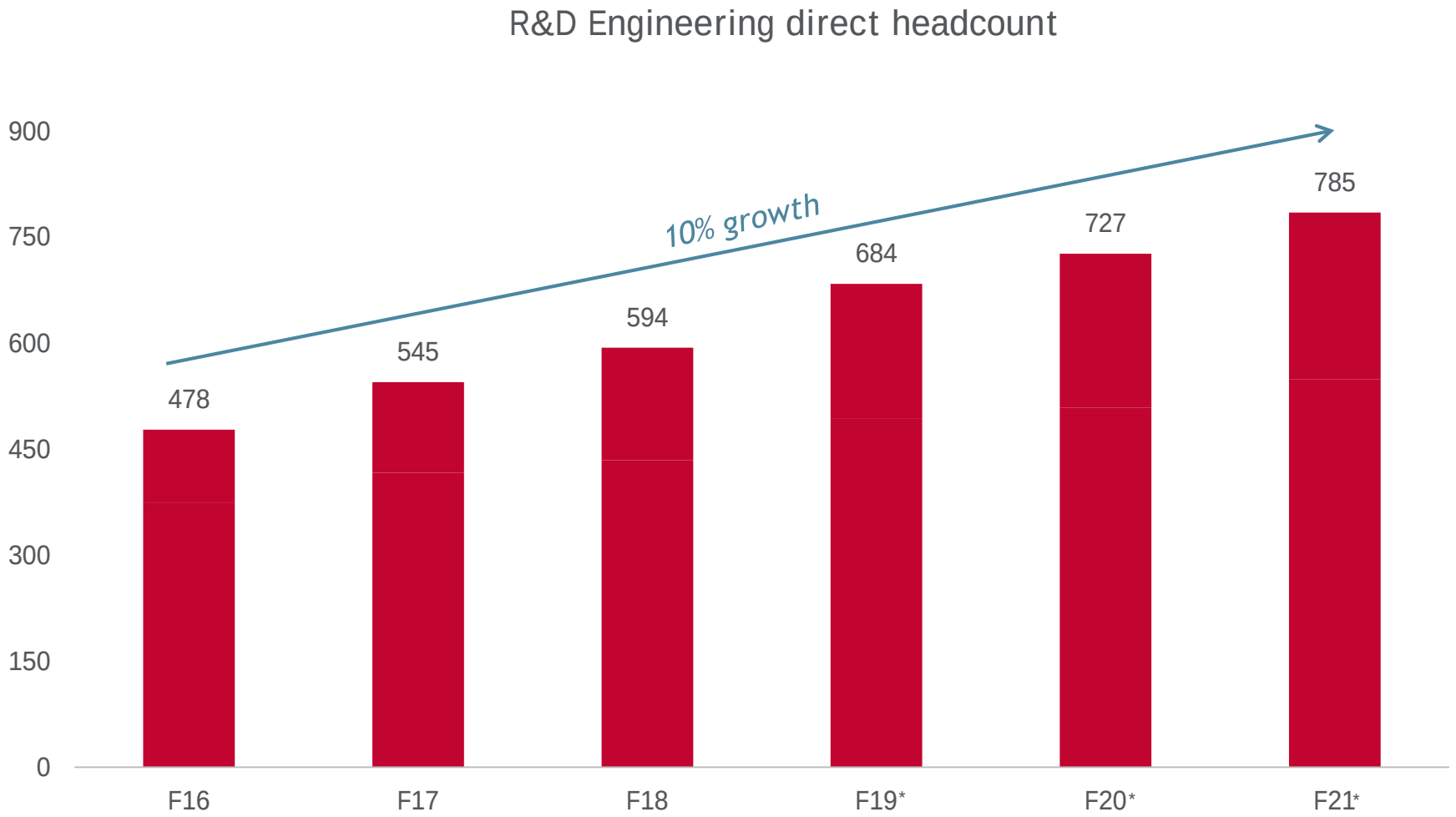


AFTERMARKET SERVICES

63% → $575M

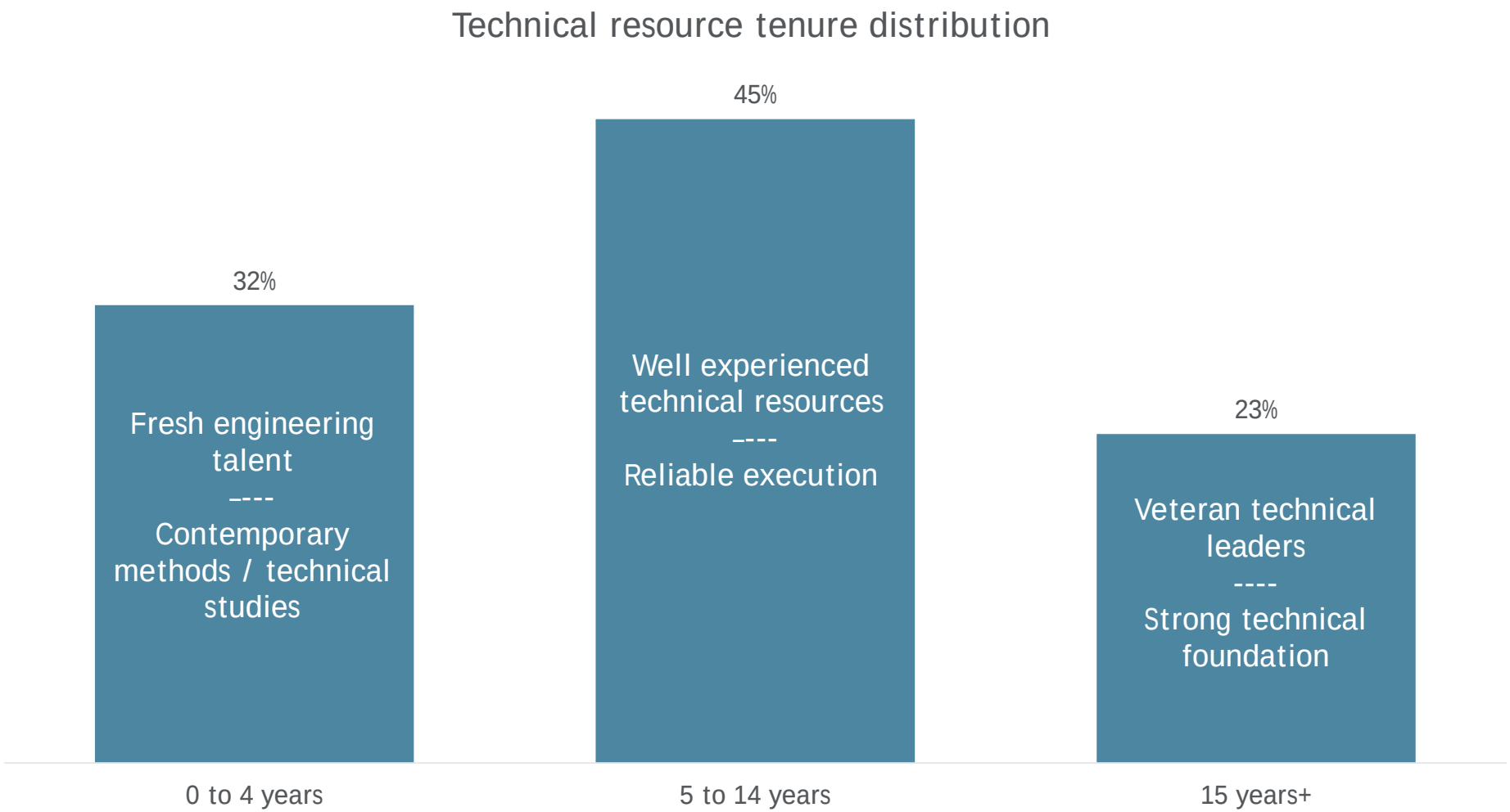
MANUFACTURING WINS WITH
ENGINEERING FIRST ENGAGEMENT
(TRAILING FOUR QUARTERS)

Success driving growth and world-class talent



*Values are estimated

Success driving growth and world-class talent



Global collaboration, greater customer value



AMER



BOULDER,
COLORADO



NEENAH,
WISCONSIN



RALEIGH,
NORTH CAROLINA



GUADALAJARA,
MEXICO

EMEA



LIVINGSTON,
UNITED KINGDOM



DARMSTADT,
GERMANY



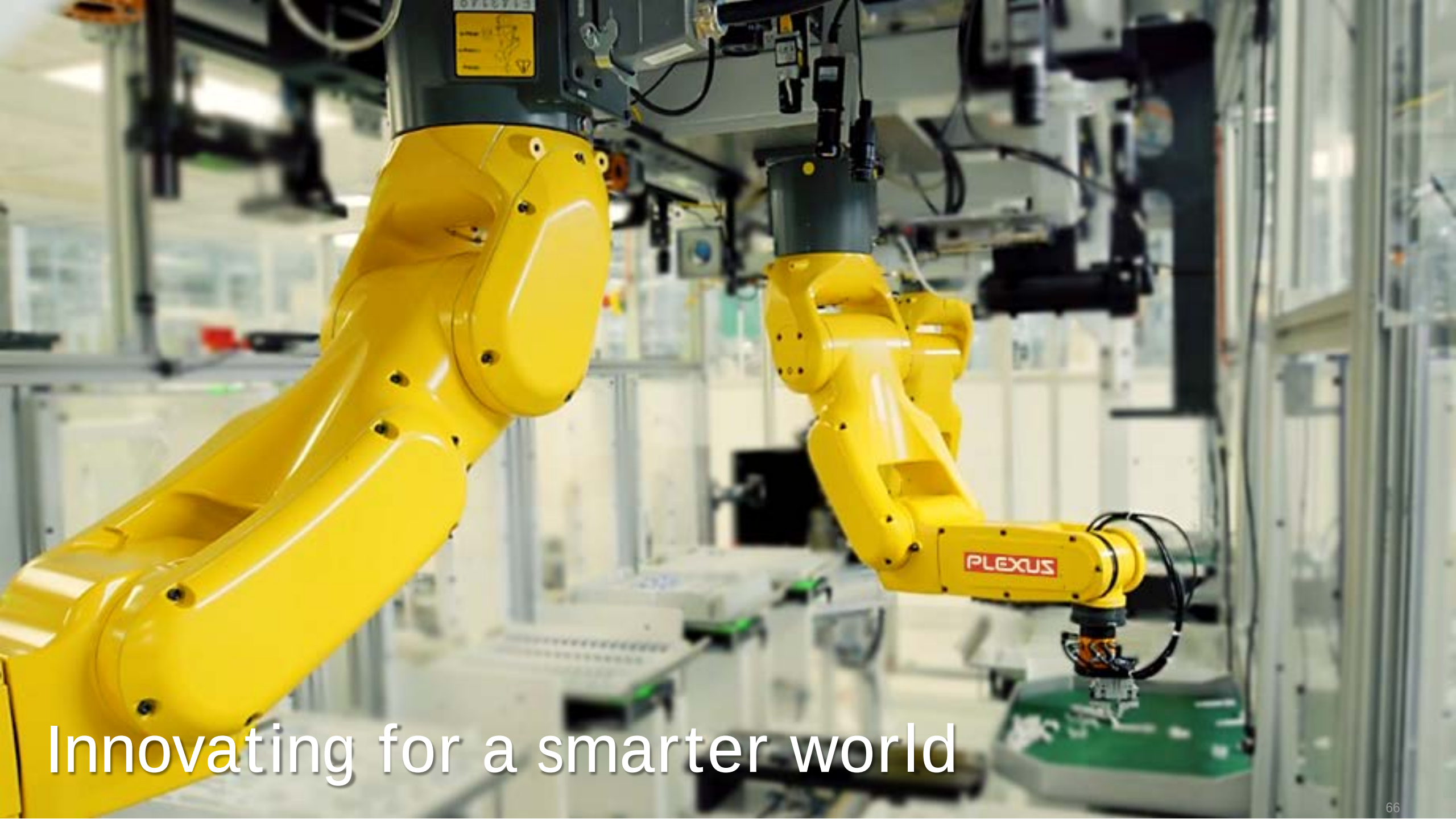
ORADEA,
ROMANIA

APAC



PENANG,
MALAYSIA

Engineering as One Plexus through unified tools, systems and processes



Innovating for a smarter world



Making connections that are transforming the world

Where "zero defects" takes on a whole new meaning



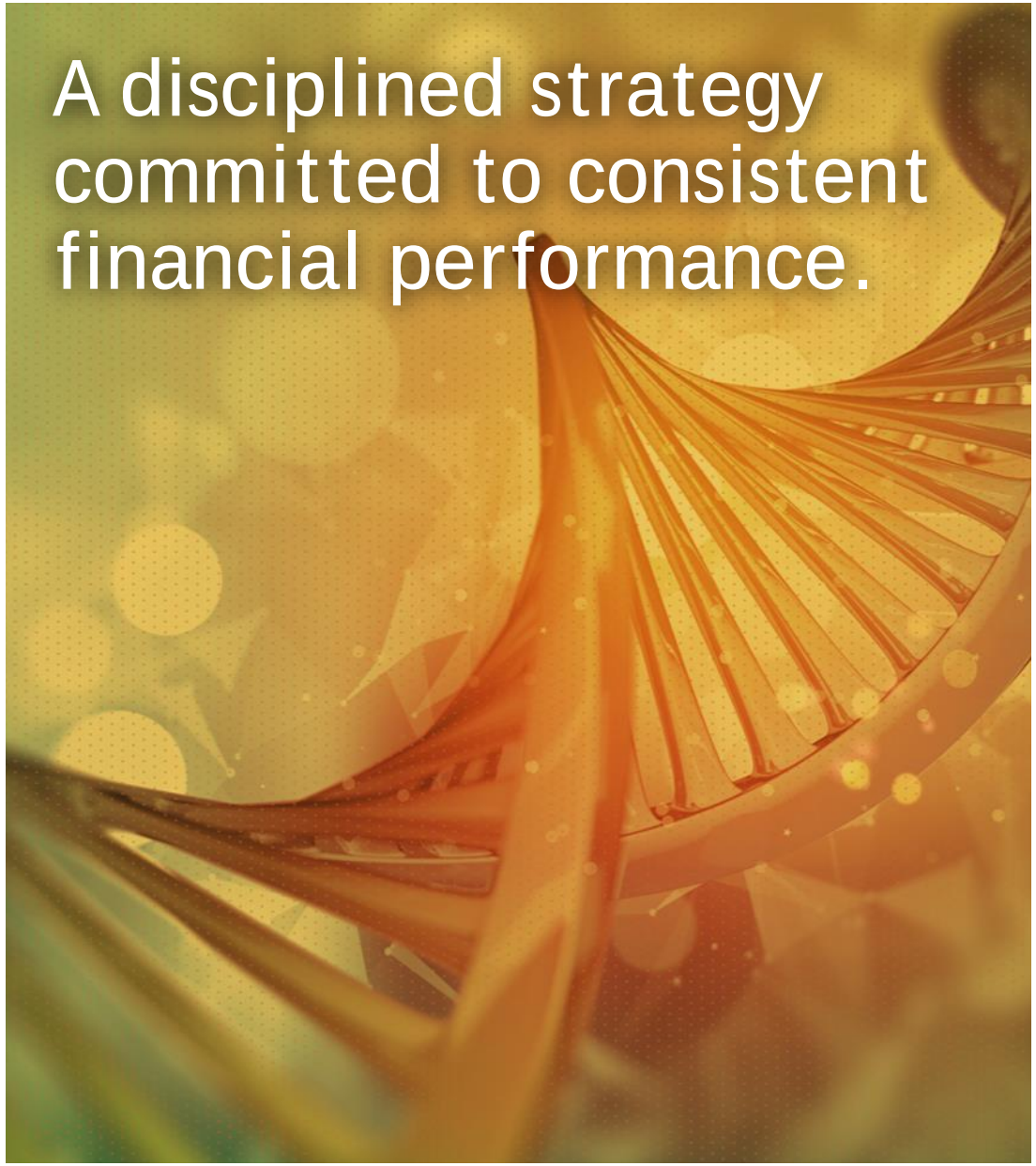

When creating a breakthrough
is more than finding an answer


We’ll help you create the products
that build a better world.



Delivering shareholder value

Pat Jermain | Executive Vice President & Chief Financial Officer



CREATING SHAREHOLDER VALUE

- Balanced portfolio
- Exceptional margins and return performance
- Strong cash generation
- Commitment to shareholders returns

Our differentiated portfolio

$1.8B

F08



$3.2B

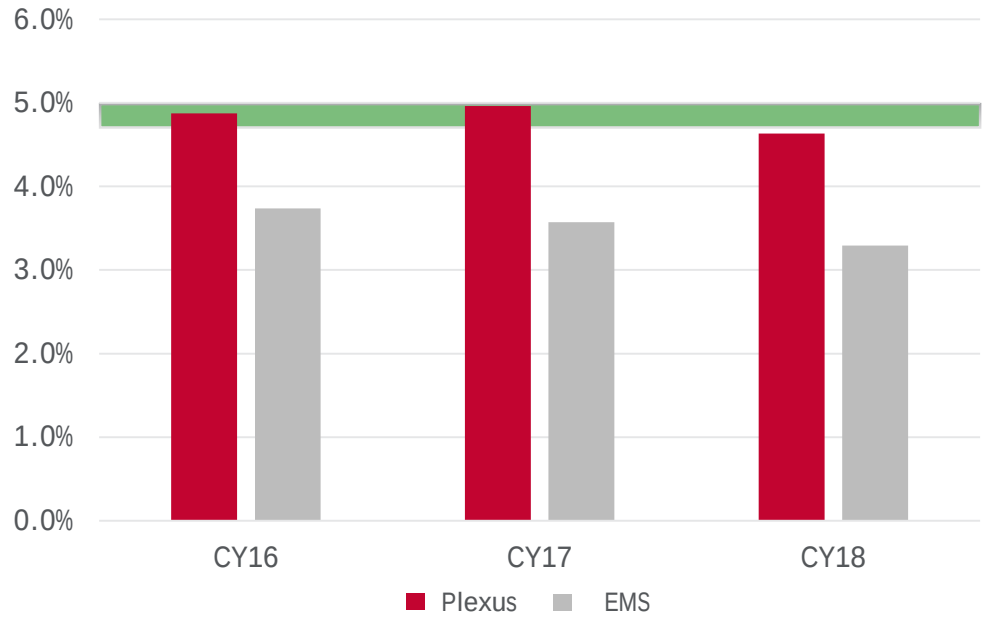
F19*

**Street consensus*



Portfolio aligned to achieve operating margin commitments

Healthcare and Life Sciences
Industrial and Commercial
Aerospace and Defense
Communications

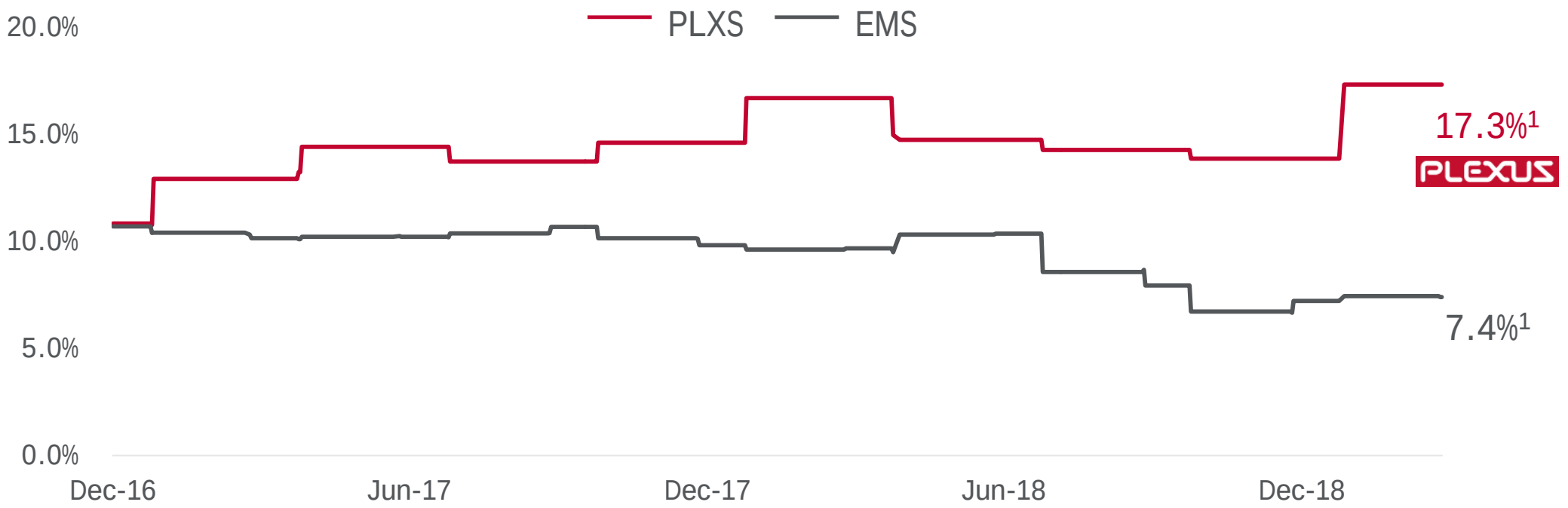


Delivering strong operating margins

CONSISTENTLY OUTPERFORMING COMPETITORS

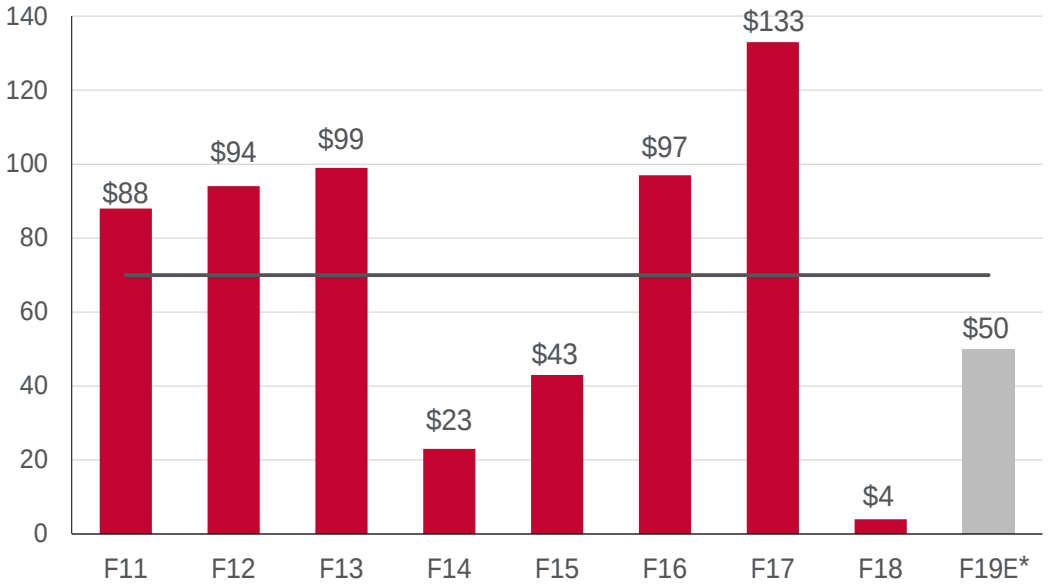
- Differentiated portfolio supports target margins
- Growth in Engineering and AMS
- Commitment to Operational Excellence
- GAAP reporting compared to competition
- High correlation to enterprise value

Widening ROIC gap through consistent attention and focus



Source: J.P. Morgan

[1] Calculated as LTM net income divided by the sum of the average of the current period and last period's debt plus book equity less cash



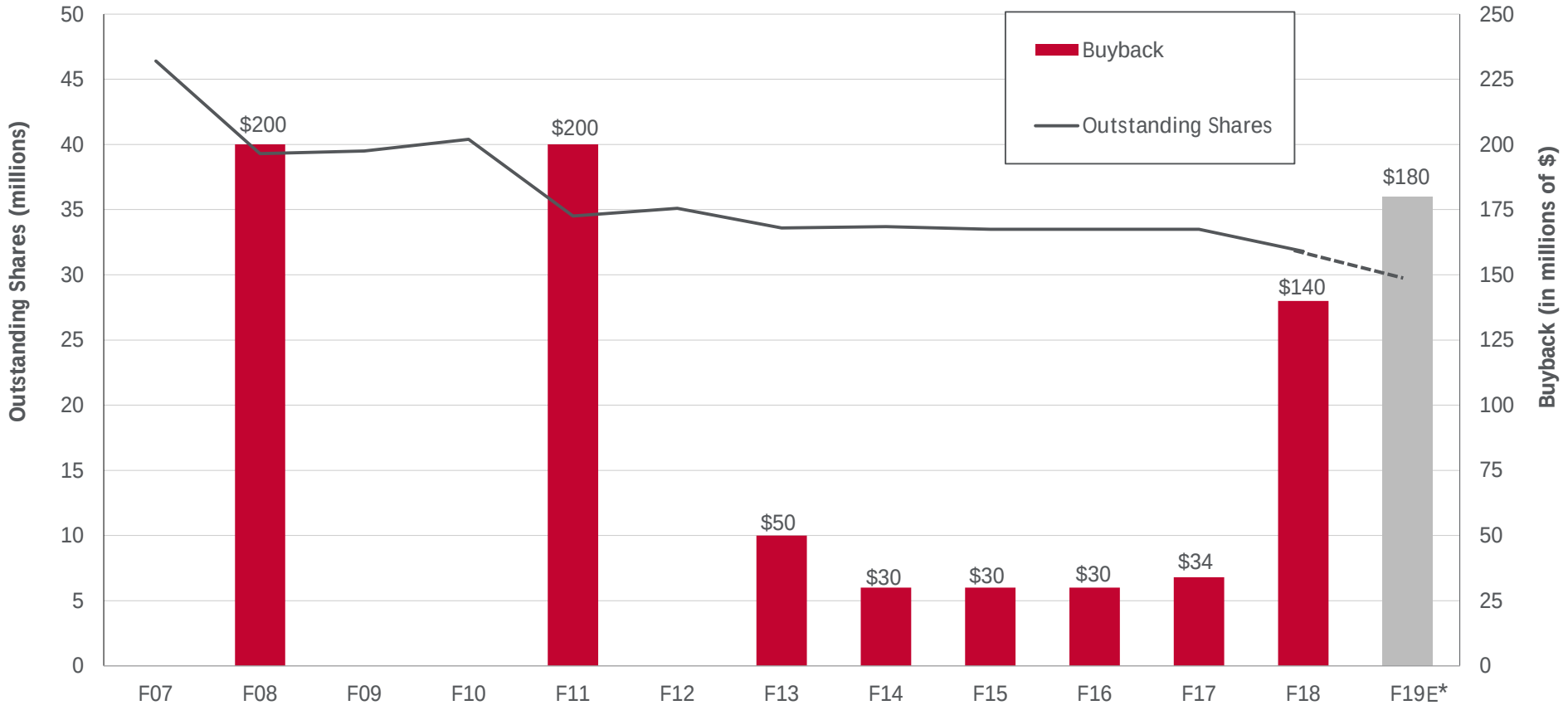
Focus on cash generation

- Solid operating performance
- Attention to working capital
- Focused investments to drive future growth
- Average annual free cash flow, over $70M

Our commitment:
All excess cash returned to shareholders

**F19 values are projected*

Commitment to shareholder returns



Outstanding Shares	46.4	39.3	39.5	40.4	34.5	35.1	33.6	33.7	33.5	33.5	33.5	31.8	
Average price		$26.86			$31.71		$27.44	$40.93	$40.27	$37.50	$52.08	$60.66	

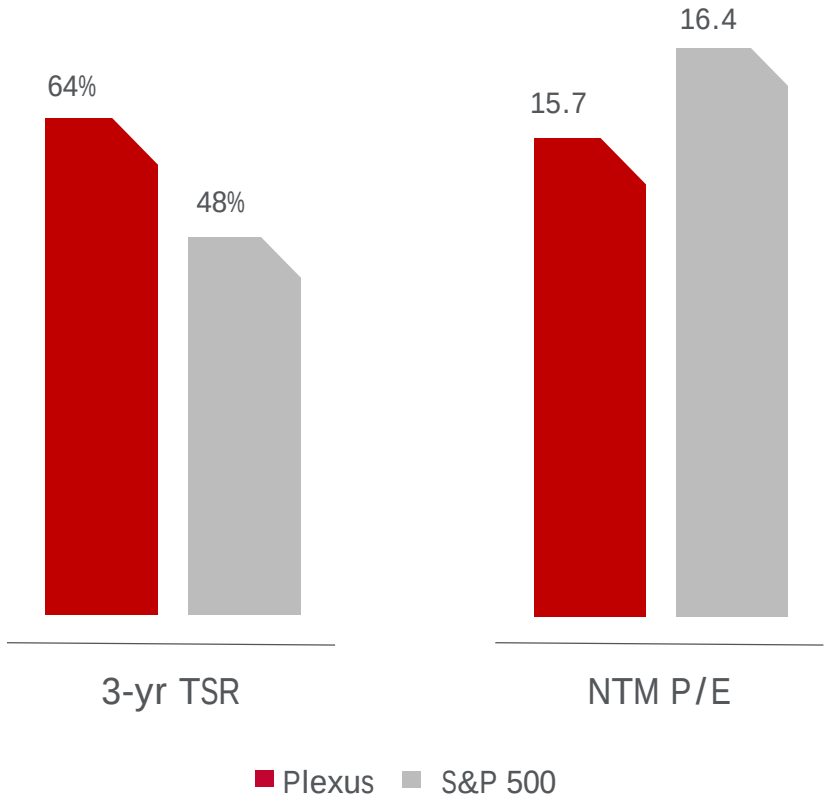
*F19 values are projected

Compelling financial model

	Target
Revenue Growth	9% to 12%
Gross Margin	9.1% to 9.6%
SG&A as a % of Revenue	4.4% to 4.6%
Operating Margin	4.7% to 5.0%
Cash Conversion Cycle	Low 70 days
Return on Invested Capital	500 bps above WACC

Financial metrics and assumptions

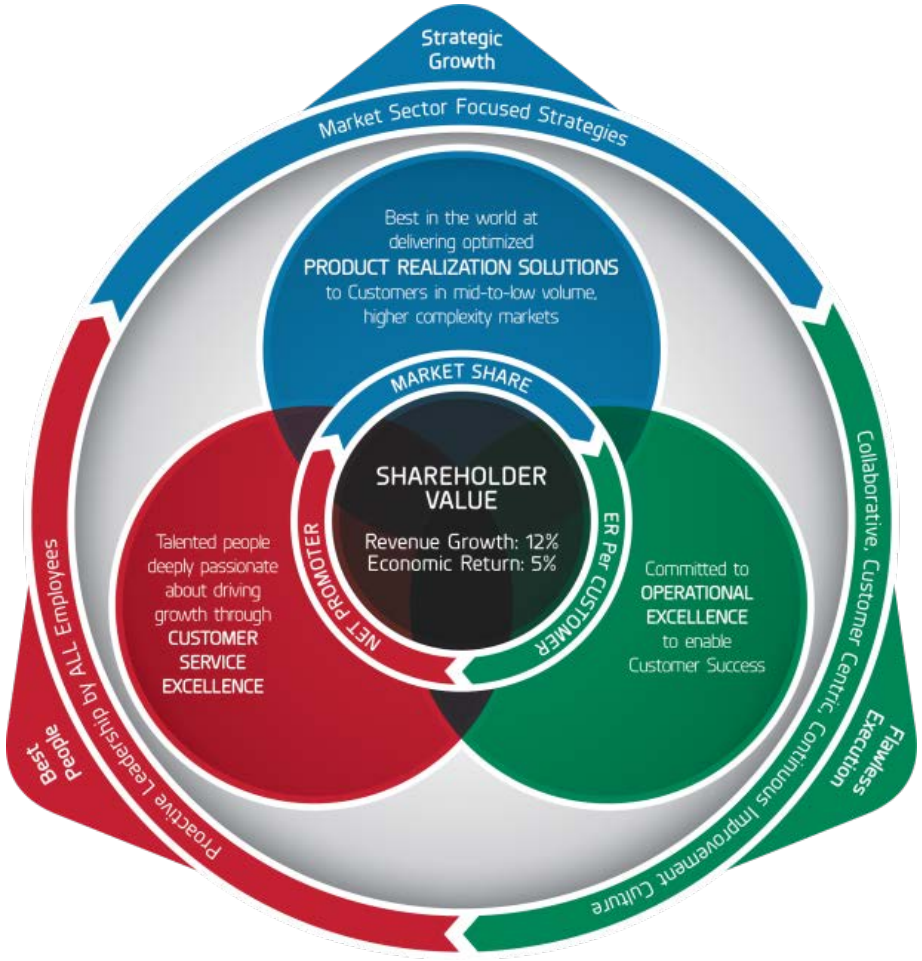
- Tax rate ~ mid-teens
- Capital Spending ~ 2% to 3% of Revenue
- Debt to EBITDA < 2X



Significant opportunity to create shareholder value

- Focused, disciplined strategy
- Outpacing industry growth
- Differentiated engineering solutions
- Strong margins with focus on ROIC
- Management integrity, trust

TSR and NTM Source: J.P. Morgan March 2019



Significant opportunity to create shareholder value

- Focused, disciplined strategy
- Outpacing industry growth
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- Strong margins with focus on ROIC
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A strategy that supports double-digit returns to shareholders through EPS growth and capital allocation

TSR and NTM Source: J.P. Morgan March 2019


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that build a better world.