

Tear Sheet:

Flex Ltd.**November 6, 2025**

This report does not constitute a rating action.

We expect Flex will generate top-line growth over the next few years due to the continued robust demand for AI solutions. Investment plans from AI hyperscale customers remain strong, driving demand across the AI supply chain. After facing revenue declines in the last two years due to economic headwinds and shifting market demands, Flex's top line has recovered, with about 4% organic revenue growth in the first half of fiscal 2026 (fiscal year ending March). A strategic shift toward high-growth, high-margin areas, particularly data centers, cloud, and power solutions fueled by the AI infrastructure boom, alongside improved performance in Health Solutions, is driving growth in the first half of fiscal 2026.

Flex is strategically focusing on the rapidly growing AI infrastructure market by developing a unified platform for power, cooling, and compute that can speed up data center deployments. It is supported by significant investments and strategic partnerships, particularly with NVIDIA and Amazon. As a result of Flex's comprehensive, end-to-end solutions and sustained demand for AI infrastructure and Health Solutions, we expect its full-year revenue growth will be in the mid-single-digit percent area for fiscal 2026 and 2027, despite ongoing challenges in some legacy markets such as consumer electronics and automotives.

A strategic shift to higher-margin business will support strong FOCF and strengthen the investment-grade rating. Flex is improving its profitability by shifting to a business model focused on delivering higher-value, integrated solutions. Its exit of lower-margin businesses has structurally enhanced profitability. The company's data center business is becoming more profitable due to its integrated approach and is expected to drive further margin improvements as it becomes a larger part of Flex's overall revenue. Further, with improved operational efficiencies and as tariff-related expenses are largely passed on to customers, we project S&P Global Ratings-adjusted EBITDA margins will improve to the mid-8% area over the next few years. With the stable growth and improved EBITDA margins, we expect Flex's S&P Global Ratings-adjusted leverage will improve to the low-1x area in fiscal 2026 and 2027.

Due to its improvement in EBITDA generation and working capital management, we forecast Flex will generate over \$1 billion of free operating cash flow (FOCF) over the next two years. This robust cash flow allows it to fund strategic capacity expansions, particularly in Europe, the Middle East, and Africa (EMEA) and North America, to meet the anticipated demand for AI infrastructure, fund tuck-in acquisitions, and return some capital to shareholders. Flex maintains

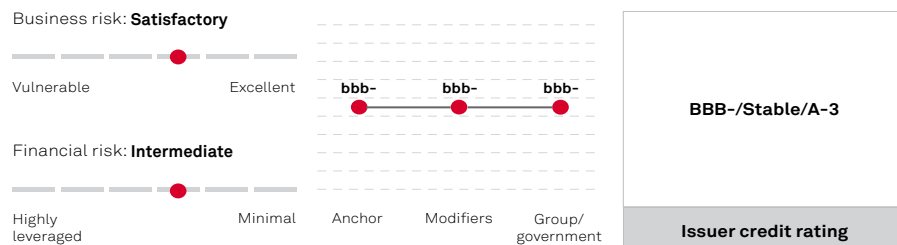
Primary Contacts

Neilson H Lin
New York
212-438-1233
neilson.lin
@spglobal.com

Tulip Lim
New York
1-212-438-4061
tulip.lim
@spglobal.com

a strong liquidity position, with approximately \$2.25 billion in cash and cash equivalents and reported debt of about \$3.6 billion as of Sept. 26, 2025.

Ratings Score Snapshot



Company Description

Flex is a global provider of outsourced advanced manufacturing services including design and engineering services to consumer, communications, data center, and networking manufacturers. The company owned and operated 48 million square feet of production capacity as of March 31, 2025, 19 million of which is in Asia.

Outlook

The stable outlook reflects our expectation for Flex to maintain low debt to EBITDA of 1.0x-1.5x and generate annual FOCF of about \$1 billion over the next 12 months.

Downside scenario

We could lower our rating on Flex if any of the following reduce profits and keep leverage above 3x:

- Loss of key customers;
- Higher operating costs from evolving global supply chain strategies; or
- A more aggressive financial policy.

Upside scenario

We could consider an upgrade if:

- We believe Flex will maintain S&P Global Ratings-adjusted leverage consistently below 2x while it pursues acquisition and shareholder return objectives; and
- The company sustainably grows FOCF.

Key Metrics

Flex Ltd.--Forecast summary

Period ending	Mar-31-2024	Mar-31-2025	Mar-31-2026	Mar-31-2027
(Mil. \$)	2023a	2024a	2025e	2026f
Revenue	26,415	25,813	27,180	28,601
Gross profit	2,448	2,668	2,749	2,943
EBITDA	1,670	1,976	2,263	2,465
Cash flow from operations (CFO)	1,465	1,751	1,626	1,771
Capital expenditure (capex)	530	438	544	658
Free operating cash flow (FOCF)	935	1,313	1,082	1,113
Debt	2,213	2,694	2,809	2,863
Cash and short-term investments (reported)	2,474	2,289	2,174	2,120
Adjusted ratios				
Debt/EBITDA (x)	1.3	1.4	1.2	1.2
FOCF/debt (%)	42.3	48.7	38.5	38.9
Annual revenue growth (%)	(13.0)	(2.3)	5.3	5.2
Gross margin (%)	9.3	10.3	10.1	10.3
EBITDA margin (%)	6.3	7.7	8.3	8.6

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. \$--U.S. dollar.

Financial Summary

Flex Ltd.--Financial Summary

Period ending	Mar-31-2020	Mar-31-2021	Mar-31-2022	Mar-31-2023	Mar-31-2024	Mar-31-2025
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	\$	\$	\$	\$	\$	\$
Revenues	24,210	24,124	26,041	30,346	26,415	25,813
EBITDA	1,241	1,503	1,697	1,964	1,670	1,976
Funds from operations (FFO)	943	1,225	1,381	1,585	1,173	1,551
Interest expense	172	176	191	259	235	245
Cash interest paid	198	173	194	255	254	241
Operating cash flow (OCF)	1,269	1,270	755	873	1,465	1,751
Capital expenditure	462	351	443	635	530	438
Free operating cash flow (FOCF)	807	919	312	238	935	1,313
Discretionary cash flow (DCF)	547	736	(374)	(121)	(788)	56
Cash and short-term investments	1,923	2,637	2,964	3,294	2,474	2,289
Gross available cash	1,923	2,637	2,964	3,294	2,474	2,289
Debt	2,759	2,050	3,020	1,979	2,213	2,694
Common equity	2,831	3,436	3,707	5,706	5,325	5,002
Adjusted ratios						
EBITDA margin (%)	5.1	6.2	6.5	6.5	6.3	7.7
Return on capital (%)	5.4	15.7	17.3	17.0	12.1	16.8

Flex Ltd.--Financial Summary

EBITDA interest coverage (x)	7.2	8.5	8.9	7.6	7.1	8.1
FFO cash interest coverage (x)	5.8	8.1	8.1	7.2	5.6	7.4
Debt/EBITDA (x)	2.2	1.4	1.8	1.0	1.3	1.4
FFO/debt (%)	34.2	59.8	45.7	80.1	53.0	57.6
OCF/debt (%)	46.0	62.0	25.0	44.1	66.2	65.0
FOCF/debt (%)	29.3	44.8	10.3	12.0	42.3	48.7
DCF/debt (%)	19.8	35.9	(12.4)	(6.1)	(35.6)	2.1

Peer Comparison

Flex Ltd.--Peer Comparisons

	Flex Ltd.	Jabil Inc.	Sanmina Corp.	Hon Hai Precision Industry Co. Ltd.	Celestica Inc.
Foreign currency issuer credit rating	BBB-/Stable/A-3	BBB-/Stable/A-3	BB+/Stable/--	A-/Stable/--	BB+/Stable/--
Local currency issuer credit rating	BBB-/Stable/A-3	BBB-/Stable/A-3	BB+/Stable/--	A-/Stable/--	BB+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2025-03-31	2025-08-31	2024-09-28	2024-12-31	2024-12-31
Mil.	\$	\$	\$	\$	\$
Revenue	25,813	29,802	7,568	209,259	9,646
EBITDA	1,976	2,188	546	9,209	853
Funds from operations (FFO)	1,551	1,677	447	6,320	674
Interest	245	166	32	1,122	64
Cash interest paid	241	181	29	1,469	73
Operating cash flow (OCF)	1,751	1,264	496	4,122	494
Capital expenditure	438	322	111	4,159	171
Free operating cash flow (FOCF)	1,313	942	385	(37)	323
Discretionary cash flow (DCF)	56	(136)	130	(2,573)	51
Cash and short-term investments	2,289	1,960	626	40,243	423
Gross available cash	2,289	1,960	426	40,243	423
Debt	2,694	3,770	54	0	566
Equity	5,002	1,517	2,362	56,485	1,896
EBITDA margin (%)	7.7	7.3	7.2	4.4	8.8
Return on capital (%)	16.8	26.1	14.3	14.1	26.0
EBITDA interest coverage (x)	8.1	13.2	16.9	8.2	13.2
FFO cash interest coverage (x)	7.4	10.3	16.3	5.3	10.2
Debt/EBITDA (x)	1.4	1.7	0.1	0.0	0.7
FFO/debt (%)	57.6	44.5	829.0	NM	119.1
OCF/debt (%)	65.0	33.5	919.5	NM	87.3
FOCF/debt (%)	48.7	25.0	713.3	NM	57.1
DCF/debt (%)	2.1	(3.6)	241.7	NM	9.1

Environmental, Social, And Governance

ESG credit factors have an overall neutral influence on our credit rating analysis of Flex. Due to its global manufacturing footprint, we view the company as more sensitive to greenhouse gas emission risks. We expect Flex will continue to manage emissions through its energy-efficient projects and use of solar power generation systems across its portfolio to supplement its power demand. We continue to view Flex's sustainability targets as in line with those of industry peers.

Issue Ratings--Subordination Risk

Capital structure

Flex's capital structure comprises mainly senior unsecured notes and term loans at the parent level. We view subsidiary-level debt as immaterial.

Analytical conclusions

We rate Flex's unsecured debt, including its Hungarian forint (HUF)-denominated bonds, 'BBB-', the same as issuer credit ratings, because no significant elements of subordination risk are present in the capital structure. We believe subsidiary-level debt, including its Hungarian subsidiary debt and other priority claims, are sufficiently low.

Flextronics International Termelő és Szolgáltatási Vállalat (Flex Ltd.'s wholly owned subsidiary) HUF100 billion fixed-rate senior unsecured bonds (ISIN HU0000360979) are rated 'BBB-'. The notes have a 10-year tenor (amortizing 10% annually in year 7, 8, and 9 with a final 70% bullet payment in 2031), and a 3.6% HUF annual fixed-rate coupon. The issue rating reflects the notes' unsecured senior ranking and the irrevocable and unconditional guarantee by Flex Ltd.

Rating Component Scores

Foreign currency issuer credit rating	BBB-/Stable/A-3
Local currency issuer credit rating	BBB-/Stable/A-3
Business risk	Satisfactory
Country risk	Intermediate
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb-
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb-

Related Criteria

- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [ARCHIVE | General Criteria: Use Of CreditWatch And Outlooks](#), Sept. 14, 2009

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