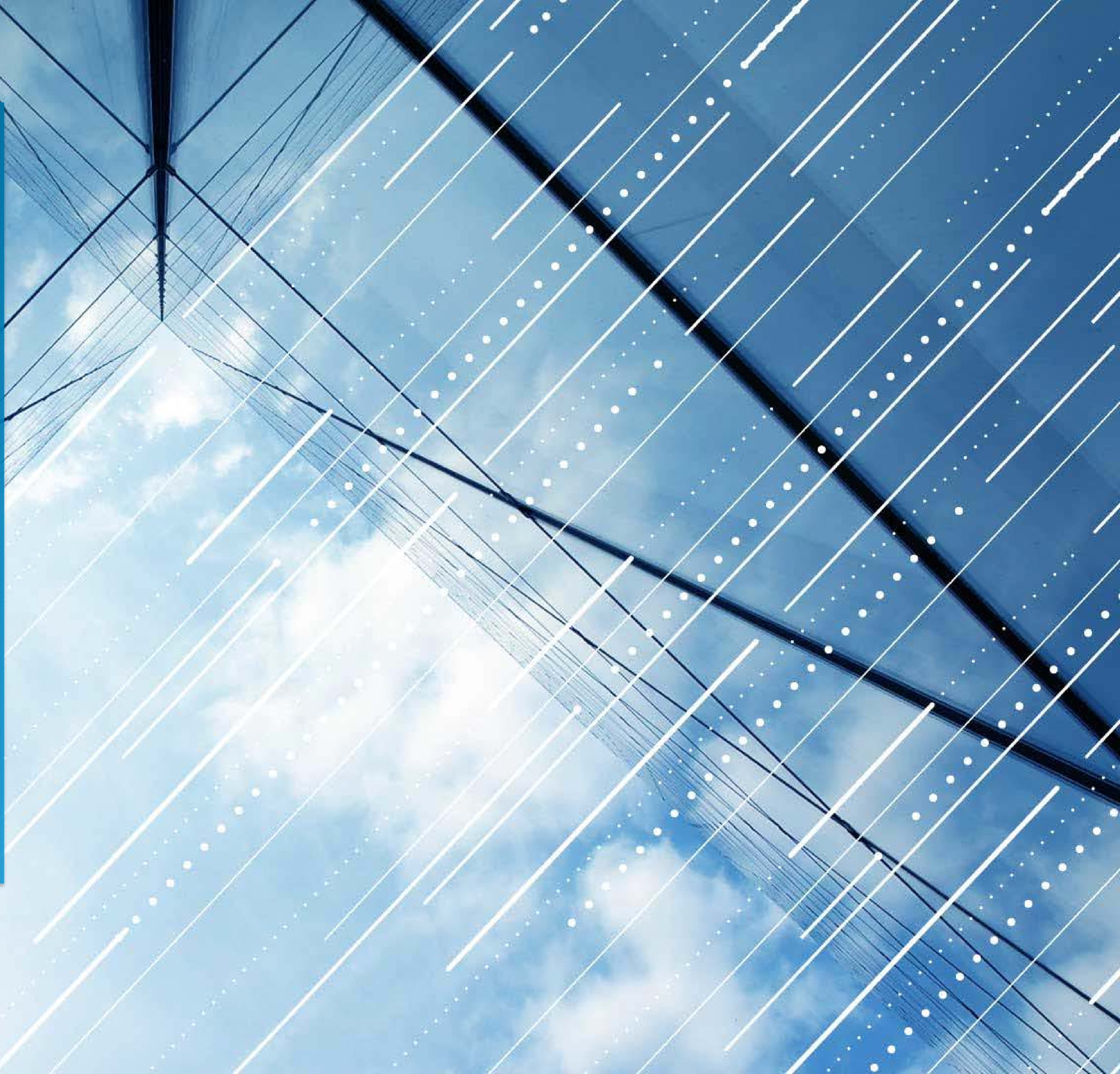
flex

Results for Q1 Fiscal 2021

Earnings Announcement: July 30, 2020

(Quarter Ended June 26, 2020)



Risks and Non-GAAP Disclosures

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to future expected revenues and earnings per share and measures that we are taking to respond to the challenges presented by the COVID-19 pandemic and the resulting economic disruptions. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. These risks include: the effects of the COVID-19 pandemic on our business, results of operations and financial condition; that future revenues and earnings may not be achieved as expected; the effects that the current macroeconomic environment could have on our business and demand for our products; the effects that current credit and market conditions could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations; the challenges of effectively managing our operations, including our ability to control costs and manage changes in our operations; litigation and regulatory investigations and proceedings; compliance with legal and regulatory requirements; the possibility that benefits of the Company's restructuring actions may not materialize as expected; that the expected revenue and margins from recently launched programs may not be realized; our dependence on a small number of customers; the impact of component shortages, including their impact on our revenues; geopolitical risk, including the termination and renegotiation of international trade agreements and trade policies, including the impact of tariffs and related regulatory actions; and that recently proposed changes or future changes in tax laws in certain jurisdictions where we operate could materially impact our tax expense. In addition, the COVID-19 pandemic increases the likelihood and potential severity of many of the foregoing risks. The making of any statement in our presentation does not constitute an admission by Flex or any other person that the events or circumstances described in such statement are material.

Additional information concerning these and other risks is described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended March 31, 2020.

Please refer to the appendix section of this presentation for reconciliation of the Non-GAAP financial measures to the most directly comparable GAAP measures.

If this presentation references historical non-GAAP financial measures, these measures are located on the "Investor Relations" section of our website, www.flex.com along with the required reconciliation to the most comparable GAAP financial measures.

The figures presented in this presentation have been rounded. This may lead to individual values not adding up to the totals presented.

The following business segment acronyms will be used throughout this presentation:

Flex Reliability Solutions

Automotive: autonomous, connectivity, electrification and smart technologies.

Health Solutions: medical devices, medical equipment, and drug delivery.

Industrial: capital equipment, industrial devices, renewable & grid edge and power systems.

Flex Agility Solutions

Consumer Devices: mobile and high velocity consumer devices.

Lifestyle: appliances, consumer packaging, floorcare, micro mobility and audio.

CEC: data infrastructure, edge infrastructure and communications infrastructure.

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Business Update

Revathi Advaithi, CEO

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COVID-19 Update

Prioritizing employee health and safety and partnering with customers and suppliers to address ongoing challenges

Priority remains employee health and safety

- 20 million+ masks produced to-date for employee use
- Flexible work from home policies being made available to global workforce
- Supporting local communities with PPE donations

Supporting customers and suppliers

- All sites globally are back in production
- Monitoring ongoing disruptions in certain geographies
- Managing through elevated lead times for certain components

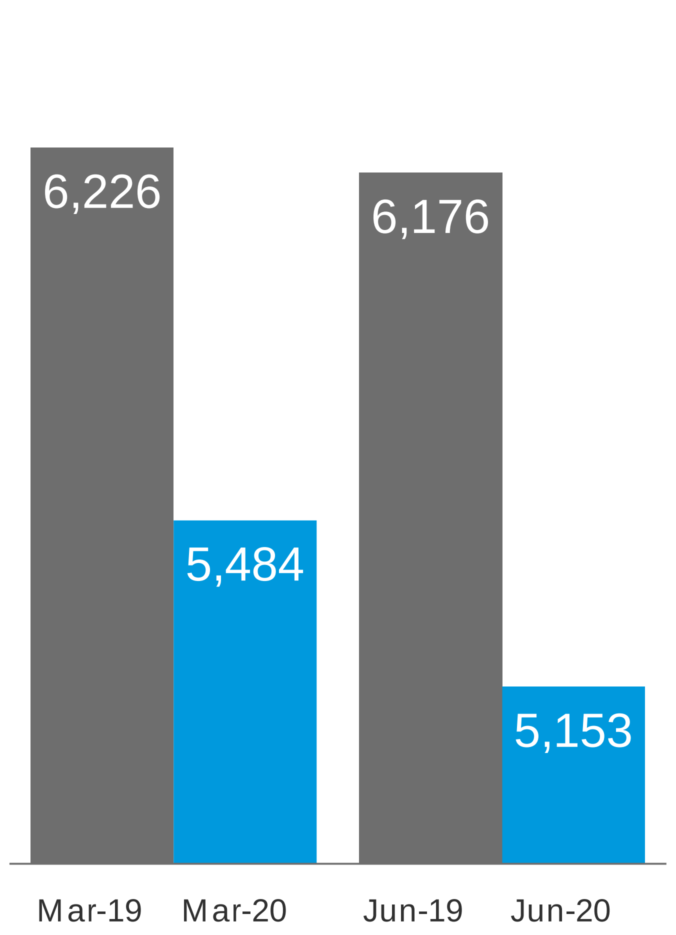
Managing costs prudently

- Implementing restructuring during Q2 FY2021 as part of alignment to new strategy
- Temporary austerity measures in place until overall economic conditions improve
- Strong liquidity position and disciplined used of cash during this period

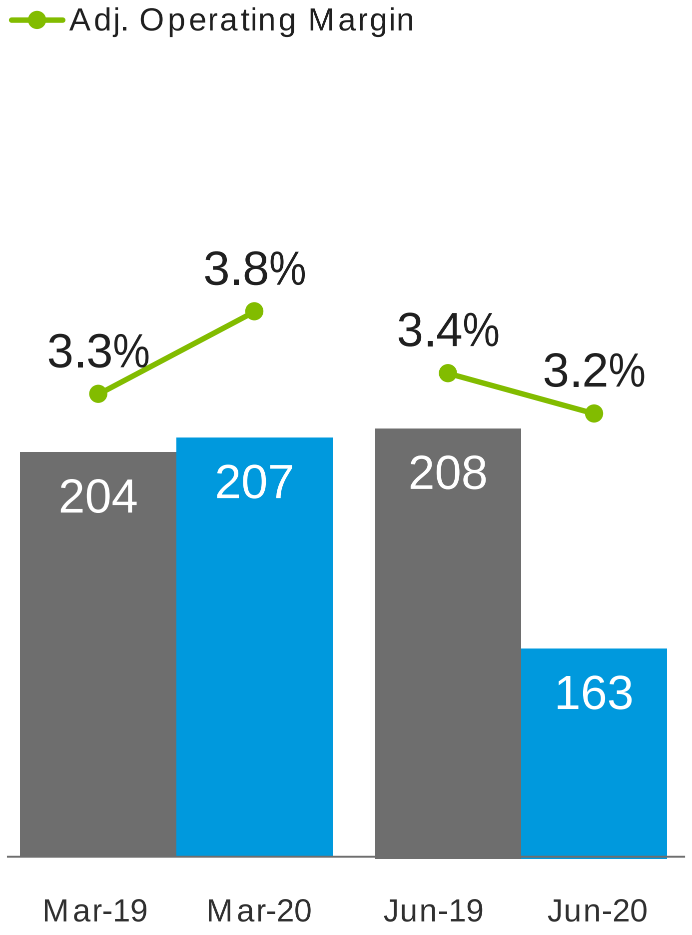
Q1 FY2021 Financial Summary

Preserved profitability through operational and cost discipline despite challenging demand environment

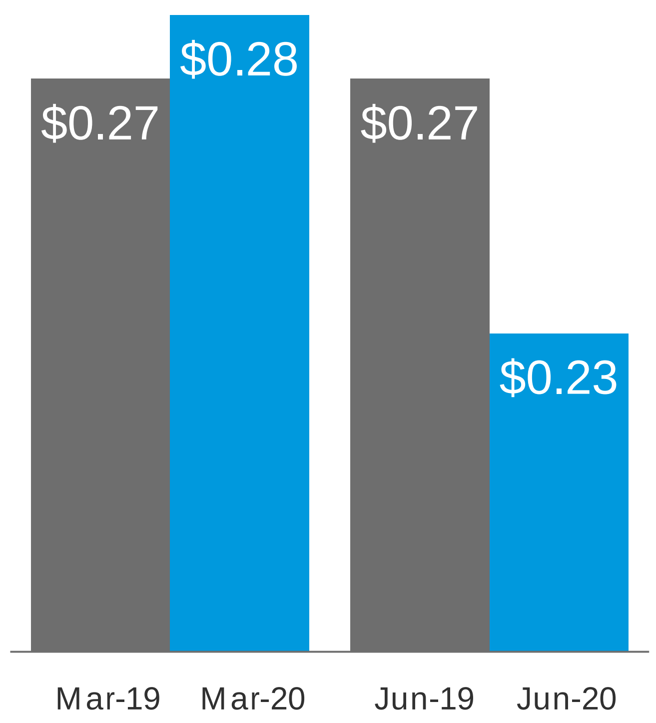
Revenue
($M)



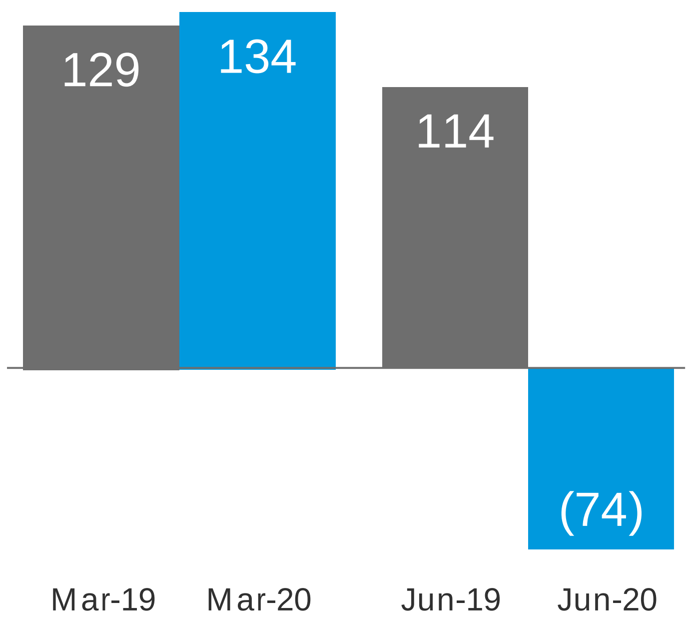
Adj. Operating Income
($M)



Adj. Earnings Per Share



Adj. Free Cash Flow
($M)



Q1 FY2021 Business Highlights

Diversification strategy and sound execution helped drive areas of strength despite overall muted environment

- COVID-19 continued to affect production and demand
- Flex Reliability Solutions revenue of $2.2B, -12% Q/Q and -1% Y/Y
  - Health Solutions team executed well on critical care product ramps, such as ventilators and testing equipment
- Flex Agility Solutions revenue of $2.9B, -1% Q/Q, -25% Y/Y
  - CEC ramped to meet networking and compute demand for work and learn-from-home applications
- Teams worked productively, won new business, and found better ways to operate in the current setting
  - Launched new Virtual Customer Platform to showcase unique capabilities at global sites to new customers
- Focused on growth through new wins in targeted markets, such as medical monitoring, industrial robotics and beverage appliance

Guided by consistent business principles

Manage
portfolio to improve mix and profitability

Drive
disciplined, sustainable execution

Pursue
design-led manufacturing for better margins

Generate
adjusted FCF with prudent capital allocation

Grow
drive profitable growth and market leadership

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Q1 2021
Financial Results

Chris Collier, CFO

Q1 FY2021 Income Statement Summary

Preserved profitability through operational and cost discipline despite challenging demand environment

($M, except per share amounts)

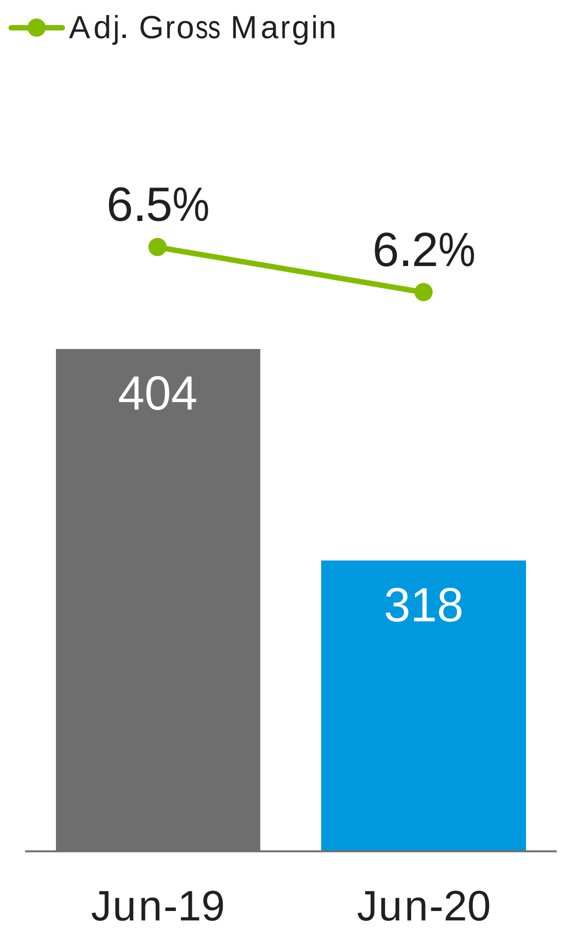
	Prior Yr June 28, 2019	**Current Qtr** June 26, 2020
Net sales	$6,176	$5,153
Adjusted operating income	208	163
Adjusted net income	138	116
Adjusted EPS	$0.27	$0.23
GAAP income before income taxes	$64	$67
GAAP net income	45	52
GAAP EPS	$0.09	$0.10

Quarterly Financial Highlights

Solid operational execution in a dynamic and challenging environment

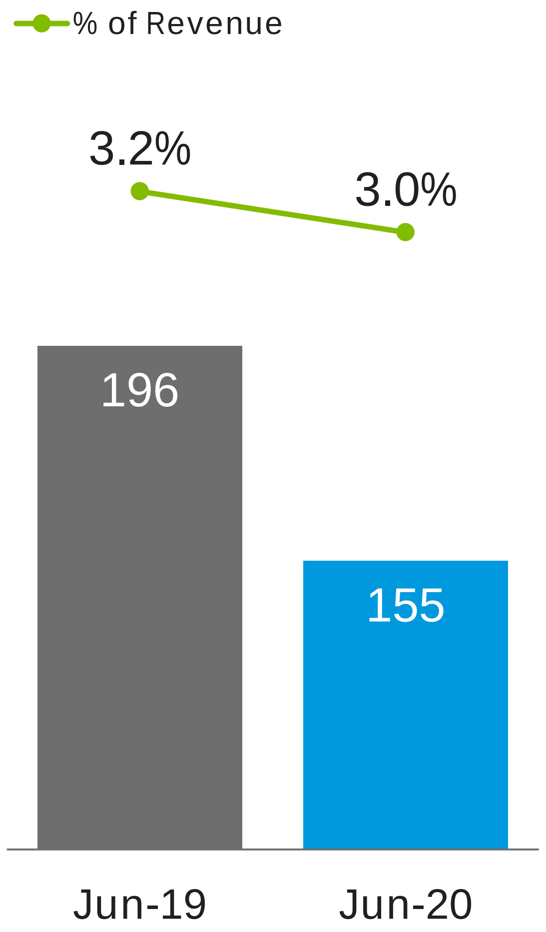
Adj. Gross Profit

($M)



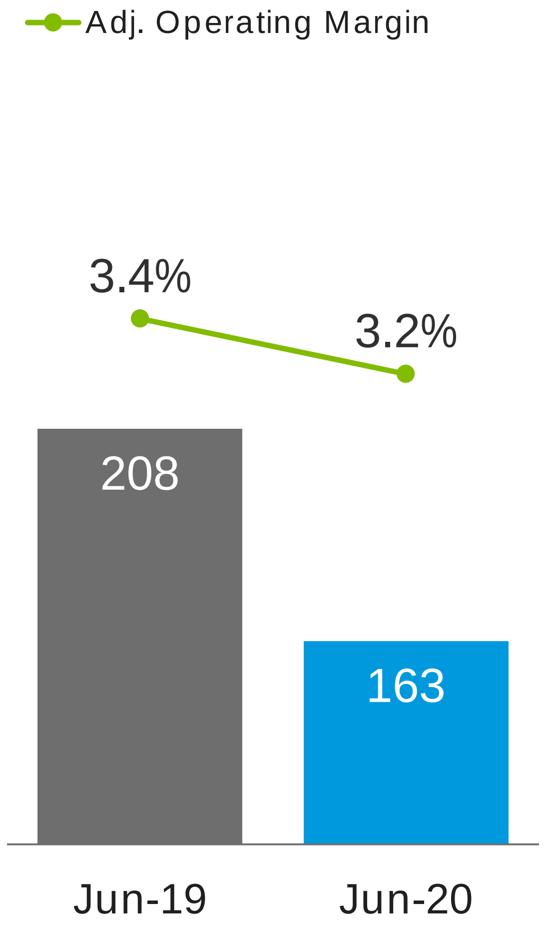
Adj. SG&A

($M)



Adj. Operating Income

($M)



Q1 FY2021 Segment Performance

	Revenue			Adj. Operating Income & Margin		
	($M)	Q/Q Growth	Y/Y Growth	($M)		
Flex Reliability Solutions	**$2,241**	-12%	-1%	**$115**	**5.1%**	**Health Solutions:** Critical COVID product ramps offset expected softness in demand for elective surgeries **Automotive:** Multi-week factory shutdowns pressured both revenue and profitability **Industrial:** Performed as expected with renewable energy and core industrial modestly declining
Flex Agility Solutions	**$2,912**	-1%	-25%	**$72**	**2.5%**	**CEC:** Strong critical infrastructure demand from networking and cloud customers **Lifestyle:** Reduced demand due to lower retail sales and constrained production due to COVID-19 **Consumer Devices:** Significant demand and production constraints due to COVID-19
Corporate Services & Other*	--	--	--	($24)	--	--
Total	**$5,153**	**-6%**	**-17%**	**$163**	**3.2%**	

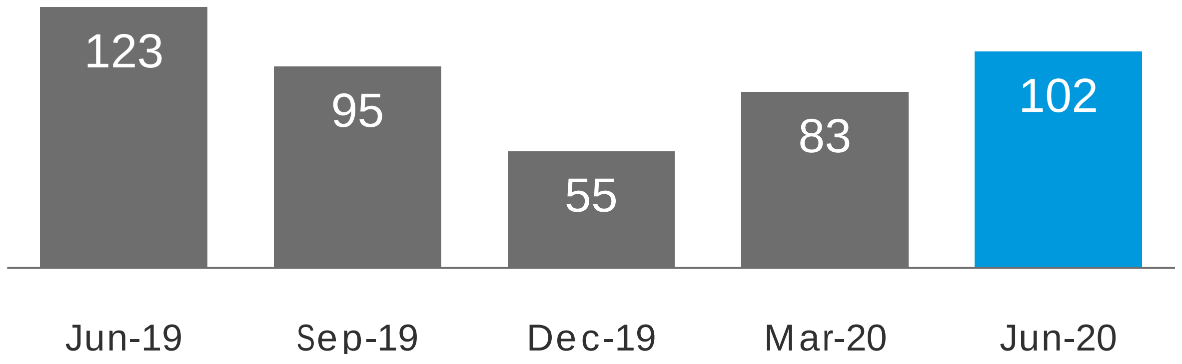
**Corporate Services and Other: centralized administrative costs that are not included in the assessment of the performance of each of the identified segments*

Cash Flow Generation Highlights

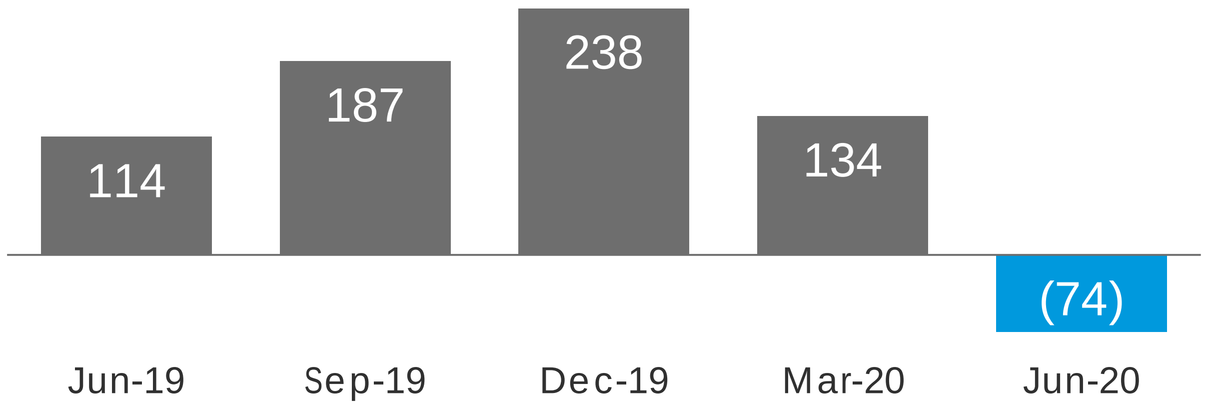
Operationally focused on returning to positive adjusted free cash flow generation

($M)	3-Months Ended (Jun 26, 2020)
GAAP net income	$52
Depreciation, amortization and other impairment charges	156
Change in working capital and other (excluding ABS)	(180)
Purchases of property & equipment, net	(102)
Adjusted Free Cash Flow	**(74)**
Debt payments, net	747
Reduction in ABS levels	(655)
Other investing and financing, net	(6)
Net change in cash and cash equivalents	**$12**

Net Capital Expenditures* ($M)



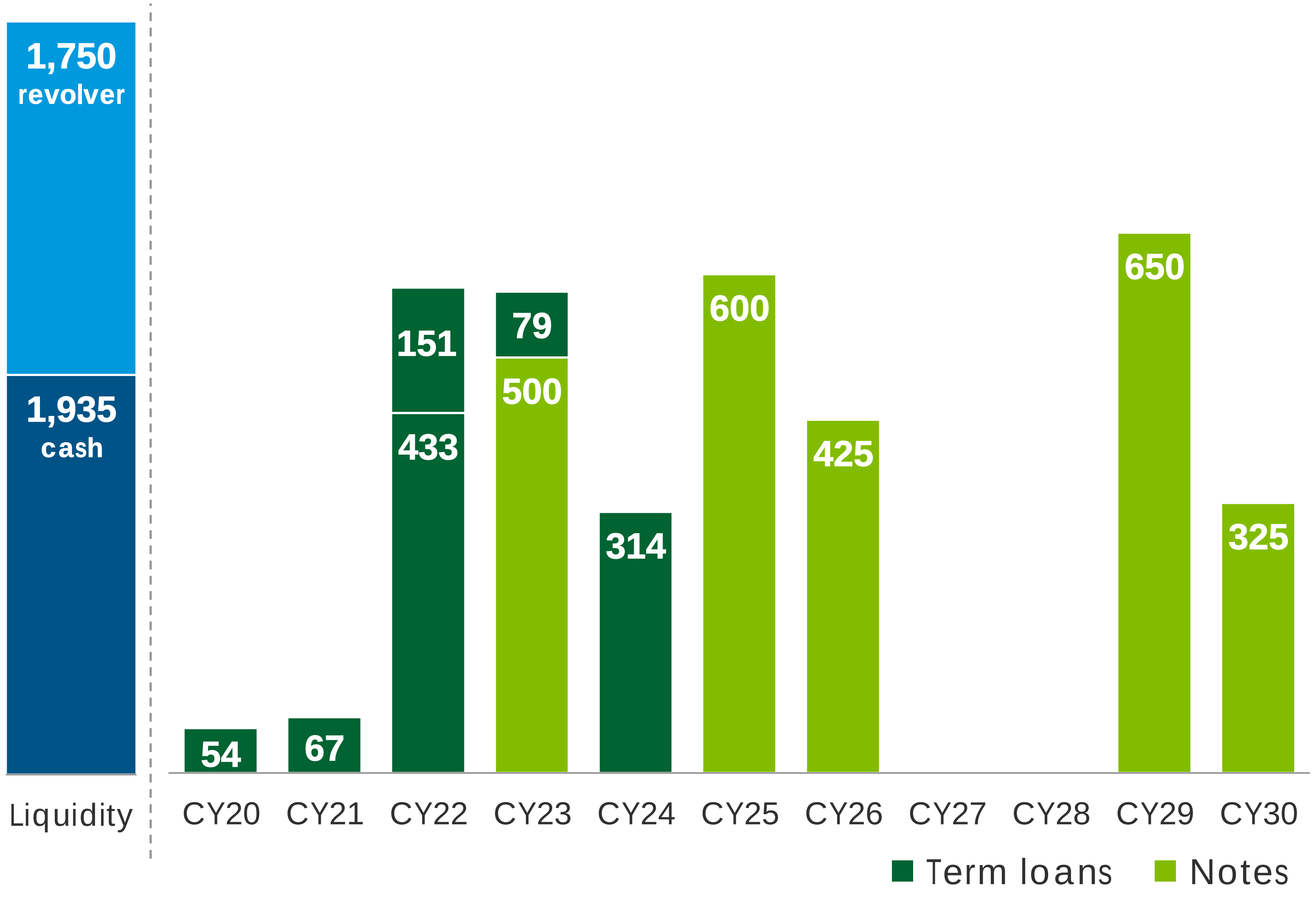
Adjusted Free Cash Flow ($M)



*Net Capital Expenditures is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.

Liquidity and Cash Position Update

Strong balance sheet ensuring ample liquidity for business needs



($M) Balances as of June 26th, 2020

Cash and Liquidity Management

- Ample access to liquidity sources
- Total liquidity (revolver and cash) = $3.7B
  - $700m of additional liquidity available through undrawn ABS

Debt Profile

- Issued $750M in debt in May 2020 to cost effectively extend debt duration
- Flexible and balanced maturity profile with no significant near-term maturities
- Investment grade rated

Key Credit Metrics

Net Debt/Adjusted EBITDA 1.3x
Wt. Avg. maturity ~5.1 years
Wt. Avg. cost of debt ~ 3.8%

Second Quarter Fiscal 2021 Update – September 2020

Flex Business Segments

Flex Agility Solutions Segment

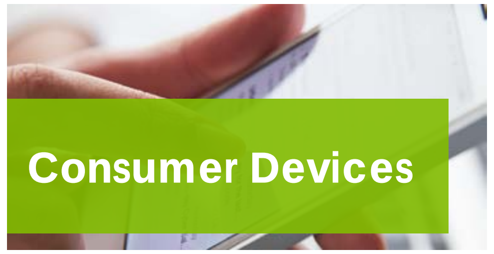
Revenue up 5% to 10% Q/Q

Lifestyle

- Sustained demand for durable goods that support remote working and schooling
- Consumer spending on other non-essential goods still weaker than pre-pandemic levels

Communications, Enterprise & Cloud

- Critical infrastructure demand continues to be strong
- Improvement in production capacity boosting shipments



Consumer Devices

- Mobile demand rebounding sequentially

Flex Reliability Solutions Segment

Revenue up 5% to 10% Q/Q

Automotive

- Improving from June quarter run rate
- Phased production resumed in mid-May
- Short-term volume reductions across product portfolio

Health Solutions

- Consistently strong demand for COVID-19-related critical products
- CGM product ramp remains on track
- Elective surgery demand softness persists

Industrial

- Healthy demand for power and renewable energy products
- Capital equipment seeing slight pick-up though semicap demand modulating

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Second Quarter Fiscal 2021 Update – September 2020

	Guidance
Revenue	$5,400 - $5,700 million
Adjusted Operating Income	$180 - $220 million
Adjusted Earnings Per Share	$0.25 - $0.31
GAAP Income Before Income Taxes	$35 – $70 million
GAAP Earnings Per Share	$0.05 – $0.11
Interest & Other Expense	$35 - $40 million
Adjusted Income Tax Rate	High end of 10% to 15%
WASO	~502 million shares

Segment Revenue Outlook (Q/Q)

Flex Reliability Solutions	Up 5% to 10%
Flex Agility Solutions	Up 5% to 10%

Guidance for adjusted operating income excludes approximately $25 million for stock-based compensation, $15 million intangible amortization expense, approximately $35 million to $40 million for interest and other expenses and approximately $70 million restructuring and other charges from GAAP income before income taxes. Guidance for GAAP earnings per share includes approximately $0.02 for net intangible amortization, $0.05 for stock-based compensation expense and $0.13 for restructuring and other charges not included in adjusted earnings per share.

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Moving forward

- Seeing broad-based sequential improvements as COVID-19 related disruptions ease
- Visibility is improving, but continued uncertainty related to the pandemic persists
- Monitoring the macro demand environment carefully
- Operating with discipline while serving customers and focusing on key growth segments
- Driving improvements to respond to the new demands of adaptive supply chains and regionalized production

For more information, please visit investors.flex.com

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

($Thousands)	Quarter-ended June 26, 2020	Quarter-ended March 31, 2020	Quarter-ended June 28, 2019	Quarter-ended March 31, 2019
GAAP income (loss) before income taxes	$67,383	$44,680	$64,109	($36,392)
Intangible amortization	15,176	15,203	17,082	17,337
Stock-based compensation expense	12,769	18,214	15,227	14,971
Customer related asset impairments	(76)	10,730	483	19,576
Restructuring charges	9,682	17,284	56,192	12,880
Legal and other	27,681	(1,742)	1,610	10,281
Other charges, net	1,347	74,545	1,463	118,929
Interest and other, net	28,910	28,077	51,694	46,565
Non-GAAP operating income	$162,872	$206,991	$207,860	$204,147
Non-GAAP operating margin*	3.2%	3.8%	3.4%	3.3%

**We calculate our Non-GAAP operating margin as current quarter Non-GAAP operating income divided by current quarter revenue.*

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

($Thousands)	**Quarter-ended** June 26, 2020	**Quarter-ended** March 31, 2020	**Quarter-ended** June 28, 2019	**Quarter-ended** March 31, 2019
GAAP net income (loss)	$51,820	$48,259	$44,872	($64,352)
Intangible amortization	15,176	15,203	17,082	17,337
Stock-based compensation expense	12,769	18,214	15,227	14,971
Restructuring charges	9,682	17,284	56,192	12,880
Customer related asset impairments	(76)	10,730	483	19,576
Legal and other	27,681	(1,742)	1,610	10,281
Other charges interest and other, net	1,346	66,217	7,091	120,293
Adjustments for taxes	(2,511)	(31,004)	(4,872)	10,247
Non-GAAP net income	$115,887	$143,161	$137,685	$141,233
Diluted earnings (losses) per share:				
GAAP*	$0.10	$0.10	$0.09	($0.12)
NON-GAAP	$0.23	$0.28	$0.27	$0.27
Basic shares used in computing per share amounts	497,920	501,446	514,238	520,379
Diluted shares used in computing per share amounts	501,632	505,593	517,550	522,460

**Basic shares were used in calculating diluted GAAP EPS for the quarter ended March 31, 2019 due to the net loss recognized.*

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

($Thousands)	Quarter-ended June 26, 2020	*% of revenue*	Quarter-ended June 28, 2019	*% of revenue*
GAAP gross profit	$303,553	*5.9%*	$352,759	*5.7%*
Stock-based compensation expense	4,006		2,940	
Customer related asset impairments	437		483	
Restructuring charges	9,666		47,405	
Legal and other	350		-	
Non-GAAP gross profit	$318,012	*6.2%*	$403,587	*6.5%*
GAAP SG&A expenses	$190,721	*3.7%*	$209,624	*3.4%*
Stock-based compensation expense	(8,763)		(12,287)	
Customer related asset impairment, legal and other	(26,818)		(1,610)	
Non-GAAP SG&A expenses	$155,140	*3.0%*	$195,727	*3.2%*

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

($Thousands)	Quarter-ended June 26, 2020
Segment income:	
Flex Agility Solutions	$71,807
Flex Reliability Solutions	114,737
Corporate and Other*	(23,672)
Total segment income:	$162,872
Operating margin:	
Flex Agility Solutions	2.5%
Flex Reliability Solutions	5.1%

Corporate and Other: corporate service costs that are not included in the assessment of the performance of each of the identified reporting segments.

($Thousands)	Quarter-Ended June 26, 2020
Reconciliation of segment income to income before income taxes	
Total segment income	$162,872
Intangible amortization	15,176
Stock-based compensation expense	12,769
Customer related asset impairments	(76)
Restructuring charges	9,682
Legal and other	27,681
Other charges, net	1,347
Interest and other, net	28,910
Income before income taxes	$67,383

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Appendix: Reconciliation of GAAP to Non-GAAP Measures

($Thousands)	Quarter-ended June 26, 2020	Quarter-ended March 31, 2020	Quarter-ended December 31, 2019	Quarter-ended September 27, 2019	Quarter-ended June 28, 2019	Quarter-ended March 31, 2019
Net cash provided by (used in) operating activities	($629,390)	$166,030	($50,894)	($991,546)	($656,866)	($642,419)
Reduction in ABS levels	654,769	-	-	-	-	-
Cash collections of ABS positions and other	3,460	50,525	343,928	1,273,431	893,735	897,737
Net capital expenditures	(102,406)	(82,545)	(55,239)	(94,997)	(123,214)	(126,019)
Adjusted free cash flow	($73,567)	$134,010	$237,795	$186,888	$113,655	$129,299

Adjusted free cash flow is calculated as operating cash flow for the quarter less net capital expenditures adding back cash collections of deferred purchase price and certain receivables sold to certain financial institutions under a customer's supplier financing program in the second quarter of fiscal 2020 that subsequently qualified for operating cash flow treatment per GAAP in the third quarter of fiscal year 2020. In addition, it includes collection of the deferred purchase price receivables which the Company repurchased as part of the ABS program amended in the third quarter of fiscal year 2020. In the first quarter of fiscal year 2021, we proactively and strategically utilized the proceeds of our debt issuance during the quarter to reduce the outstanding balance of our ABS programs. We reduced the balance on this short-term financing product by $655 million sequentially, which has the accounting effect of reducing our cash flow from operations and is excluded from the adjusted free cash flow. Adjusted free cash flow also excludes impacts related to certain vendor programs that is required for GAAP. Adjusted free cash flow is a non-GAAP financial measure and may not be defined and calculated by other companies in the same manner.

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

Appendix: Reconciliation of GAAP to Non-GAAP Measures

($Thousands, except for the debt and net debt to EBITDA ratio)	Quarter-ended June 26, 2020 GAAP	Adjustments	Non-GAAP
Pretax income	$67,383	$66,578	$133,961
Depreciation	103,727	--	103,727
Amortization	15,176	(15,176)	--
Interest, net	$30,571	$5,280	$35,851
EBITDA*	216,857	56,682	273,539
EBITDA – Rolling 4 Quarters	756,360	--	1,277,293
Total Debt	$3,585,449	--	$3,585,449
Debt to EBITDA*	4.7x	(1.9x)	2.8x
Cash and cash equivalents	$1,935,081	--	$1,935,081
Net Debt	$1,650,368	--	$1,650,368
Net Debt to EBITDA*	2.2x	(0.9x)	1.3x

**Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Debt/EBITDA are non-GAAP financial measures. EBITDA is derived by adjusting for net interest and adding back depreciation to non-GAAP pretax income. Quarterly Debt to EBITDA is calculated by dividing the Company's total debt as of the date presented by LTM EBITDA. Net Debt to EBITDA is calculated by subtracting the Company's total cash from the Company's total debt and dividing it by LTM EBITDA. Non-GAAP pretax income excludes certain amounts that are included in the most directly comparable measures under GAAP including stock-based compensation expense, intangible amortization, restructuring charges, customer related asset impairments, legal and other, and certain other charges or income.*

Thank you.