



The Product Realization Company

FISCAL FIRST QUARTER 2017 FINANCIAL RESULTS

January 19, 2017

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 1, 2016, 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 FIRST QUARTER RESULTS

	Q1F17 Guidance Oct 26, 2016	Q1F17 Dec 31, 2016	Q4F16 Oct 1, 2016	Q1F17 vs. Q4F16
Revenue (\$ millions)	\$620 to \$650	\$635	\$653	- 3%
Diluted EPS		\$0.82	\$0.56	+ 46%
Non-GAAP Diluted EPS excluding special items	\$0.74 to \$0.82	\$0.82	\$0.82	Flat
ROIC		17.3%	13.8%	+ 350 bps

- Strong operating performance delivered solid GAAP EPS
- Late quarter pull-ins within Communications sector
- Softness in Defense/Security/Aerospace
- ROIC improved to 17.3%; 680 bps of Economic Return

Q1F17 HIGHLIGHTS

- Record operating profit of \$33.9M
 - *Operating margin of 5.3%*
- Cash cycle of 66 days
 - *One day below the low end of our guidance range*
- Free cash flow of \$73M
- Return on invested capital of 17.3%
 - *Economic Return (ER) 680 basis points above WACC*
 - *ER performance best since fiscal 2006*
- Full recovery from Typhoon Meranti
 - *Strengthened customer relationships*
- Accelerating manufacturing wins momentum
 - *\$217M wins within quarter*
 - *Trailing four quarter wins ratio of 30%*
 - *Business expansion with two top customers*
- Record funnel of qualified manufacturing opportunities – \$2.8B
- Strong engineering wins providing robust backlog
- Customer Net Promoter Score of 82%
 - *Well above an industry benchmark*

Solid performance provides optimism for fiscal 2017

FISCAL SECOND QUARTER

	Q2F17 Guidance
Revenue	\$620 to \$650 million
GAAP Diluted EPS	\$0.71 to \$0.79 Includes \$0.11 stock-based compensation expense

Midpoint of guidance suggests flat revenue

- Order delays with an Industrial/Commercial customer
- End-market weakness in Communications
- Underlying growth within remainder of business

Midpoint of EPS guidance suggests strong operating margin

- Absorbed 40 basis point impact of U.S. payroll tax reset and merit adjustments

Guiding GAAP EPS

F17 FOCUS: SUSTAINED REVENUE GROWTH

Efficiently transition and ramp new programs

Leverage strong Net Promoter Scores

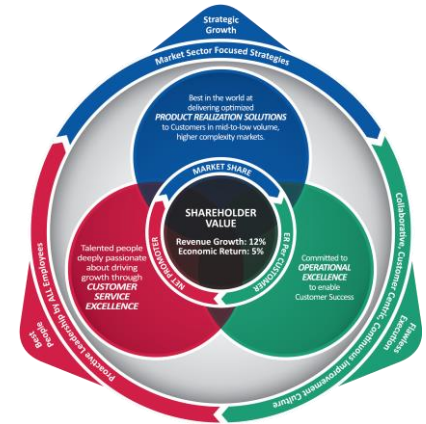
Accelerate wins momentum

Increase funnel of qualified Manufacturing Solutions opportunities

Continue the Quest for Excellence

- Deliver Operational Excellence; exceptional quality products and services, on-time, at a fair price
- Leverage One Plexus mindset to drive consistency across the globe
- Provide Customer Service Excellence

Goal: Exit F17 at \$3 Billion annual run rate while achieving target operating margin range every quarter



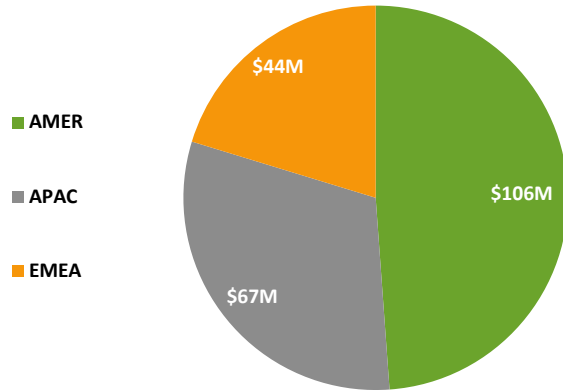
PERFORMANCE BY SECTOR

	Q1F17 Dec 31, 2016		Q4F16 Oct 1, 2016		Q1F17 vs. Q4F16	Q2F17 Expectations (percentage points)
Healthcare/ Life Sciences	\$211	33%	\$192	29%	+ 9%	Flat
Industrial/ Commercial	\$206	32%	\$231	35%	- 11%	Down mid single
Communications	\$131	21%	\$128	20%	+ 3%	Down mid single
Defense/ Security/ Aerospace	\$87	14%	\$102	16%	- 15%	Up mid teens
Total Revenue	\$635	100%	\$653	100%	- 3%	

Revenue in millions

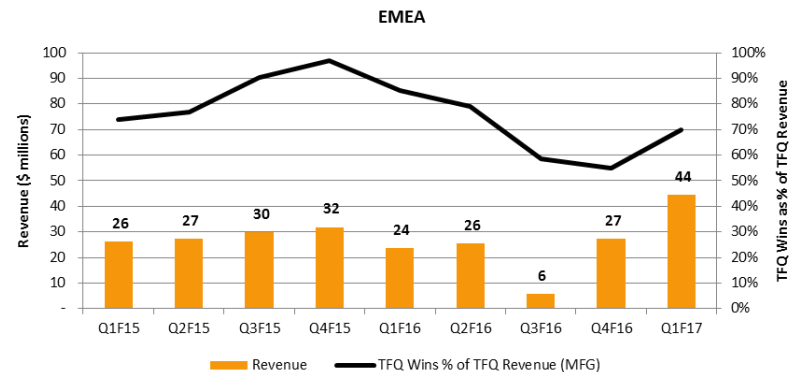
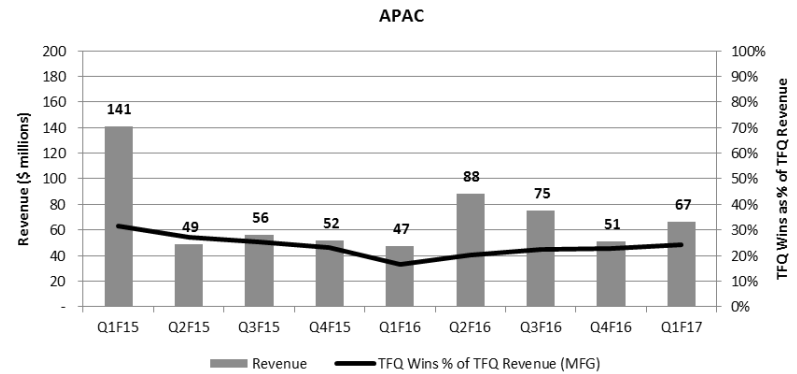
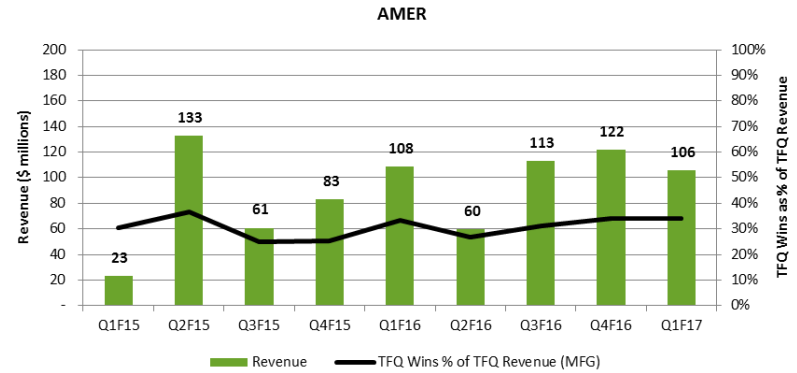
MANUFACTURING WINS BY REGION

Q1F17

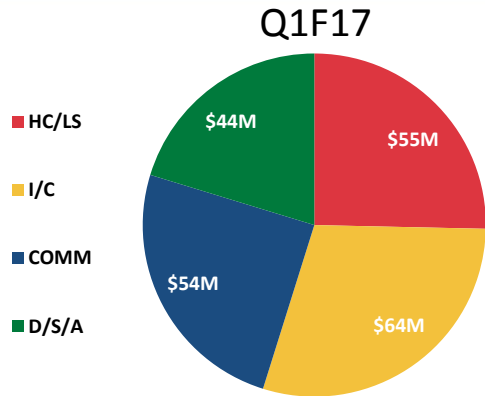


- \$217M in annualized manufacturing revenue when fully ramped (51 programs)
- Third consecutive quarter with wins greater than \$190M
- Balanced wins across the regions

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

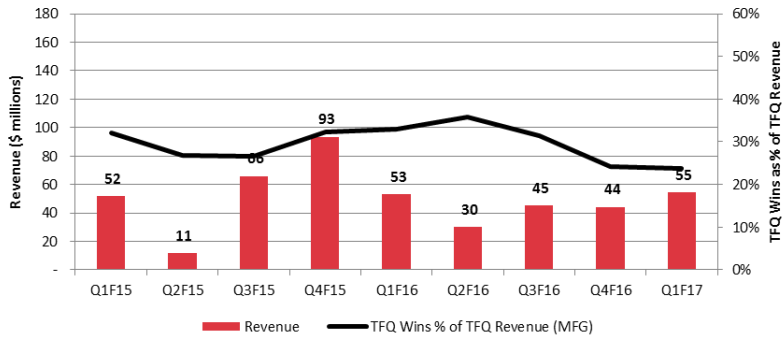


MANUFACTURING WINS BY SECTOR

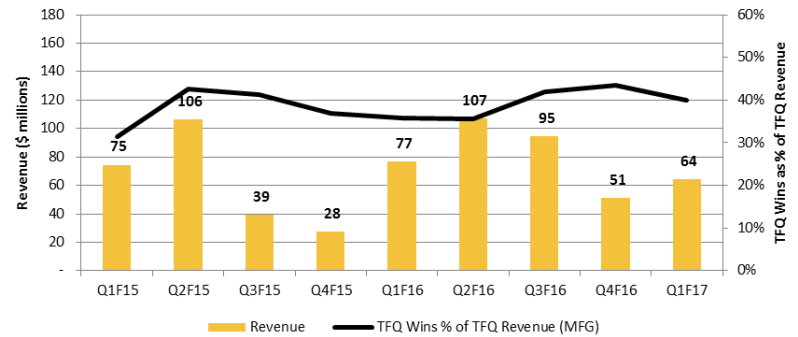


- Wins balanced across market sectors
- Sector wins support healthy portfolio

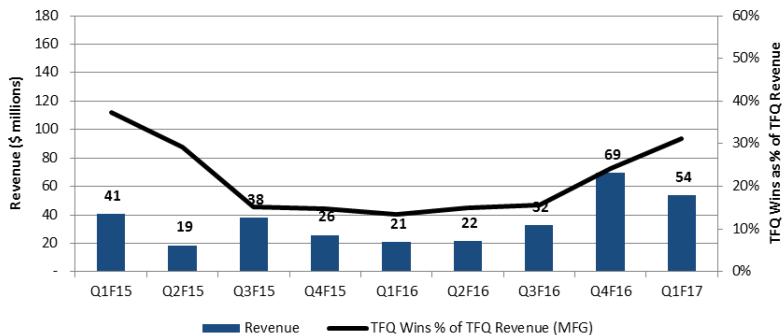
Healthcare/Life Sciences



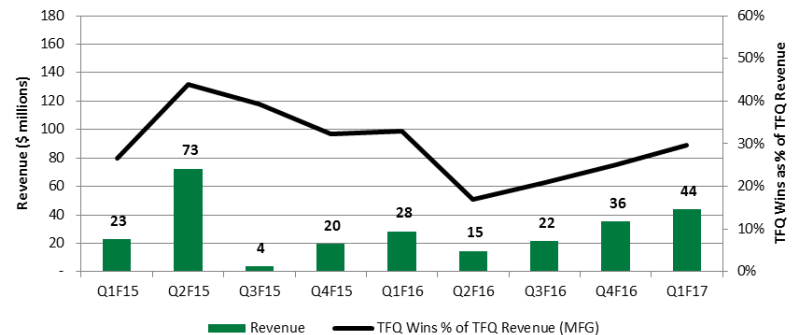
Industrial/Commercial



Communications



Defense/Security/Aerospace

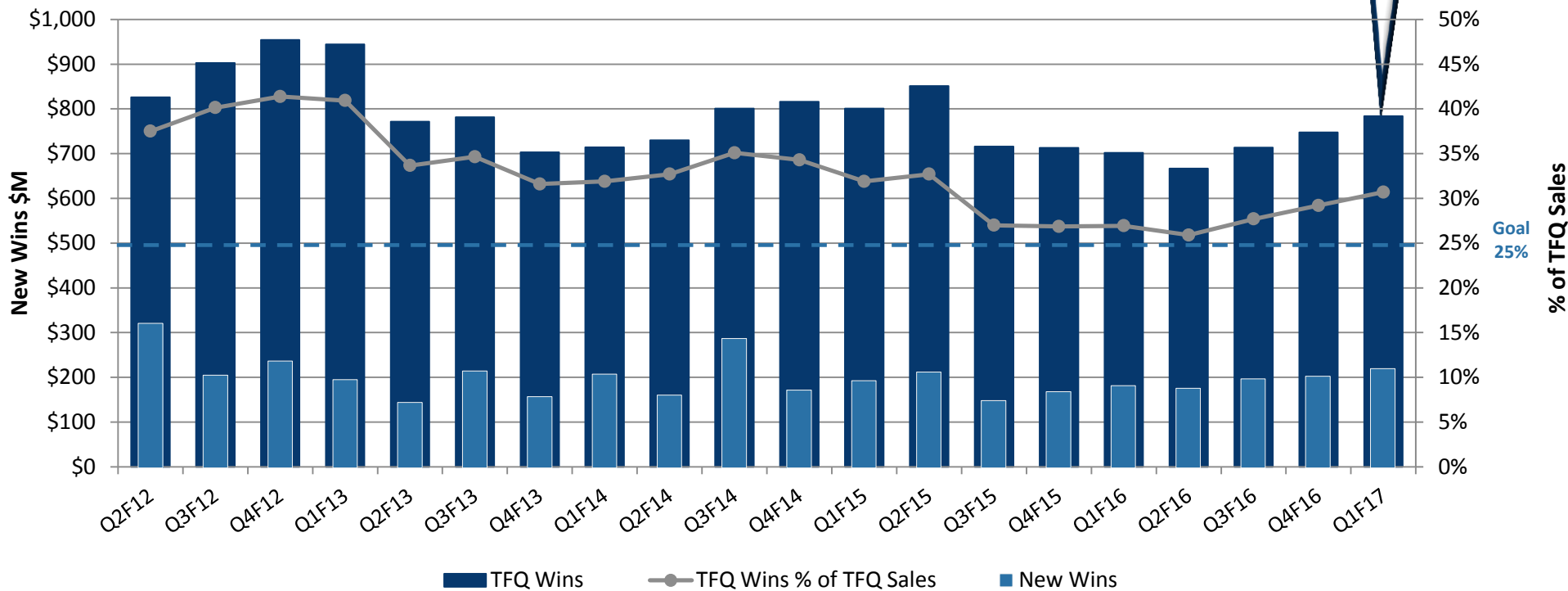


MANUFACTURING WINS MOMENTUM

Quarterly Target: ~ \$160M

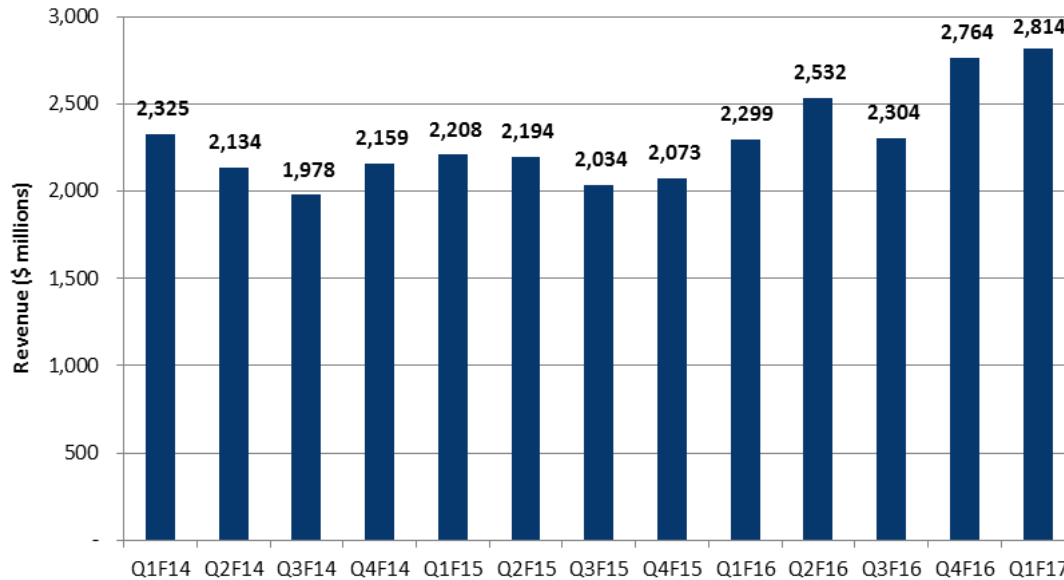
Trailing Four Quarters (TFQ) for Manufacturing Wins

TFQ
\$785M

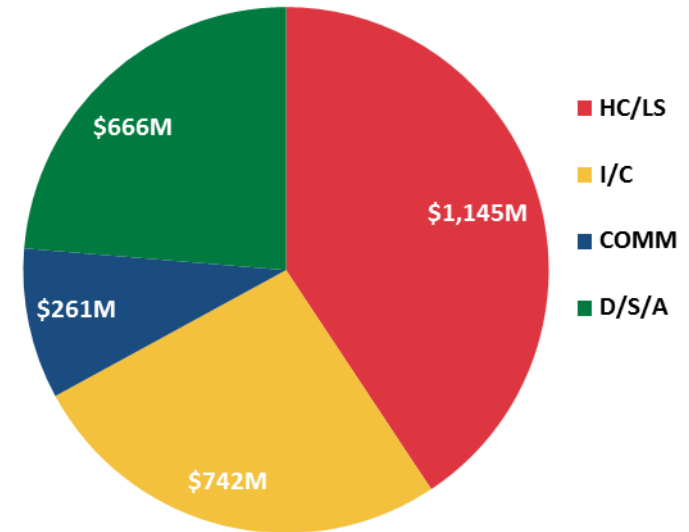


MANUFACTURING FUNNEL

PLXS-MFG Funnel of Opportunities



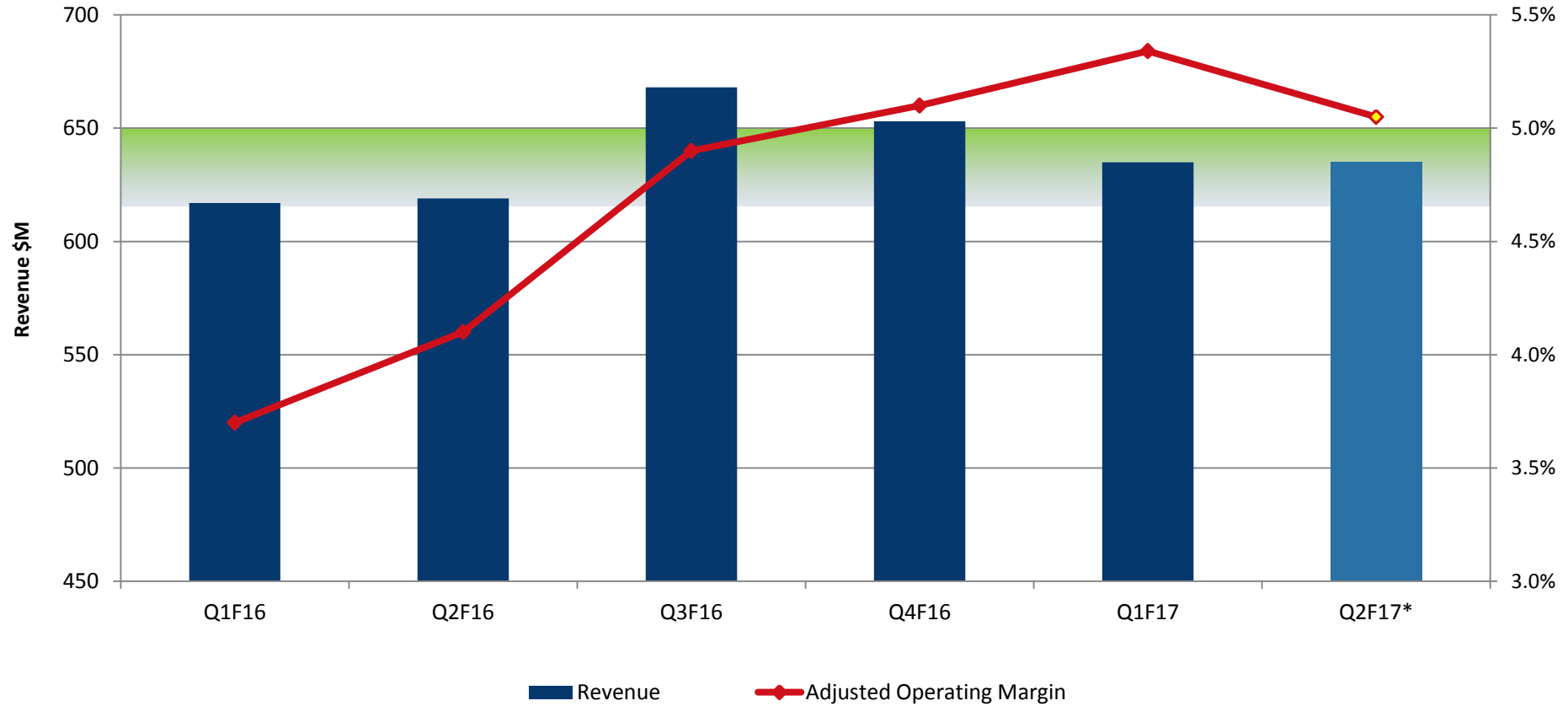
Q1F17



- Record manufacturing funnel at \$2.8B
- HC/LS and I/C funnels strong, with D/S/A funnel on upward trajectory
- Supports the delivery of our differentiated portfolio

REVENUE AND OPERATING MARGIN

Operating Margin Target Range: 4.7% to 5.0%



* Represents midpoint of guidance

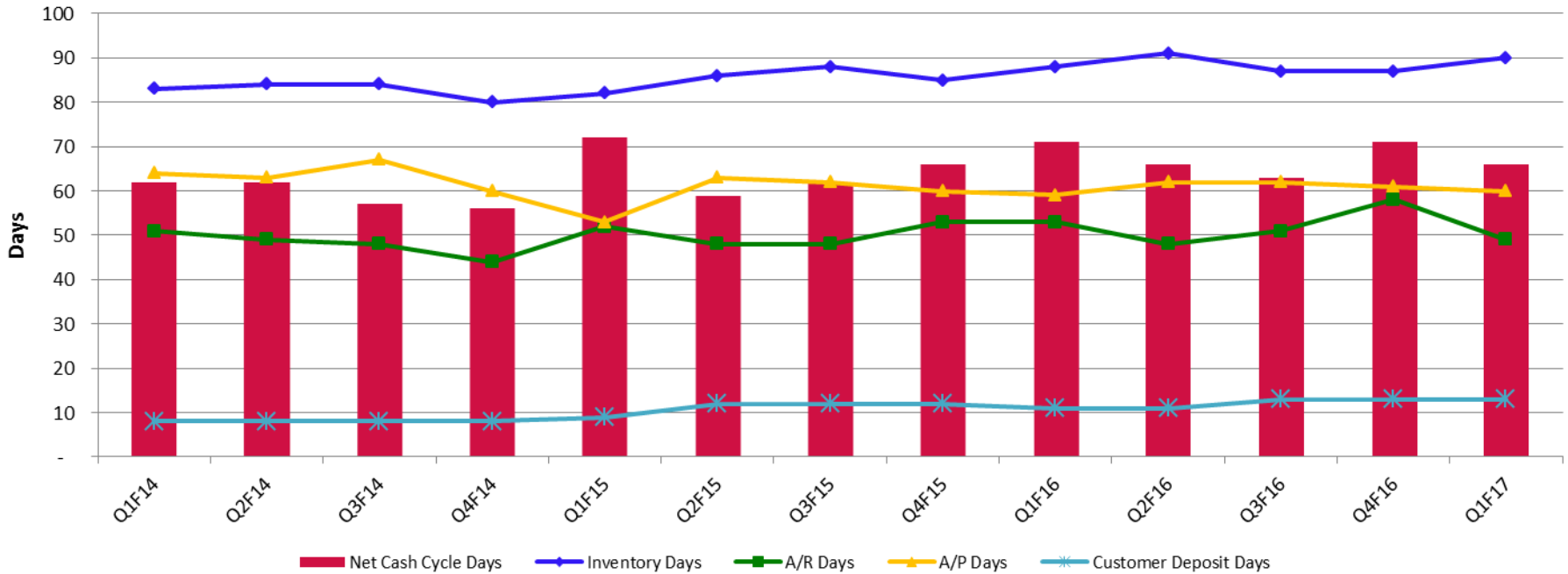
INCOME STATEMENT

	Q1F17	Comments
Revenue	\$635 million	At midpoint of guidance range of \$620 to \$650 million
Gross margin	10.1%	Above guidance range of 9.6% to 9.8%; sequential improvement of 20 basis points from operational performance and supply chain productivity
Selling & administrative expenses	\$30.5 million	Slightly higher than guidance range of \$29 to \$30 million due to higher variable incentive compensation expense
Operating margin	5.3%	Above guidance range of 4.9% to 5.2%
GAAP diluted EPS	\$0.82	At top end of guidance range of \$0.74 to \$0.82

BALANCE SHEET AND CASH FLOWS

	Q1F17	Comments
Return on invested capital	17.3%	680 basis points above fiscal 2017 WACC of 10.5%
Share repurchases	\$7.1 million	~145,000 at an average price of \$48.79 per share
Free cash flow	\$73 million	Cash from operations: \$80 million Capital expenditures: \$7 million
Cash cycle days	66 days	One day better than guidance range of 67 to 71 days driven by lower Accounts Receivable days

WORKING CAPITAL TRENDS



	Q1F14	Q2F14	Q3F14	Q4F14	Q1F15	Q2F15	Q3F15	Q4F15	Q1F16	Q2F16	Q3F16	Q4F16	Q1F17
Inventory Days	83	84	84	80	82	86	88	85	88	91	87	87	90
A/R Days	51	49	48	44	52	48	48	53	53	48	51	58	49
A/P Days	64	63	67	60	53	63	62	60	59	62	62	61	60
Customer Deposit Days	8	8	8	8	9	12	12	12	11	11	13	13	13
Net Cash Cycle Days	62	62	57	56	72	59	62	66	71	66	63	71	66

FISCAL SECOND QUARTER 2017 GUIDANCE

	Guidance
Revenue	\$620 to \$650 million
GAAP diluted EPS	\$0.71 to \$0.79
Gross margin	9.8% to 10.1%
SG&A	\$30.5 to \$31.5 million
Operating margin	4.9% to 5.2%
Depreciation	~\$12 million
Q2 tax rate	9% to 11%
F17 tax rate	8% to 10%
Cash cycle days	65 to 69 days
F17 capital expenditures	\$50 to \$60 million

Q&A

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

PLEXUS

®

The Product Realization Company