

# FLEXTRONICS

Design. Build. Ship. Service.

Financial Results for the  
First Quarter June 27, 2008

## Risks and Non-GAAP Disclosures

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Please note that this presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to revenue and earnings guidance; future revenue and earnings growth; expected improvements in our operating margin, future cash flows, ROIC and SG&A expense levels, our expectation of continued growth in the current economic environment; the expected benefits from our geographically diversified business and our broad-based product, services and component technologies offerings; the expected benefits from our acquisition and long-term investment strategy; and our expectations of the benefits, cost savings and revenues to be obtained from the Solectron acquisition. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these statements. Information about these risks is noted in the earnings press release, on slide 14 of this presentation, and in the Risk Factors and MD&A sections of our latest annual report, as amended, filed with the SEC, as well as in our other SEC filings. These forward-looking statements are based on our current expectations and we assume no obligation to update these forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements.

In addition, this presentation uses non-GAAP financial measures. Please refer to the schedules to the earnings press release, slide 7 of this presentation, and the GAAP vs. Non-GAAP Reconciliation in the Investors section of our website, which contain the reconciliation to the most directly comparable GAAP measures.

# Record First Quarter Revenue and Operating Profit

## Non-GAAP Statements of Operations for the Three-Month Periods Ended

(\$ in thousands, except EPS)

	June 27, 2008	June 29, 2007	%
Net sales	\$ 8,350,246	\$ 5,157,026	62%
Cost of sales	7,843,359	4,865,455	
Gross profit	506,887	291,571	74%
Gross margin	6.1%	5.7%	
SG&A	226,865	138,862	63%
	2.7%	2.7%	
Operating profit	280,022	152,709	83%
Operating margin	3.4%	3.0%	
Interest and other expense, net	35,946	14,038	
Pretax income	244,076	138,671	76%
Income Taxes	17,085	4,390	
	7.0%	3.2%	
Net income	\$ 226,991	\$ 134,281	69%
EPS	\$ 0.27	\$ 0.22	23%

The non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP operating profit excludes after-tax restructuring and other charges, stock-based compensation expense, and intangible amortization. Please refer to the schedules to the earnings press release and slide 7 of this presentation, which contain the reconciliation to the most comparable GAAP measures.

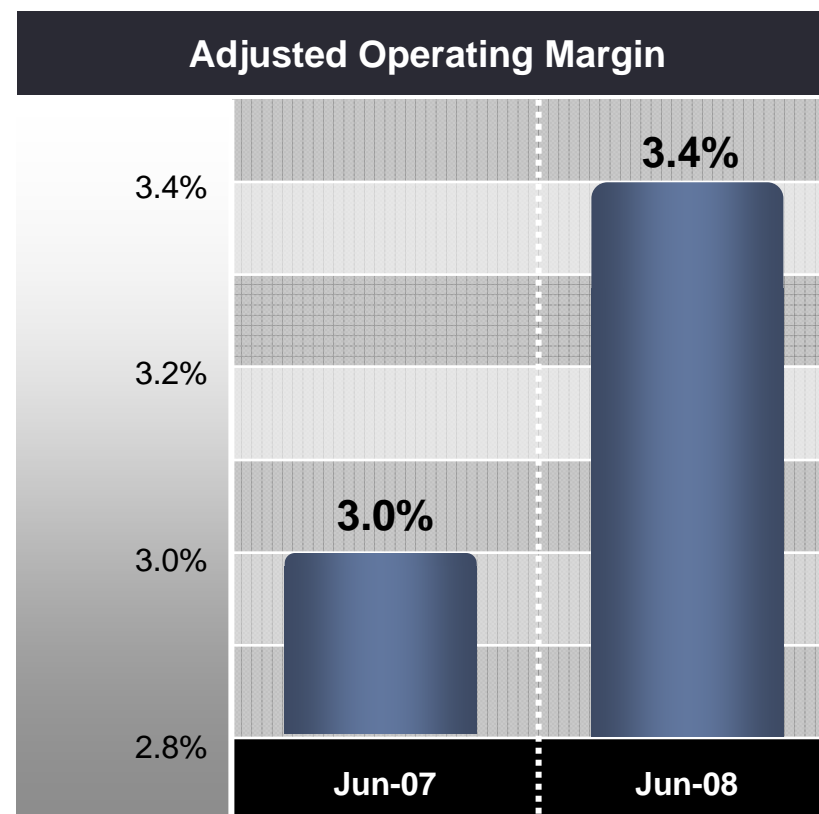
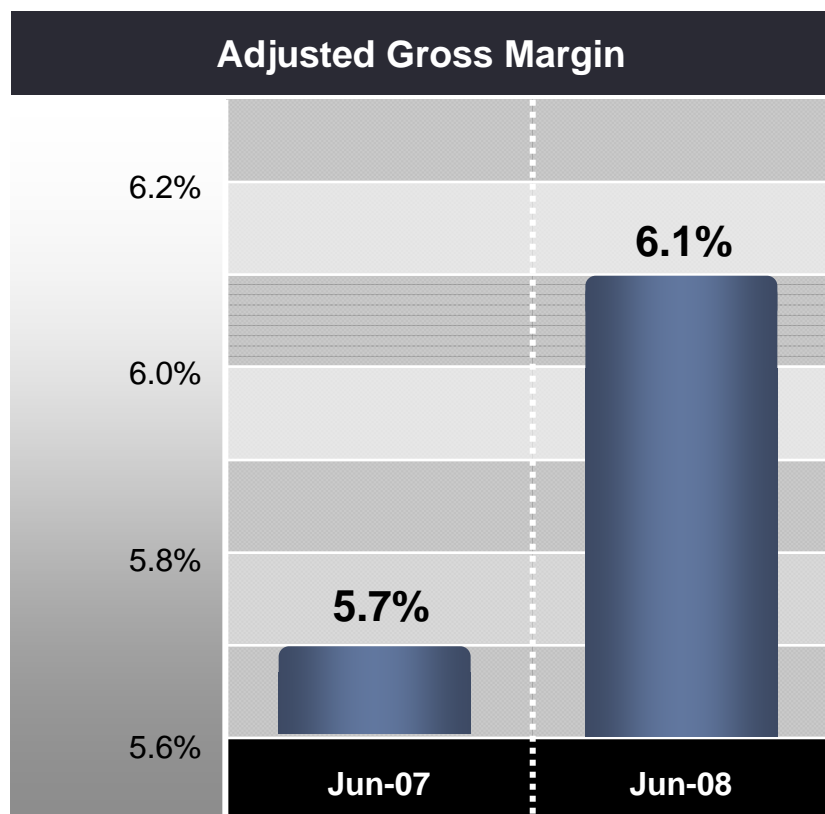
## Quarterly Revenue by Segment

(\$ in millions)

	Jun-08		Mar-08		Dec-07		Sep-07		Jun-07	
Computing	\$ 1,436	17%	\$ 1,313	17%	\$ 1,382	15%	\$ 521	9%	\$ 487	9%
Consumer Digital	1,113	14%	1,010	13%	1,511	17%	1,375	25%	1,093	21%
Infrastructure	2,933	35%	2,794	36%	3,211	35%	1,486	27%	1,470	29%
Mobile	1,596	19%	1,433	18%	1,893	21%	1,559	28%	1,527	30%
Industrial, Automotive, Medical & Other	1,272	15%	1,225	16%	1,072	12%	616	11%	580	11%
<b>Total</b>	<b>\$ 8,350</b>		<b>\$ 7,775</b>		<b>\$ 9,069</b>		<b>\$ 5,557</b>		<b>\$ 5,157</b>	

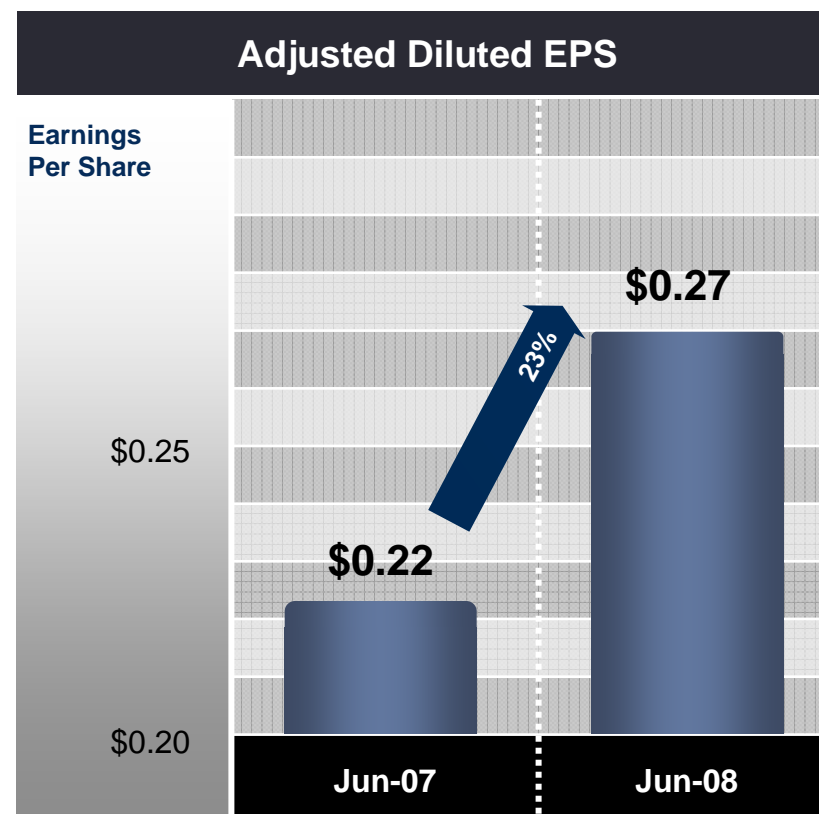
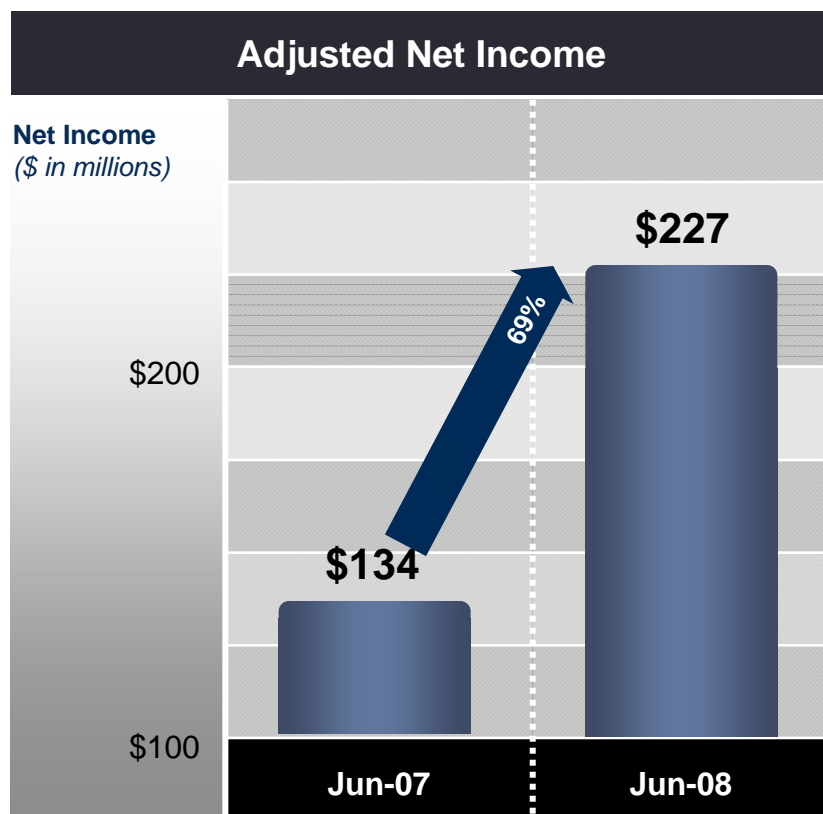
Note: Quarterly revenue by market segment for the Jun-07 through Mar-08 quarters have been adjusted to reflect the reclassification of revenues from certain product categories to the consumer digital market segment.

## First Quarter Adjusted Margins



These non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP, including after-tax restructuring and other charges, stock-based compensation expense, and intangible amortization. Please refer to the schedules to the earnings press release and slide 7 of this presentation, which contain the reconciliation to the most directly comparable GAAP measures.

## Adjusted Net Income and Diluted EPS



Adjusted net income and adjusted diluted EPS as shown are non-GAAP financial measures which exclude certain amounts that are included in the most directly comparable measure under GAAP. Adjusted net income and adjusted diluted EPS exclude after-tax restructuring and other charges, stock-based compensation expense, and intangible amortization. Please refer to the schedules to the earnings press release and slide 7 of this presentation, which contain the reconciliation to the most directly comparable GAAP measure.

# First Quarter GAAP Operating Results

(\$ in thousands, except EPS)

## Quarter Ended June 27, 2008

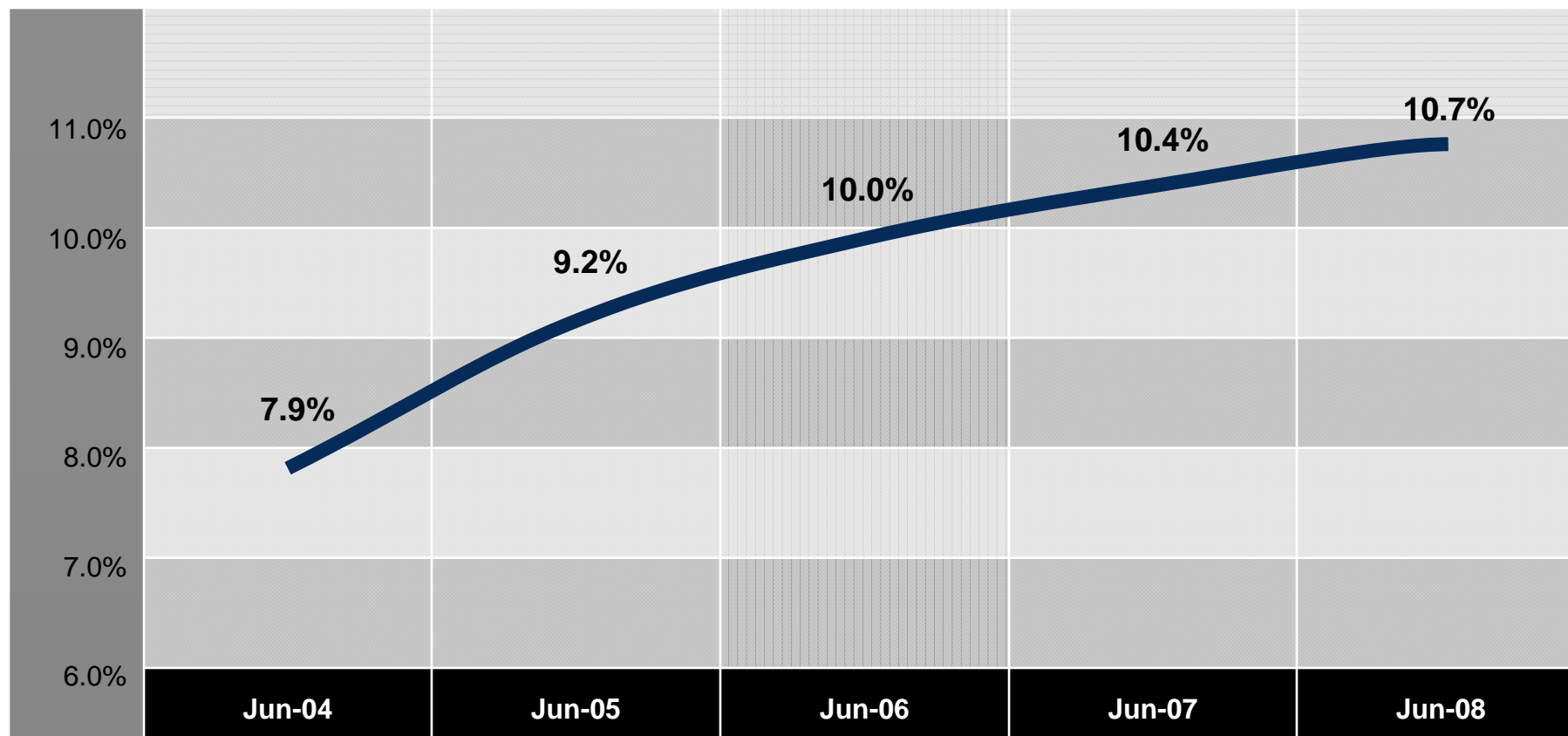
	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Pretax Income</u>	<u>Income Taxes</u>	<u>Net Income</u>	<u>EPS</u>
Non-GAAP	\$ 506,887	\$ 280,022	\$ 244,076	\$ 17,085	\$ 226,991	\$ 0.27
Restructuring, integration, and other costs	(47,821)	(59,419)	(63,097)	(4,676)	(58,421)	
Stock-based compensation	(2,299)	(15,360)	(15,360)	-	(15,360)	
Intangible amortization	-	-	(25,246)	(2,348)	(22,898)	
GAAP	\$ 456,767	\$ 205,243	\$ 140,373	\$ 10,061	\$ 130,312	\$ 0.16

## Quarter Ended June 29, 2007

	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Pretax Income</u>	<u>Income Taxes</u>	<u>Net Income</u>	<u>EPS</u>
Non-GAAP	\$ 291,571	\$ 152,709	\$ 138,671	\$ 4,390	\$ 134,281	\$ 0.22
Restructuring, integration, and other costs	(9,753)	(10,674)	(10,674)	-	(10,674)	
Stock-based compensation	(999)	(8,725)	(8,725)	-	(8,725)	
Intangible amortization	-	-	(18,205)	(961)	(17,244)	
Other	-	-	9,309	-	9,309	
GAAP	\$ 280,819	\$ 133,310	\$ 110,376	\$ 3,429	\$ 106,947	\$ 0.17

The non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP results exclude after-tax restructuring and other charges, stock-based compensation expense and intangible amortization. Please refer to the schedules to the earnings press release, which contains the reconciliation to the most directly comparable GAAP measures.

## Return on Invested Capital (ROIC)



The Company's ROIC metric is based on a non-GAAP financial measure, which is after-tax non-GAAP operating income, which excludes certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP operating income excludes after-tax restructuring and other charges, stock-based compensation expense, and intangible amortization. The Company's ROIC metric is reconciled to the same performance measure calculated using the nearest GAAP measure, which is GAAP operating income adjusted for taxes, in the GAAP vs. Non-GAAP reconciliation in the Investors section of our website.

## Cash and Liquidity

(\$ in millions)

	Quarter Ended		
	Jun-08	Mar-08	Jun-07
<b>Cash</b>	\$1,762	\$1,720	\$770
<b>Total Debt</b>	3,739	3,417	1,489
<b>Net Debt</b>	1,977	1,697	719
<b>Leverage Ratio</b>	31%	30%	19%
<b>Liquidity</b>	\$3,270	\$3,559	\$2,770

Note : Leverage Ratio is calculated as follows: Total Debt / (Debt + Equity)

## Cash Conversion Cycle

Quarter Ended	Jun-08
Cost of sales – current quarter (1)	\$ 7,843
Annualized	31,372
Inventory – current quarter	4,456
Inventory – prior quarter	4,119
Average Inventory	4,288
<b>INVENTORY TURNS (DAYS)</b>	<b>50</b>
Sales – current quarter	\$ 8,350
Annualized	33,400
Accounts Receivable – current quarter	3,926
Accounts Receivable – prior quarter	3,551
Average Accounts Receivable	3,739
<b>ACCOUNTS RECEIVABLE TURNOVER (DAYS)</b>	<b>41</b>
Accounts Payable – current quarter	\$ 5,886
Accounts Payable – prior quarter	5,311
Average Accounts Payable	5,599
<b>ACCOUNTS PAYABLE TURNOVER (DAYS)</b>	<b>65</b>
<b>CASH CONVERSION CYCLE (DAYS)</b>	<b>26</b>

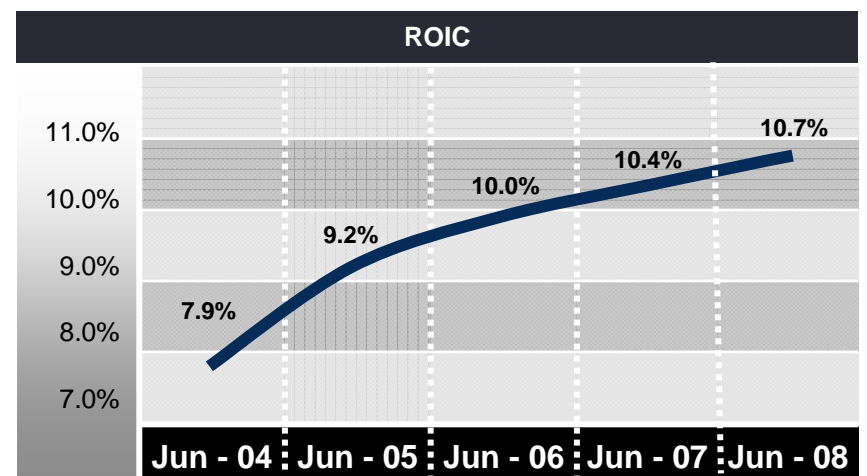
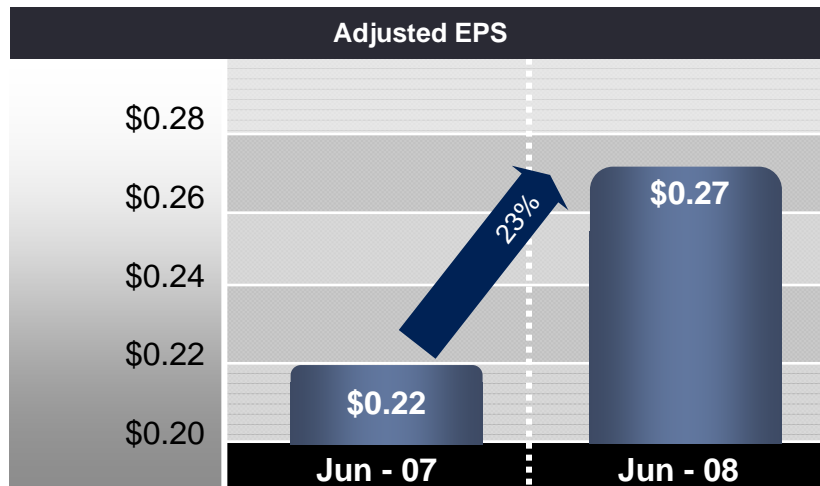
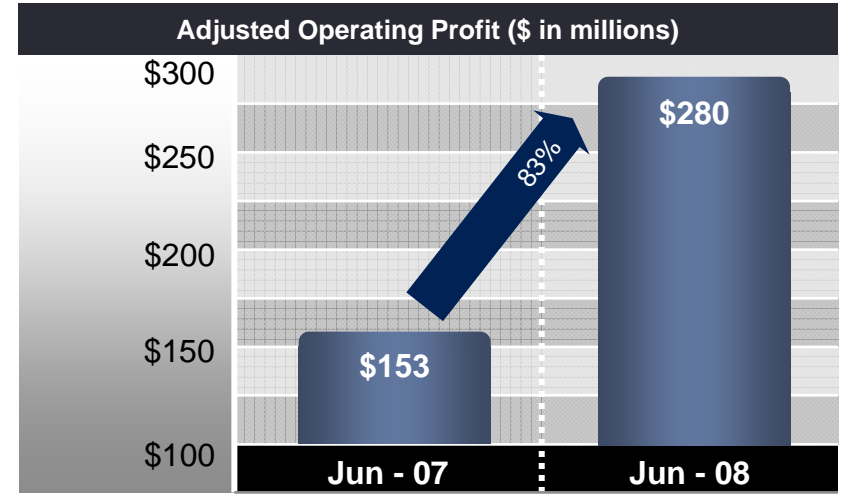
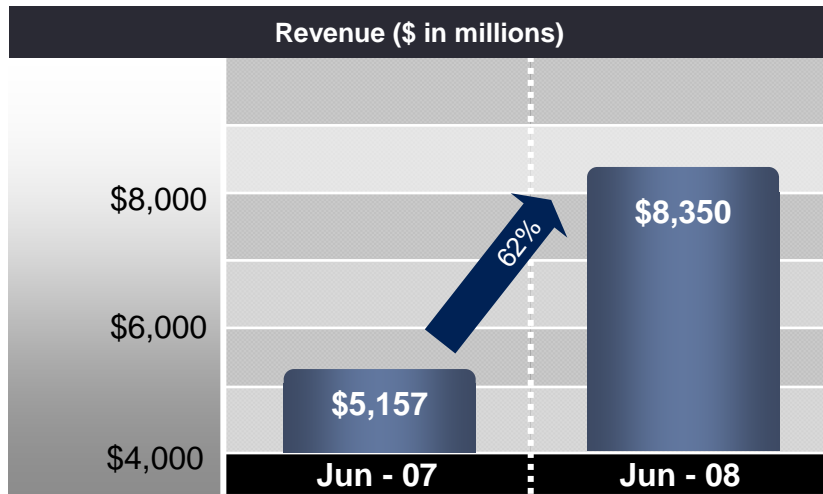
- (1) Non-GAAP gross profit excludes after-tax restructuring and other charges, and stock-based compensation, which are attributable to cost of sales. Please refer to the schedules to the Company's earnings press release and slide 7 to this presentation, which contain the reconciliation to the most directly comparable GAAP measure, which is GAAP gross profit.

## Summary Statement of Cash Flows

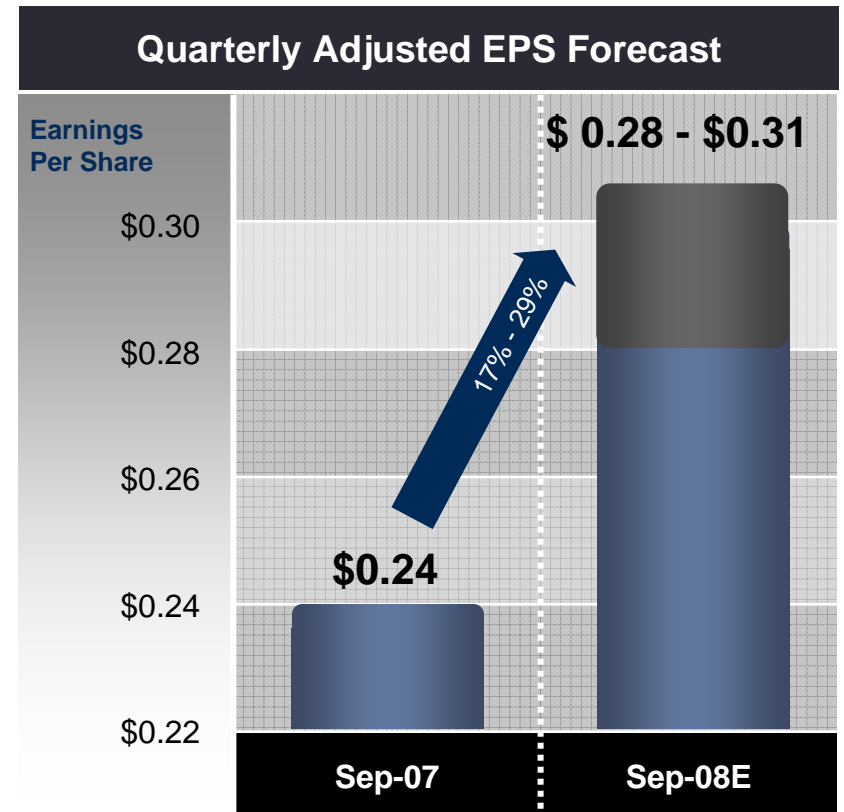
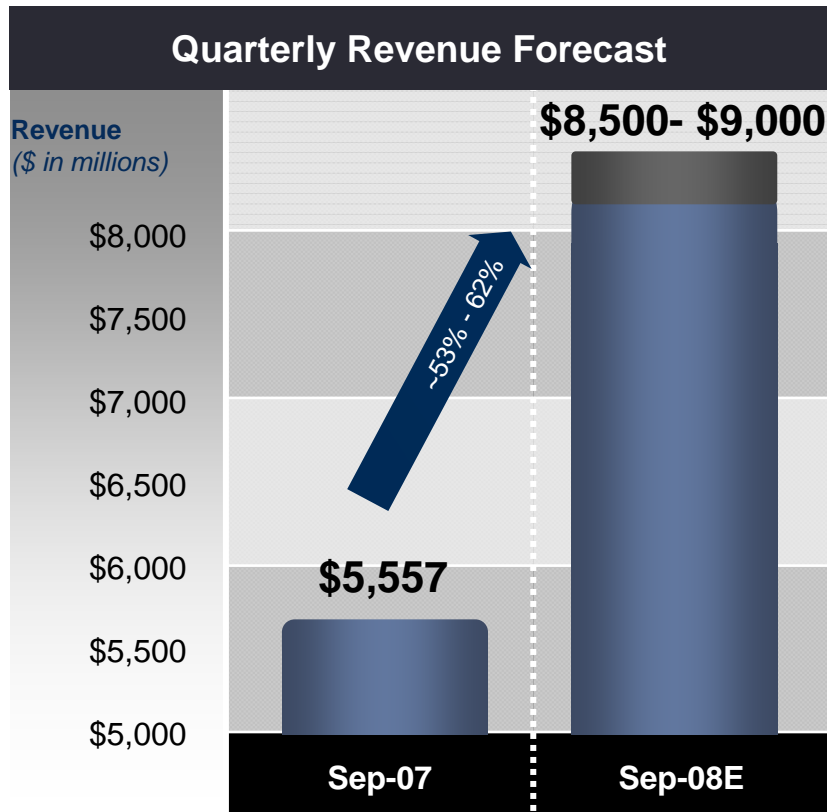
(\$ in thousands)

		Three Months Ended Jun-08	Three Months Ended Jun-07
<b>Cash flows from operating activities</b>	GAAP net income	\$ 130,312	\$ 106,947
	Depreciation and amortization	117,182	87,749
	Change in working capital, restructuring obligations and other	(255,978)	( 50,091)
	<b>Net cash (used in) provided by operating activities</b>	<b>(8,484)</b>	<b>144,605</b>
<b>Cash flows from investing activities</b>	Purchases of property & equipment, net of dispositions	(154,741)	(71,889)
	Payments for acquired businesses, net of cash acquired	(158,571)	(2)
	Other investing activities	29,564	(19,935)
	<b>Net cash used in investing activities</b>	<b>(283,748)</b>	<b>(91,826)</b>
<b>Cash flows from financing activities</b>	Net bank borrowings (repayments)	316,980	(5,249)
	Net proceeds from issuance of ordinary shares	2,817	3,009
	<b>Net cash provided by (used in) financing activities</b>	<b>319,797</b>	<b>(2,240)</b>
	Effect on cash from exchange rate changes	14,215	4,888
	Net increase in cash and cash equivalents	41,780	55,427
	Cash and cash equivalents at beginning of period	1,719,948	714,525
	<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,761,728</b>	<b>\$ 769,952</b>

# Commentary



# September Quarter FY2009 Guidance



Non-GAAP financial measures exclude after-tax restructuring and other charges, stock-based compensation expense, and intangible amortization, that are included in the most directly comparable measures under GAAP. GAAP earnings per diluted share are expected to be lower than the guidance provided herein by approximately \$0.05 reflecting quarterly intangible amortization and stock-based compensation expense.

# Risk Factors

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## RISKS INCLUDE:

- That revenue and earnings growth may not occur as expected or at all.
- Our dependence on industries that continually produce technologically advanced projects with short life cycles.
- That we may not fully realize the expected synergies, revenues and earnings growth and cost savings from the Solectron acquisition, and that we may incur significant costs and charges associated with the acquisition.
- Our ability to respond to changes in economic trends, to fluctuations in demand for customers' products and to the short term nature of our customers' commitments.
- Competition in our industry, particularly from ODM suppliers in Asia.
- Our dependence on a small number of customers for the majority of our sales and our reliance on strategic relationships with major customers.
- The challenges of effectively managing our operations, including our ability to manage manufacturing processes, control costs and manage changes in our operations.
- The challenges of integrating acquired companies and assets.
- Not obtaining anticipated new customer programs, or if we do obtain them, that they may not contribute to our revenue or profitability as expected or at all.
- Our ability to utilize available and recently expanded manufacturing capacity.
- The risk of future restructuring charges that could be material to our financial condition and results of operations.
- Our ability to design and quickly introduce world-class components products that offer significant price and/or performance advantages over competitive products.
- The impact on our margins and profitability resulting from substantial investments, start-up and integration costs in our components, design and ODM businesses.
- Production difficulties, especially with new products.
- Changes in government regulations and tax laws.
- Not realizing expected returns from our retained interests in divested businesses.
- Our exposure to potential litigation relating to intellectual property rights, product warranty and product liability.
- Potential impairment of our intangible assets.
- Our dependence on the continued trend of outsourcing by OEMs.
- The risks to our particular electronics and technology sector of economic instability and a slowdown in consumer spending.
- The effects of customer bankruptcies.
- Supply shortages of required electronic components.
- The challenges of international operations, including fluctuations in exchange rates beyond hedged boundaries leading to unexpected charges.
- Our dependence on our key personnel.
- Our ability to comply with environmental laws.

*Further information concerning these and other risk factors that could cause actual results to differ materially from those in the forward looking statements is contained in the Risk Factors and Management's Discussion and Analysis sections of our reports on forms 10-Q, 10-K, as amended, and 8-K as well as the other reports that we file with the US. Securities and Exchange Commission.*

Thank you

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