

FLEXTRONICS



Financial Results for First Quarter Fiscal Year 2010 – Quarter Ended July 3, 2009

Earnings Announcement: July 29, 2009

Risks and Non-GAAP Disclosures

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to revenue and earnings guidance; our expectations about our future operating margins; the expected charges and savings associated with our restructuring activities; and our expectations regarding end market demand for our products and our business in the current economic environment. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by these statements; are based on our current expectations; and we assume no obligation to update them. Information about these risks is noted in the earnings press release, on slide 16 of this presentation, and in the Risk Factors and MD&A sections of our latest annual report filed with the SEC, as well as in our other SEC filings. Investors are cautioned not to place undue reliance on these forward-looking statements.

Throughout this conference call we will reference both GAAP and non-GAAP financial measures. Please refer to the schedules to the earnings press release, on slide 6 of the 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.

First Quarter Financial Highlights

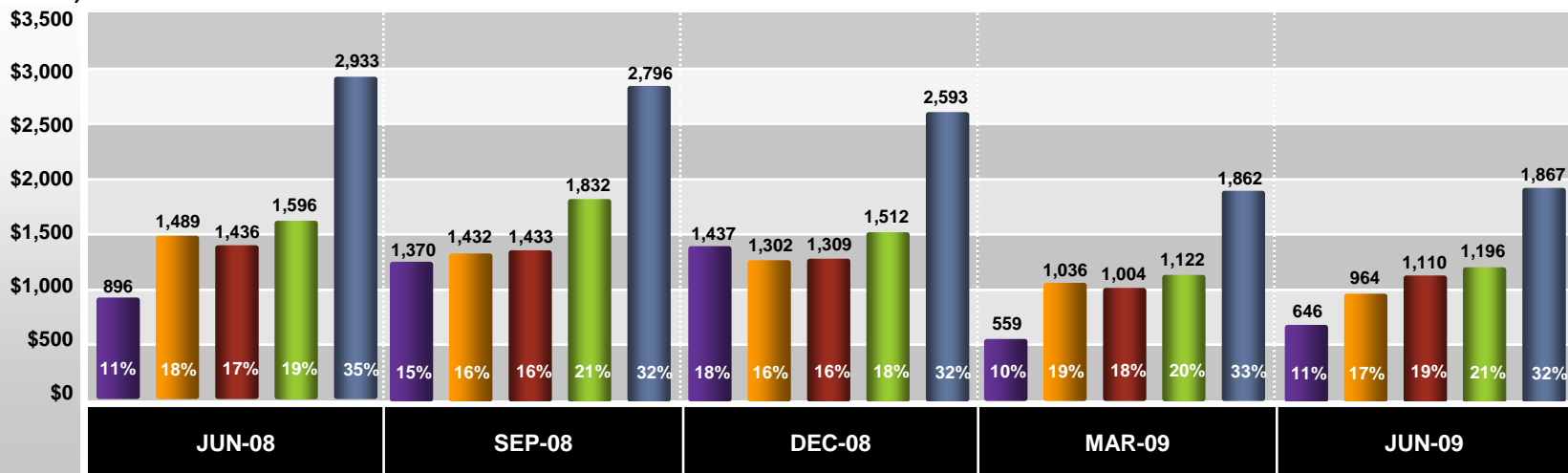
Non-GAAP Statements of Operations:

(\$ in Thousands, except EPS)	For the Three-Month Periods Ended		
	July 3, 2009	March 31, 2009	% Change
Net sales	\$ 5,782,679	\$ 5,582,524	4%
Cost of sales	5,521,984	5,347,414	
Gross profit	260,695	235,110	11%
Gross margin	4.5%	4.2%	
SG&A	170,498	184,501	-8%
	2.9%	3.3%	
Operating profit	90,197	50,609	78%
Operating margin	1.6%	0.9%	
Interest and other expense, net	28,837	47,115	
Pretax income	61,360	3,494	1656%
Income Taxes	(1,750)	(18,177)	
Net income	\$ 63,110	\$ 21,671	191%
EPS	\$ 0.08	\$ 0.03	167%

The non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP operating results exclude charges for restructuring and other, financially distressed customers, investment and note receivable impairment, non-cash convertible debt interest expense, stock-based compensation expense and intangible amortization. Please refer to the schedules to the earnings press release, slide 6 of this presentation and the Investors section of our website, which contain the reconciliation to the most comparable GAAP measures.

Quarterly Revenue by Market Segment

(\$ In Millions)

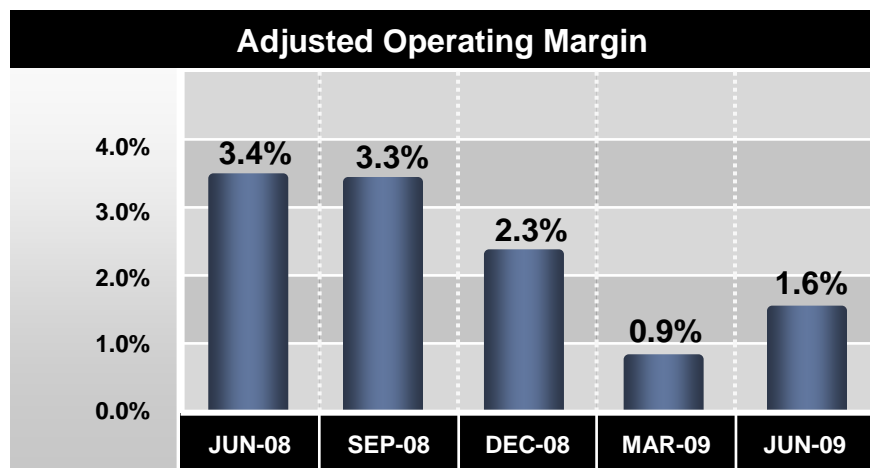
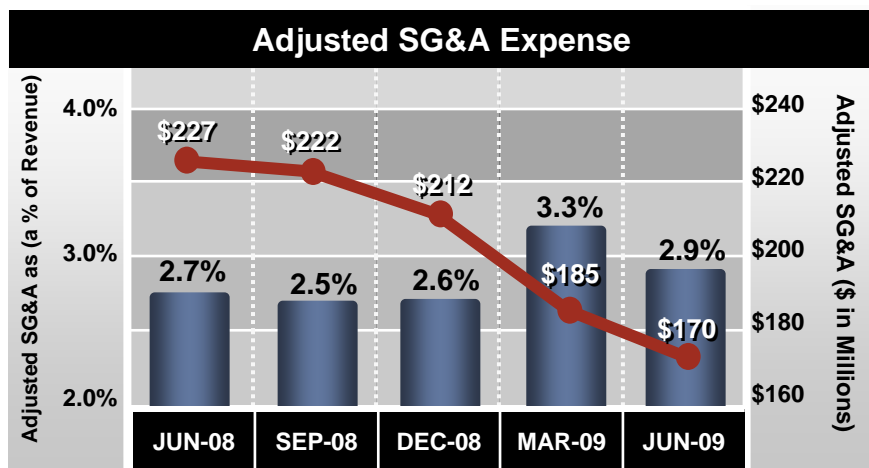
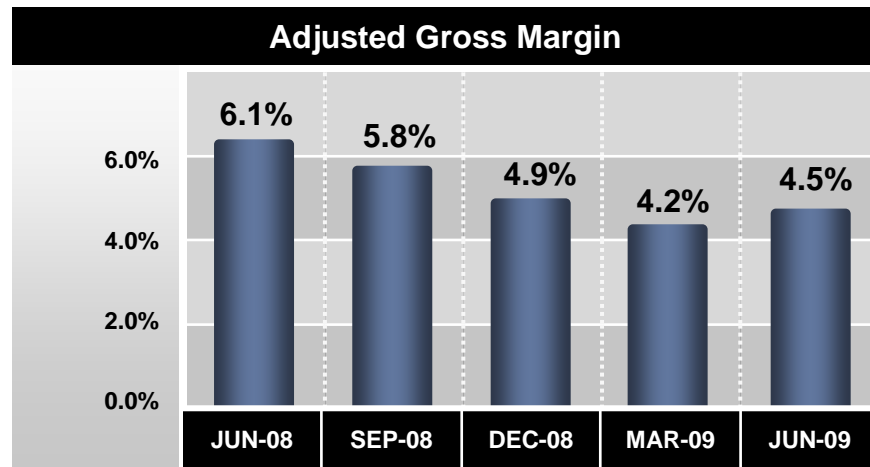
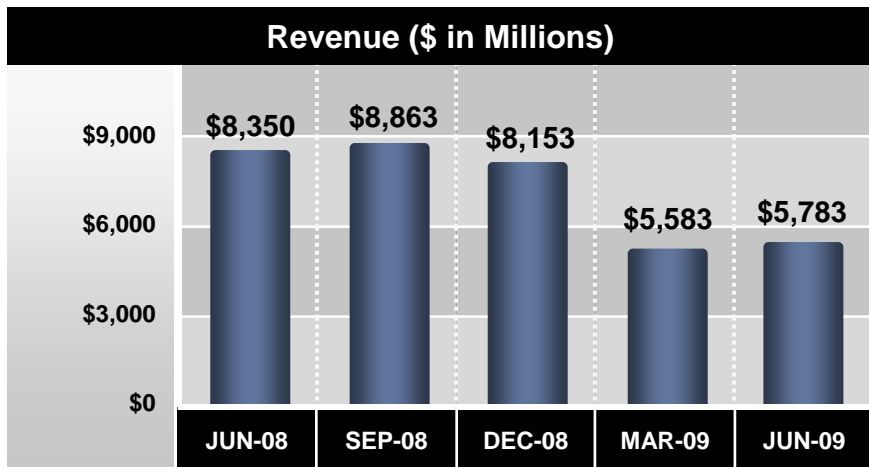


■ Consumer Digital
 ■ Industrial, Automotive, Medical & Other
 ■ Computing
 ■ Mobile
 ■ Infrastructure

	JUN-08		SEP-08		DEC-08		MAR-09		JUN-09					
Computing	\$	1,436	17%	\$	1,433	16%	\$	1,004	18%	\$	1,110	19%		
Consumer Digital		896	11%		1,370	15%		559	10%		646	11%		
Infrastructure		2,933	35%		2,796	32%		1,862	33%		1,867	32%		
Mobile		1,596	19%		1,832	21%		1,122	20%		1,196	21%		
Industrial, Automotive, Medical & Other		1,489	18%		1,432	16%		1,036	19%		964	17%		
Total	\$	8,350		\$	8,863		\$	8,153		\$	5,583		\$	5,783

Quarterly revenue by market segment for the Jun-08 through Mar-09 quarters have been adjusted to reflect the reclassification of certain product category revenues from the consumer digital market segment to the industrial market segment.

Financial Highlights - Trended



Adjusted SG&A (as a % of revenue), gross margin and operating margin are non-GAAP financial measures, which exclude certain amounts that are included in the most directly comparable measures under GAAP, including charges for restructuring and other, financially distressed customers, and stock-based compensation expense. Please refer to the schedules to the respective earnings press release and the Investors section of our website, which contain the reconciliation to the most directly comparable GAAP measures.

First Quarter GAAP Operating Results

(\$ in Thousands, except EPS)

Quarter Ended July 3, 2009

	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Pretax Income</u>	<u>Income Taxes</u>	<u>Net Income (loss)</u>	<u>EPS</u>
Non-GAAP	\$ 260,695	\$ 90,197	\$ 61,360	\$ (1,750)	63,110	\$ 0.08
Stock-based compensation	(2,733)	(15,785)	(15,785)	-	(15,785)	
Distressed customer charges	18,142	-	-	-	-	
Restructuring and other	(52,109)	(64,839)	(64,798)	(410)	(64,388)	
Non-cash convertible debt interest	-	-	(8,049)	-	(8,049)	
Investment and note impairment	-	-	(107,440)	-	(107,440)	
Intangible amortization	-	-	(23,334)	(1,843)	(21,491)	
GAAP	<u>\$ 223,995</u>	<u>\$ 9,573</u>	<u>\$ (158,046)</u>	<u>\$ (4,003)</u>	<u>\$ (154,043)</u>	<u>\$ (0.19)</u>

Quarter Ended March 31, 2009*

	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Pretax Income</u>	<u>Income Taxes</u>	<u>Net Income (loss)</u>	<u>EPS</u>
Non-GAAP	\$ 235,110	\$ 50,609	\$ 3,494	\$ (18,177)	21,671	\$ 0.03
Stock-based compensation	(2,662)	(8,754)	(8,754)	-	(8,754)	
Distressed customer charges	5,232	-	-	-	-	
Restructuring and other	(128,817)	(150,570)	(150,570)	2,657	(153,227)	
Non-cash convertible debt interest	-	-	(9,452)	-	(9,452)	
Investment impairment	-	-	(74,129)	-	(74,129)	
Intangible amortization	-	-	(27,696)	(2,338)	(25,358)	
GAAP	<u>\$ 108,863</u>	<u>\$ (108,715)</u>	<u>\$ (267,107)</u>	<u>\$ (17,858)</u>	<u>\$ (249,249)</u>	<u>\$ (0.31)</u>

The non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP operating results exclude charges for restructuring and other, financially distressed customers, investment and note receivable impairment, non-cash convertible debt interest expense, stock-based compensation expense and intangible amortization.

*Prior period restated for non-cash convertible debt interest expense

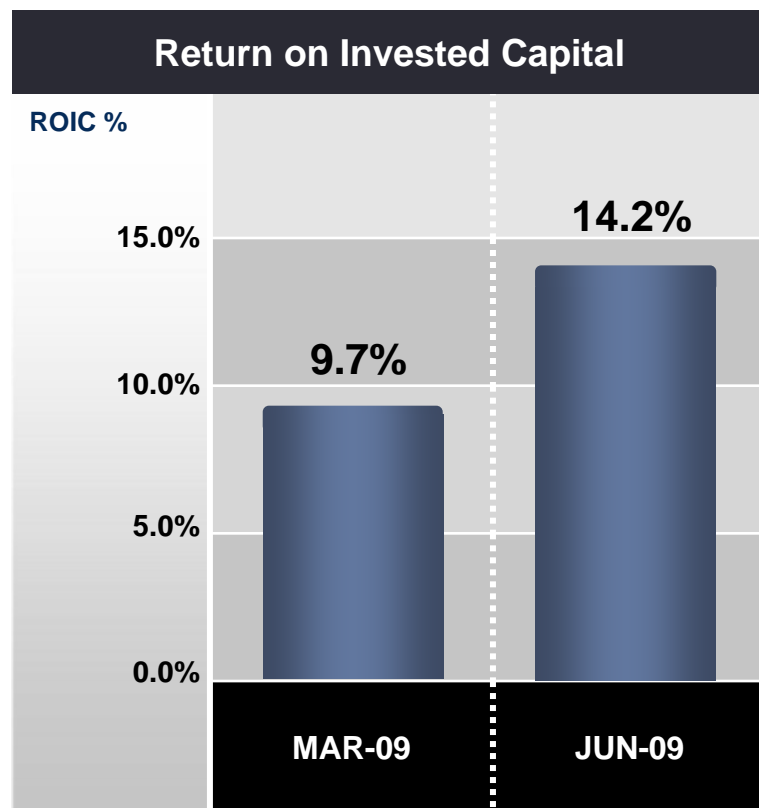
Restructuring Charge - Update

(\$ In Thousands)

	Q4'09	Q1'10	Total to Date	Previously Announced Projection
Cash Charges	\$95,200	\$33,000	\$128,200	~\$150,000
Non-Cash Charges	\$55,400	\$31,800	\$87,200	~\$100,000
Total Restructuring Charges	\$150,600	\$64,800	\$215,400	~\$250,000

- Previously announced restructuring of \$220 million to \$250 million for FY2010
- Savings in COGS and SG&A through lower depreciation and reduced employee expenses is expected to yield annualized savings of \$230 million to \$260 million
- Expected annual savings run rate to be achieved within 2 to 3 quarters

Return On Invested Capital



ROIC Calculation*

(\$ In Thousands)

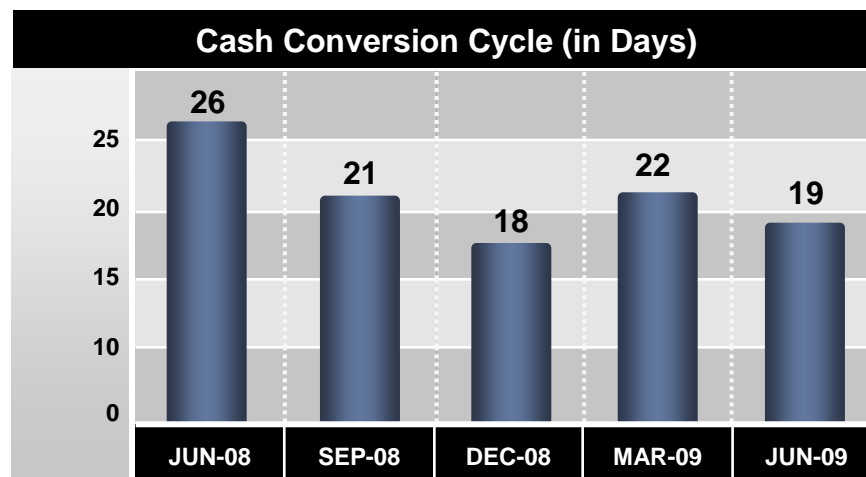
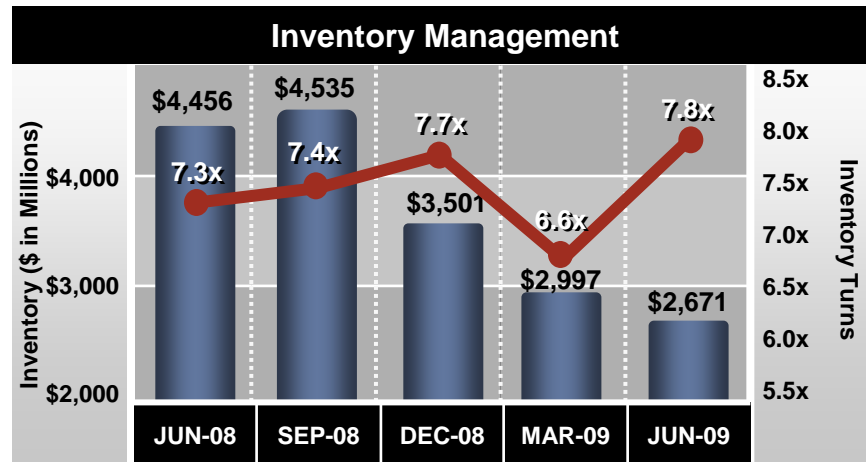
	<u>Q4'09</u>	<u>Q1'10</u>
Annualized Tax- Effected Non-GAAP Operating Profit	\$275	\$368
Adjusted Net Invested Capital	\$2,829	\$2,590
ROIC %	9.7%	14.2%

*Please refer to the Investors section of our website for a detailed description of our ROIC calculation and the reconciliation of Non-GAAP ROIC to the nearest GAAP measure.

Cash Conversion Cycle

(\$ In Millions)

Quarter Ended	MAR-09	JUN-09
Cost of sales – current quarter*	\$5,347	\$5,522
Annualized	21,388	22,088
Inventory – current quarter	2,997	2,671
Inventory – prior quarter	3,501	2,997
Average Inventory	3,249	2,834
INVENTORY TURNS (DAYS)	55	47
Sales – current quarter	\$5,583	\$5,783
Annualized	22,332	23,132
Accounts Receivable – current quarter	2,317	2,067
Accounts Receivable – prior quarter	2,907	2,317
Average Accounts Receivable	2,612	2,192
ACCOUNTS RECEIVABLE TURNOVER (DAYS)	43	35
Accounts Payable – current quarter	\$4,050	\$3,632
Accounts Payable – prior quarter	4,830	4,050
Average Accounts Payable	4,440	3,841
ACCOUNTS PAYABLE TURNOVER (DAYS)	76	63
CASH CONVERSION CYCLE (DAYS)	22	19



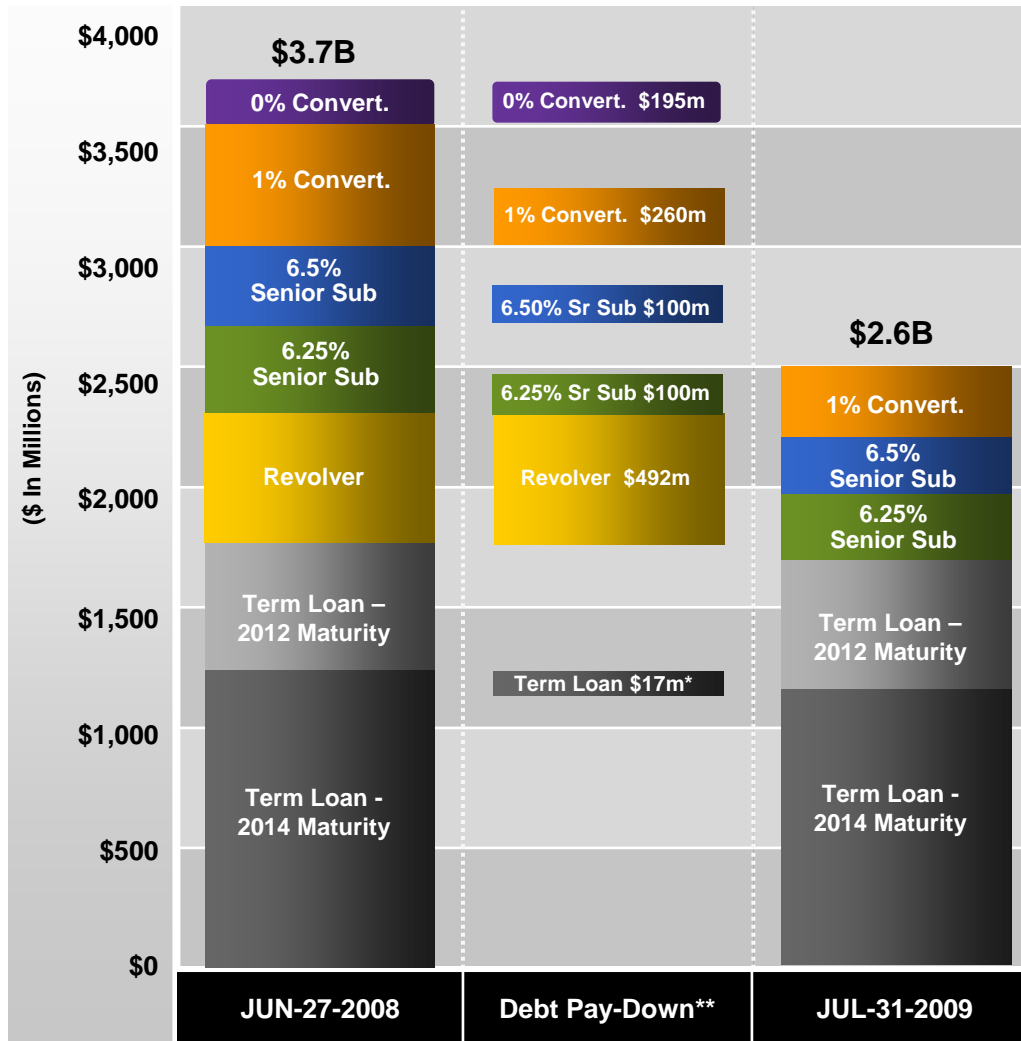
* Adjusted gross profit is a non-GAAP financial measure, which excludes certain amounts that are included in the most directly comparable measures under GAAP, including charges for restructuring and other, financially distressed customers, and stock-based compensation expense which are attributable to cost of sales. Please refer to the schedules to the earnings press release, slide 6 of this presentation and the Investors section of our website, which contain the reconciliation to the most comparable GAAP measures.

Summary Statement of Cash Flows

<i>(\$ in thousands)</i>		Twelve Months Ended Mar-09*	Three Months Ended Jun-09
CASH FLOWS FROM OPERATING ACTIVITIES			
	GAAP net loss	\$ (6,135,518)	\$ (154,043)
	Depreciation and amortization	521,398	117,817
	Change in sales of accounts receivable	(106,253)	(69,315)
	Impairment of goodwill	5,949,977	-
	Restructuring payments	(425,823)	(90,319)
	Change in working capital and other	1,512,998	302,726
	Net cash provided by operating activities	1,316,779	106,866
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchases of property & equipment, net of dispositions	(462,079)	(38,635)
	Payments for acquired businesses, net of cash acquired	(214,496)	(8,652)
	Other investing activities	31,719	1,860
	Net cash used in investing activities	(644,856)	(45,427)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Net bank borrowings (repayments and retirements)	(173,370)	(209,071)
	Purchase of treasury shares	(260,074)	-
	Net proceeds from issuance of ordinary shares	12,842	1,067
	Net cash used in partial repurchase of long-term debt	(226,199)	-
	Net cash used in financing activities	(646,801)	(208,004)
	Effect on cash from exchange rate changes	76,816	1,258
	Net change in cash and cash equivalents	101,938	(145,307)
	Cash and cash equivalents at beginning of period	1,719,948	1,821,886
	Cash and cash equivalents at end of period	\$ 1,821,886	\$ 1,676,579

*Prior period restated for non-cash convertible debt interest expense included in GAAP net loss and had no impact to cash from operating, investing and financing activities.

Capital Structure Deleveraging: \$1.1 Billion



- December 2008: \$260 million of 1% Convertible Subordinated Notes were tendered
- July 2008 – March 2009: \$492 million of Revolver was paid down
- July 1, 2009: \$200 million partial tender for Senior Subordinated Notes
 - Restricted payment basket provided covenant relief
 - \$250 million basket for repurchase of junior securities
- July 31, 2009: \$195 million of 0% Convertible Junior Subordinated Notes will be retired at maturity

*Amount reflects Term Loan amortization

**A/R sales and securitizations were reduced an additional \$277 million during this period

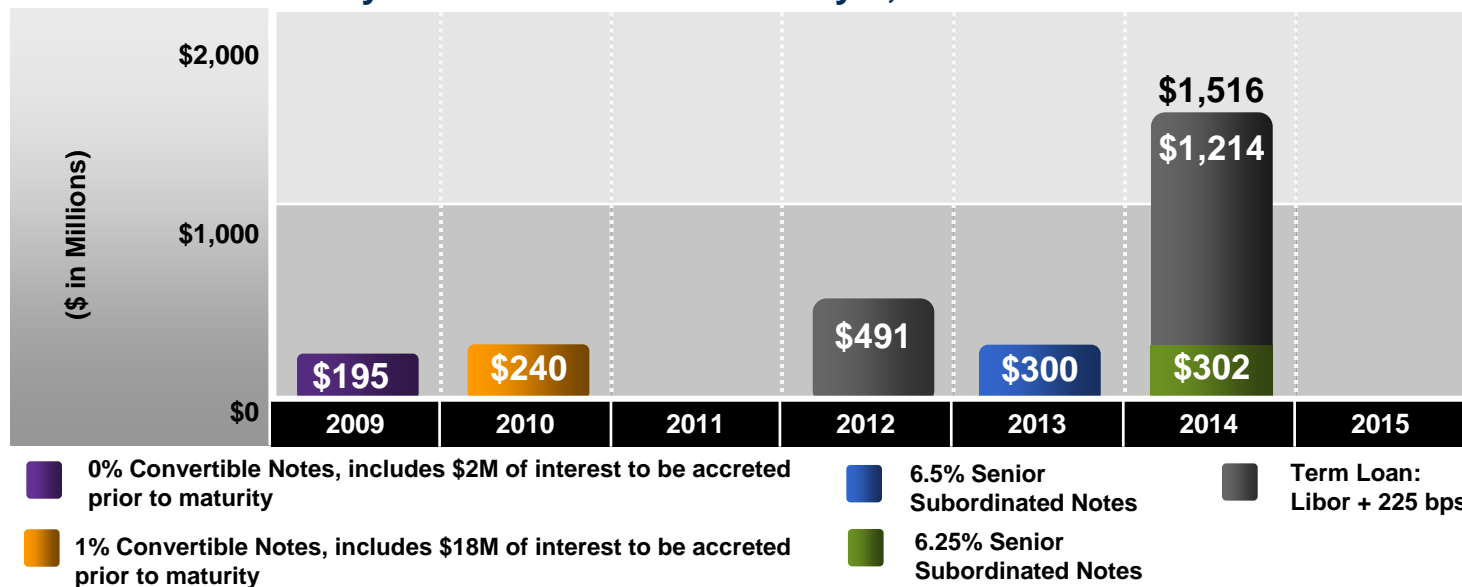
Cash, Debt and Debt Maturities Profile

Cash and Debt Position

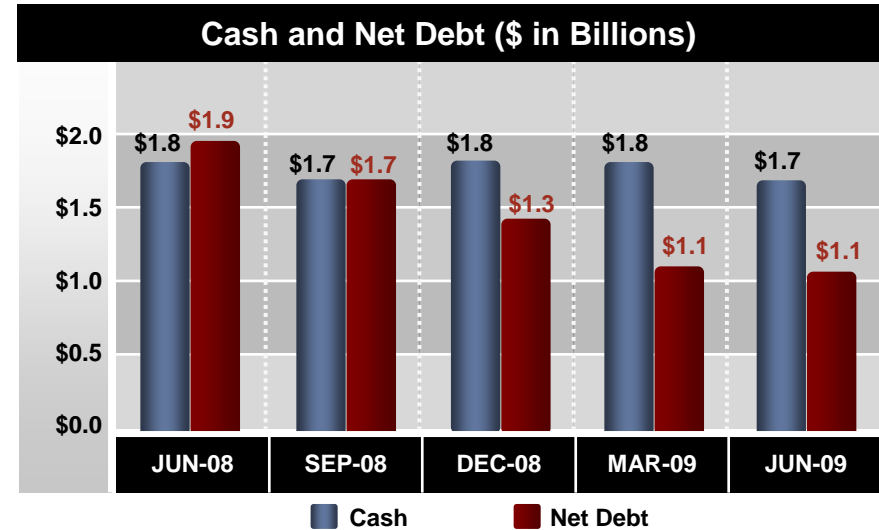
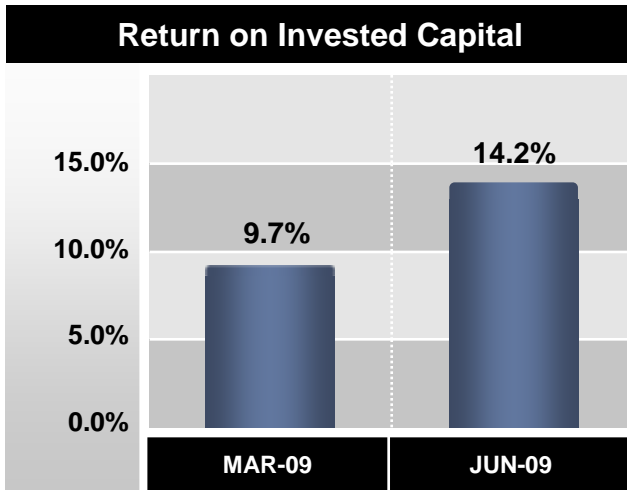
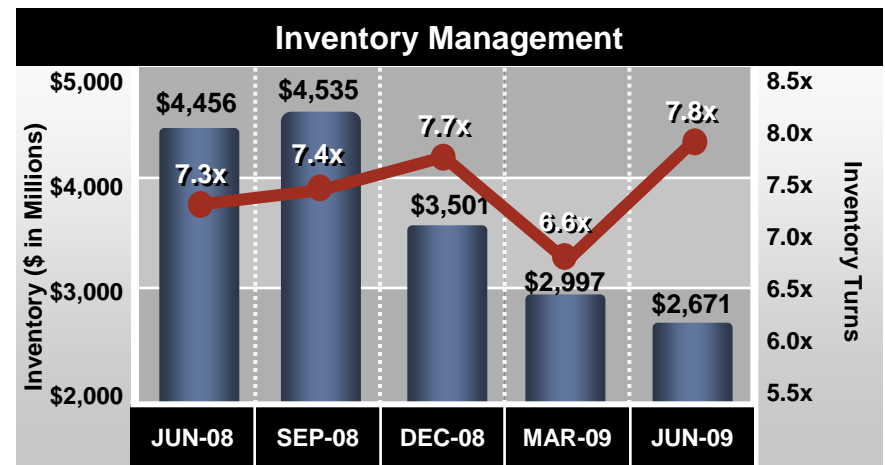
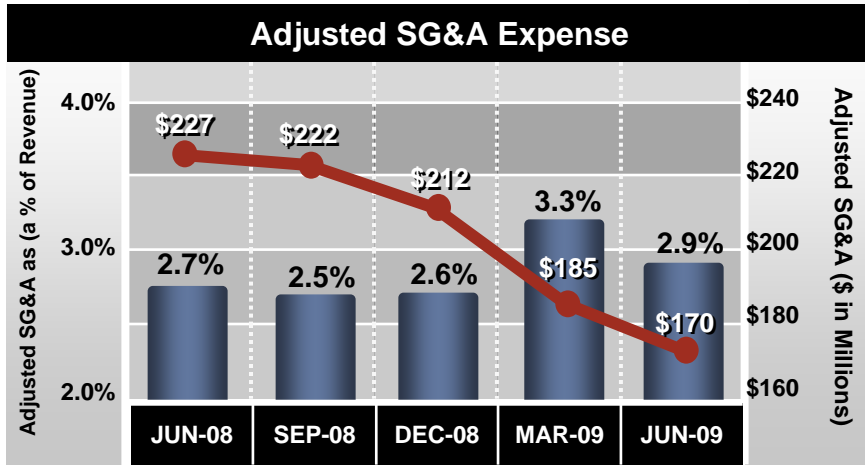
		Quarter Ended*				
		JUN-08	SEP-08	DEC-08	MAR-09	JUN-09
(\$ in Millions)	Cash	\$1,762	\$1,701	\$1,796	\$1,822	\$1,677
	Total Debt	3,653	3,368	3,136	2,942	2,747
	Net Debt	1,891	1,667	1,340	1,120	1,070

*Prior period restated for a reduction to the carrying amount of the convertible debt related to non-cash interest to be accreted prior to maturity.

Significant Debt Maturities by Calendar Year – as of July 3, 2009

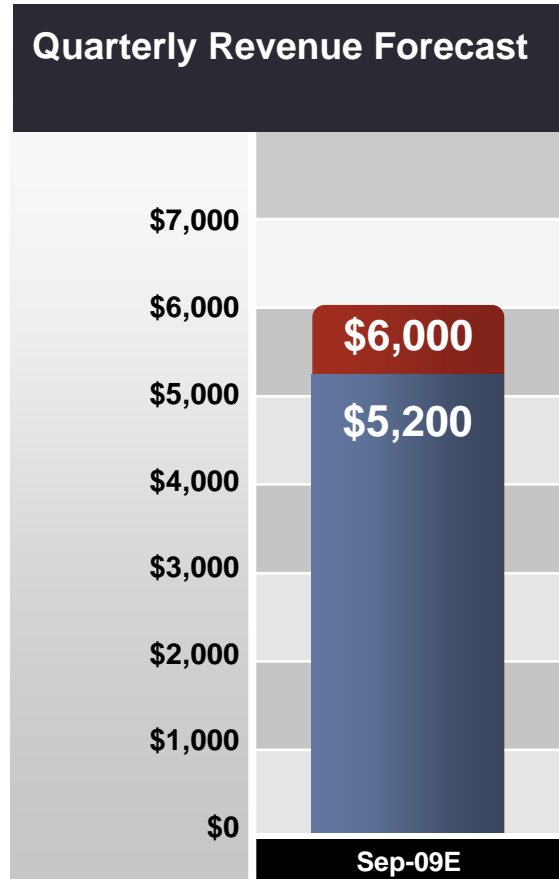


Commentary

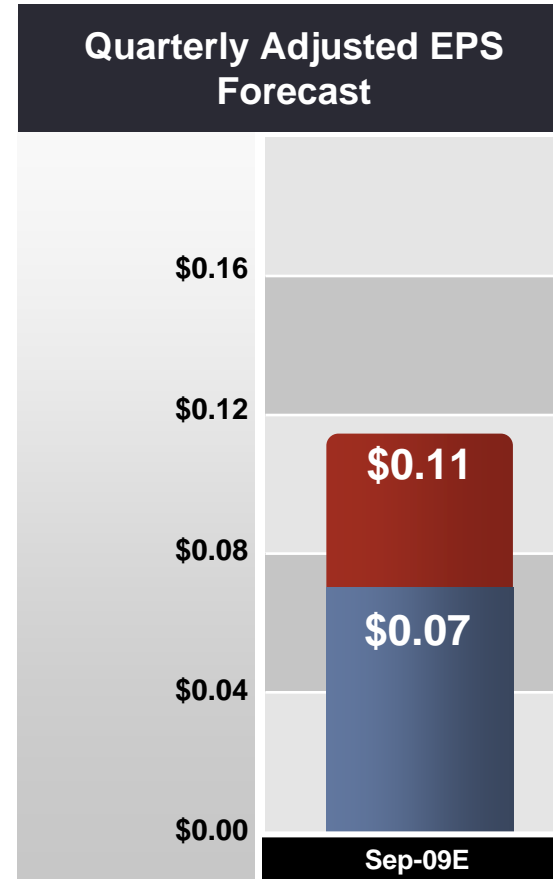


September Quarter Fiscal Year 2010 Guidance

Revenue (\$ in millions)



Earnings Per Share



Non-GAAP financial measures exclude after tax restructuring and other charges, stock based compensation expense, non-cash convertible debt interest expense and intangible amortization expense 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 \$0.07 reflecting estimated restructuring activities, non-cash convertible debt interest expense, quarterly intangible amortization and stock-based compensation expense.

Key Take-Aways

- **Demand: Signs of stabilization in most end markets during past 3 months**
- **Adjusted Operating Margin Expansion: 70bp sequential quarter improvement in operating margin primarily due to restructuring and cost controls**
 - **Restructuring: \$230 million to \$260 million in annualized cost savings expected by year-end FY2010**
- **Over the last year:**
 - **Adjusted SG&A: Reduced spend, down 25% year-over-year**
 - **Inventory: Reduced levels by ~\$1.9 billion**
 - **Free Cash Flow: Generated ~\$1.1 billion**
 - **Capital Structure: Increased flexibility through ~\$1.1 billion debt paydown**

Risk Factors

RISKS INCLUDE:

- That future revenue and earnings may not be achieved as expected.
- The risks to our particular electronics and technology sector of economic instability and a slowdown in consumer spending, particularly given the current economic conditions.
- The effects of customer or supplier bankruptcies or insolvency.
- The effects that current credit and market conditions could have on the liquidity and financial condition of customers or suppliers, including any impact on their ability to meet contractual obligations to us on terms and conditions previously negotiated.
- The effects of the current macroeconomic environment could have on our liquidity and ability to access credit markets.
- Our dependence on industries that continually produce technologically advanced projects with short life cycles.
- 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 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; and production difficulties, especially with new products.
- Changes in government regulations and tax laws including any effects related to the expiration of tax holidays .
- 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.
- Our dependence on the continued trend of outsourcing by OEMs.
- 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, and 8-K as well as the other reports that we file with the US. Securities and Exchange Commission.

Thank You