



fabrinet®



TRUSTED MANUFACTURING PARTNER OF THE WORLD'S LEADING OEMS



Company Overview

June 2018

This presentation and the accompanying oral presentation contain “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements other than statements of historical fact contained in this presentation, including information concerning our business plans and objectives, potential growth opportunities, competitive position, industry environment and potential market opportunities.

Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors including, but not limited to: less customer demand for our products and services than forecasted; less growth in the optical communications, industrial lasers and sensors markets than we forecast; difficulties expanding into additional markets, such as the semiconductor processing, biotechnology, metrology and materials processing markets; increased competition in the optical manufacturing services markets; difficulties in delivering products and services that compete effectively from a price and performance perspective; our reliance on a small number of customers and suppliers; difficulties in managing our operating costs; difficulties in managing and operating our business across multiple countries (including Thailand, the People’s Republic of China, the U.S. and the U.K.); and other important factors as described in reports and documents we file from time to time with the Securities and Exchange Commission (SEC), including the factors described under the section captioned “Risk Factors” in our most recent annual and quarterly reports on Form 10-K and Form 10-Q. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. These factors may cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although our management believes that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we, nor any other person, assume responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations, except as required by law.

Company Overview

**Global leader in advanced precision optical/
electronic/mechanical manufacturing services**

**Focus on high-mix/low-volume mission-
critical components and modules**

**Diverse end markets including optical
communications, industrial lasers, automotive
and optical sensing**

**Long-lasting customer relationships with
programs extending from new product
introduction (NPI) to volume production**

**Seasoned management team with extensive
and diversified manufacturing experience
in OEM and EMS industries**

Core values:

Total customer satisfaction | Sustainable Manufacturing | Positive work environment | Integrity



- Founded in 2000 by Executive Chairman, Tom Mitchell (co-founder of Seagate Technologies)
- Factories in Thailand, China, New Jersey, California and United Kingdom.
- Total employees: >10,000
- Facilities: ~2.0 MM sq. ft.

Products We Manufacture

Optical Communications

- Transceivers
- Modulators
- Optical Amplifiers
- ROADMs
- Silicon Photonics
- Line Cards
- Network Systems



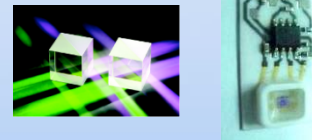
Industrial Lasers

- Fiber Lasers
- Solid-State Lasers
- Gas Lasers
- Ultrafast Lasers



Automotive

- Autonomous Vehicles
- LED & Laser Lighting
- Safety & Control sensors
- Pressure & Temperature Sensors



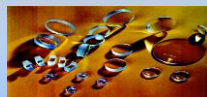
Optical Sensing

- LIDAR
- 3D Sensing
- AR/VR Systems
- Medical Diagnostics
- Metrology & Instrumentation



Customized Optics and Passive Devices – Vertical Integration

- Beam Splitters, Prisms, Laser Crystals, Waveplates, Ferrules



Efficient Global Manufacturing Footprint

Scalable Optical & Electro-Mechanical Assembly

Customized Optics

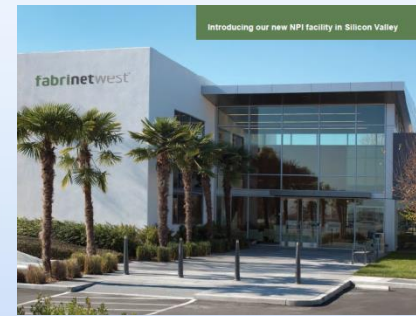
Quick-turn NPI services



Thailand
Pinehurst campus



Fuzhou, China
Casix



Santa Clara, USA
Fabrinet West



New Jersey, USA
VitroCom



Fabrinet UK



Thailand
Chonburi campus

Facility	Appx. Headcount ⁽¹⁾	Manufacturing Space (sq. ft. ⁽¹⁾)
Thailand	~8,411	~1,562,000
China ⁽²⁾	~1,240	~248,000
USA & UK ⁽³⁾	~454	~172,000
TOTAL	~10,105	~1,982,000

(1) As of March 30, 2018. Figures may not add due to rounding

(2) Includes wholly-owned subsidiary CASIX, which manufactures customized optics & glass

(3) Includes subsidiaries Fabrinet West (a factory in Silicon Valley) and Fabrinet UK (a UK company) which specialize in quick-turn new product introduction (NPI) services from PCB layout to fast prototyping to initial production & full box build & system integration.

Investment Highlights

-  Large & Growing Addressable Markets

-  Differentiated Business Model with Significant Barriers to Entry

-  Unique Expertise in Precision Manufacturing Technologies Geared To Next Generation Products in Diverse Industries

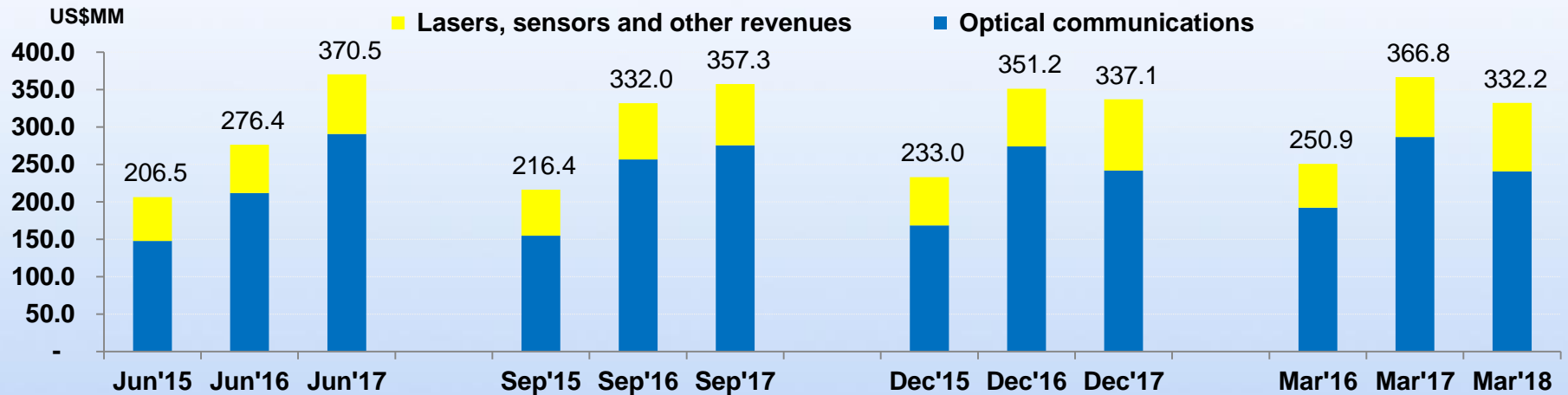
-  Strong Relationships With Industry Leading OEMs

-  Demonstrated Track Record of Growth & Profitability

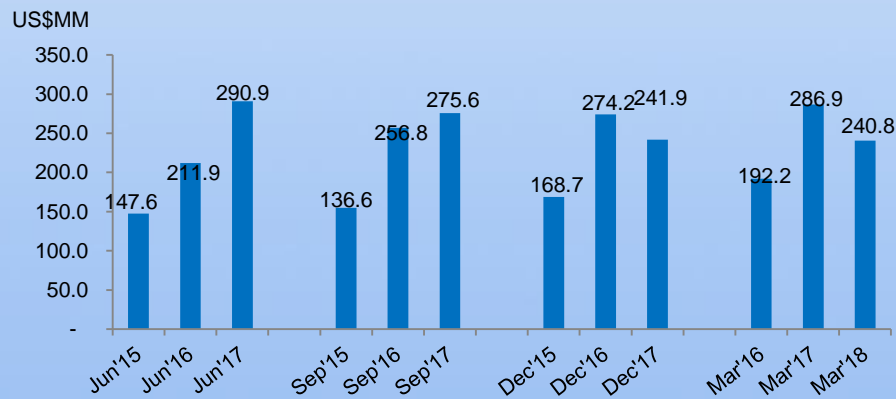
-  Experienced Management Team with History of Execution

Strong Revenue

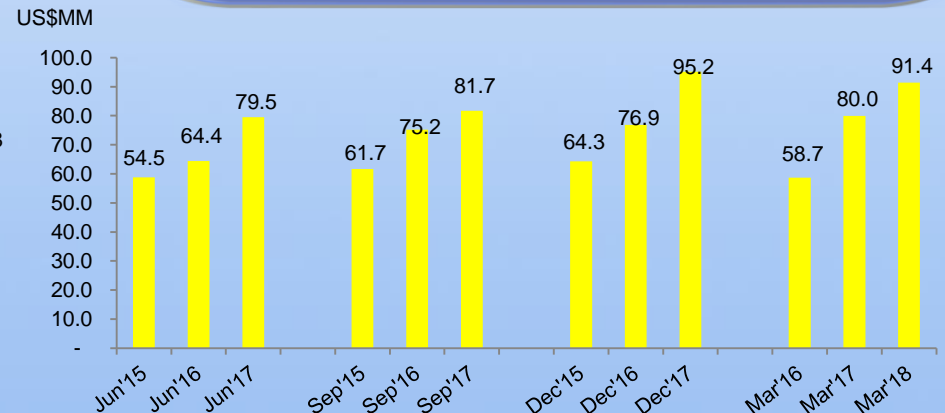
Consolidated revenues



Optical communications revenues

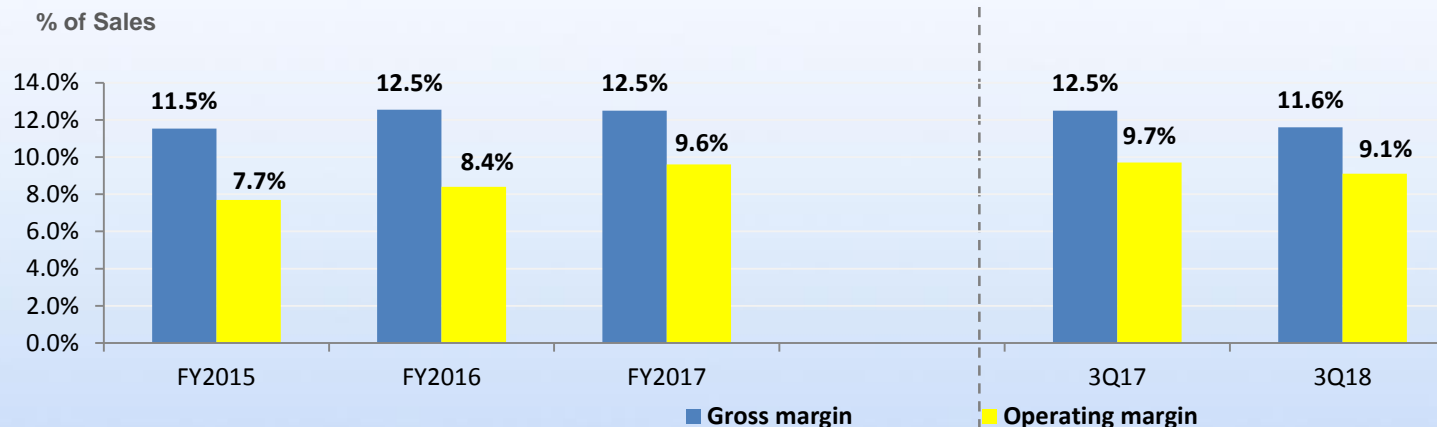


Lasers, sensors & other revenues

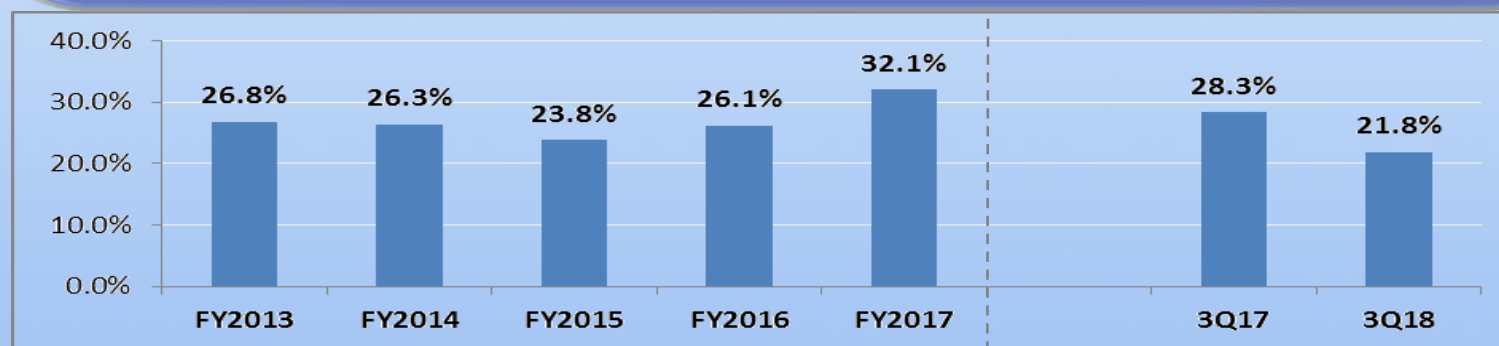


Consistent Profitability Through the Cycles

Non-GAAP gross margin and non-GAAP operating margin ⁽¹⁾



ROIC ⁽²⁾



(1) Excludes share based compensation, executive separation cost, depreciation of fair value uplift/intangibles, business combination expenses, restructuring costs, etc. See Appendix for a reconciliation to most comparable GAAP measures.

(2) Return on Invested Capital = Non-GAAP net income divided by average invested capital. Invested capital = total debt + shareholder equity – cash & equivalents, marketable securities and restricted cash. For ROIC in the current fiscal quarter and the prior year fiscal quarter, Non-GAAP net income is annualized by multiplying the fiscal quarter's Non-GAAP net income by 4. See Appendix for a reconciliation to most comparable GAAP measures.

Recent Financial Performance

Key Financials

US\$MM, except per share figures

3 months ended

30-Mar-18

29-Dec-17

Revenue	332.2	337.1
<i>Y-o-Y change</i>	<i>(9)%</i>	<i>(4)%</i>
Gross profit (<i>non-GAAP</i>) ⁽¹⁾	38.6	39.1
<i>Gross margin (non-GAAP)</i> ⁽¹⁾	<i>11.6%</i>	<i>11.6%</i>
Operating profit (<i>non-GAAP</i>) ⁽¹⁾	30.1	30.0
<i>Operating margin (non-GAAP)</i> ⁽¹⁾	<i>9.1%</i>	<i>8.9%</i>
Net Income (GAAP)	21.1	19.3
Net Income (Non-GAAP) ⁽²⁾	26.9	27.3
Diluted EPS (GAAP)	0.55	0.51
Diluted EPS (Non-GAAP) ⁽²⁾	0.71	0.72

⁽¹⁾ Non-GAAP financial measure. See Appendix for a reconciliation to most comparable GAAP measures.

⁽²⁾ Adjusted for share based compensation & non-recurring charges (business combination expenses, amortization of debt issuance costs, etc.), net of income tax effects. See Appendix for a reconciliation to most comparable GAAP measures.

- Q3 revenue of \$332.2 MM was above guidance range
- Q3 non-GAAP gross margin was 11.6%.
Target remains 12-12.5%
- Q3 non-GAAP EPS of \$0.71 includes \$0.06 headwind from FX fluctuations

Balance Sheet Supports Growth

Selected Items	
US\$MM	As of Mar 30, 2018
Cash, cash equivalents ⁽¹⁾	315.4
Working capital ⁽²⁾	290.2
Property, plant & equipment, net	222.0
Total debt ⁽³⁾	65.1
Total shareholders' equity	735.5

(1) Cash & cash equivalents include marketable securities and restricted cash

(2) Calculated as Trade accounts receivable + Inventory – Trade accounts payable

(3) Calculated as the sum of current & long-term debt, net of unamortized debt issuance costs



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Thank You



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Appendix

Non-GAAP Reconciliation of Gross Margin and Operating Margin

Reconciliation of GAAP Gross Profit and GAAP Gross Margin to Non-GAAP Gross Profit and Non-GAAP Gross Margin

(in thousands of U.S. dollars)	Three Months Ended			Twelve Months Ended		
	March 30, 2018	December 29, 2017	March 31, 2017	June 30, 2017	June 24, 2016	June 26, 2015
Revenue	\$ 332,213	\$ 337,072	\$ 366,837	\$ 1,420,490	\$ 976,747	\$ 773,587
Gross profit (GAAP)	\$ 36,933	\$ 37,166	\$ 44,046	\$ 171,460	\$ 119,523	\$ 87,773
Share-based compensation expenses	1,564	1,812	1,657	5,318	1,979	1,451
Depreciation of fair value uplift	88	86	67	147	-	-
Cost resulting from a non-recurring warranty charge	-	-	-	-	1,000	-
Gross profit (Non-GAAP)	<u>\$ 38,585</u>	<u>\$ 39,064</u>	<u>\$ 45,770</u>	<u>\$ 176,925</u>	<u>\$ 122,502</u>	<u>\$ 89,224</u>
Gross margin (GAAP)	11.1%	11.0%	12.0%	12.1%	12.2%	11.3%
Gross margin (Non-GAAP)	11.6%	11.6%	12.5%	12.5%	12.5%	11.5%

Reconciliation of GAAP Operating Profit and GAAP Operating Margin to GAAP Operating Profit and Non-GAAP Operating Margin

(in thousands of U.S. dollars)	Three Months Ended			Twelve Months Ended		
	March 30, 2018	December 29, 2017	March 31, 2017	June 30, 2017	June 24, 2016	June 26, 2015
Revenue	\$ 332,213	\$ 337,072	\$ 366,837	\$ 1,420,490	\$ 976,747	\$ 773,587
Operating profit (GAAP)	\$ 24,515	\$ 22,233	\$ 26,960	\$ 105,834	\$ 69,806	\$ 47,160
Share-based compensation expenses	5,326	5,458	7,728	26,508	9,927	8,028
Depreciation of fair value uplift	88	86	67	147	-	-
Cost resulting from a non-recurring warranty charge	-	-	-	-	1,000	-
Executive separation costs	-	-	-	577	1,360	-
Investigation costs	-	-	-	-	-	3,242
Expenses related to reduction in workforce	-	1,776	-	-	-	1,153
Follow-on offering expenses	-	-	-	-	-	-
Expenses related to CEO search	-	204	103	203	-	-
Debt administration expenses	-	-	320	320	-	-
Amortization of intangibles	205	208	179	607	-	-
Business combination expenses	-	11	120	1790	-	-
Income related to flooding	-	-	-	-	(36)	-
Operating profit (Non-GAAP)	<u>\$ 30,134</u>	<u>\$ 29,976</u>	<u>\$ 35,477</u>	<u>\$ 135,986</u>	<u>\$ 82,057</u>	<u>\$ 59,583</u>
Operating margin (GAAP)	7.4%	6.6%	7.3%	7.5%	7.1%	6.1%
Operating margin (Non-GAAP)	9.1%	8.9%	9.7%	9.6%	8.4%	7.7%

Non-GAAP Reconciliation of Net Profit and EPS

	(in thousands of U.S. dollars, except per share data)					
	Three Months Ended					
	March 30, 2018		December 29, 2017		March 31, 2017	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
Net profit (GAAP measures)	21,053	0.55	19,313	0.51	21,656	0.57
Items reconciling GAAP net (loss) income & EPS to non-GAAP						
Related to cost of revenues:						
Share-based compensation expenses	1,564	0.04	1,812	0.05	1,657	0.04
Depreciation of fair value uplift	88	0.00	86	0.00	67	0.00
Total related to gross profit	1,652	0.04	1,898	0.05	1,724	0.05
Related to selling, general and administrative expenses:						
Share-based compensation expenses	3,762	0.10	3,646	0.10	6,071	0.16
Executive separation cost	-	-	-	-	-	-
Expenses related to CEO search	-	-	204	0.01	103	0.00
Debt administration expenses	-	-	-	-	320	0.01
Amortization of intangibles	205	0.01	208	0.01	179	0.00
Business combination expenses	-	-	11	0.00	120	0.00
Total related to selling, general and administrative expenses	3,967	0.10	4,069	0.11	6,793	0.18
Related to other incomes and other expenses:						
Gain on foreign currency contracts	-	-	-	-	-	-
Other expenses in relation to reduction in workforce	-	-	1,776	0.05	-	-
Amortization of debt issuance costs	238	0.01	267	0.01	283	0.01
Total related to other incomes and other expenses	238	0.01	2,043	0.05	283	0.01
Total related to net income & EPS	5,857	0.15	8,010	0.21	8,800	0.23
Net profit (Non-GAAP measures)	26,910	0.71	27,323	0.72	30,456	0.80
Shares used in computing diluted net income per share						
GAAP diluted shares		38,055		38,156		37,872
Non-GAAP diluted shares		38,055		38,156		37,872

Revenue Mix

Type	F1Q16	F2Q16	F3Q16	F4Q16	F1Q17	F2Q17	F3Q17	F4Q17	F1Q18	F2Q18	F3Q18
Optical	72%	72%	77%	77%	77%	78%	78%	79%	77%	72%	72%
Datacom	41%	39%	38%	36%	35%	37%	40%	39%	39%	40%	36%
Telecom	59%	61%	62%	64%	65%	63%	60%	61%	61%	60%	64%
Non-Optical	28%	28%	23%	23%	23%	22%	22%	21%	23%	28%	28%

* Optical and non-optical revenue mix presented as % of total revenue. Datacom and telecom revenue mix presented as % of optical revenue.