

# fabrinet<sup>®</sup>

## COMPANY OVERVIEW

February 5, 2024



Trusted Manufacturing Partner of the World's  
Most Demanding OEMs

# Disclaimer

This presentation and the accompanying oral presentation contain “forward-looking” statements that are based on 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: changes in general economic conditions, either globally or in our markets, and the risk of recession or an economic downturn; continued disruption to our supply chain, which could increase our costs and affect our ability to procure parts and materials; 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, Israel, and the U.S.); 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 we believe 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.

# Fabrinet Overview

- Global leader in advanced precision optical/electronic/mechanical manufacturing services
- Focus on high-mix/low-volume mission-critical components and modules
- Serving growing industrial markets
  - Telecom and Datacom Optical Communications
  - Automotive
  - Industrial Lasers
  - Medical and Other components and sub-systems
- Long-lasting customer relationships with programs extending from new product introduction (NPI) to volume production
- Highly seasoned management team with extensive and diversified manufacturing experience in OEM and EMS industries



- Founded in 2000 by Chairman, Tom Mitchell (co-founder of Seagate Technologies)
- >14,000 employees
- >3 million sq. ft.
- Factories in Thailand, China, New Jersey, California, and Israel

CORE  
VALUES

Total Customer Satisfaction

Positive Work Environment

Sustainable Manufacturing

Integrity



# Markets and Products

## Optical Communications

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



## Automotive

- EV Charging
- LIDAR
- LED & Laser Lighting
- Safety & Control Sensors
- Pressure & Temperature Sensors



## Industrial Lasers

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



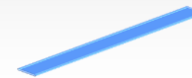
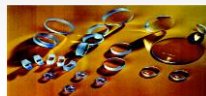
## Other

- Medical Diagnostics
- Metrology & Instrumentation



## Customized Optics and Passive Devices – Vertical Integration

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





# Efficient Global Manufacturing Footprint

## Precision Optical and Electronic Packaging and Assembly



## Quickturn NPI Services



## Custom Optics

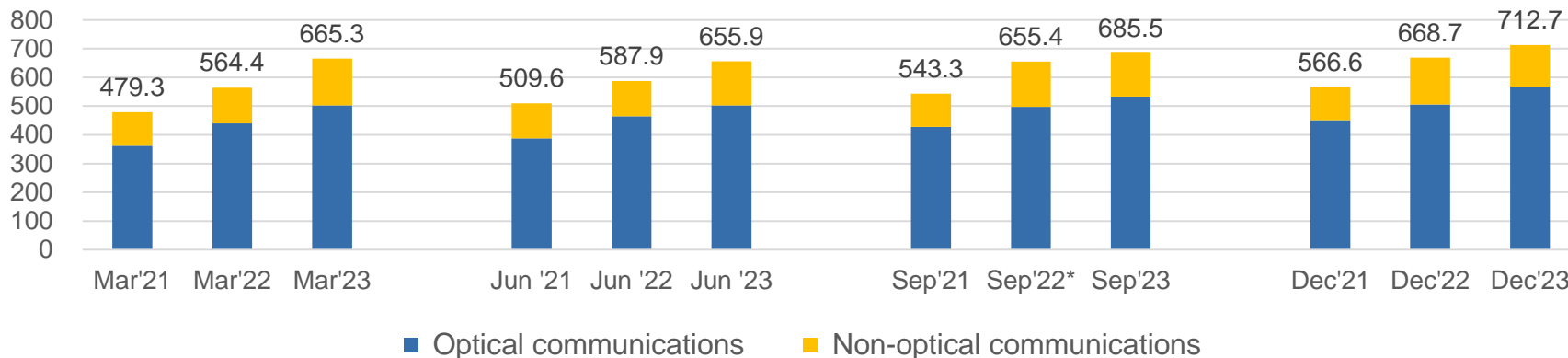


# Investment Highlights

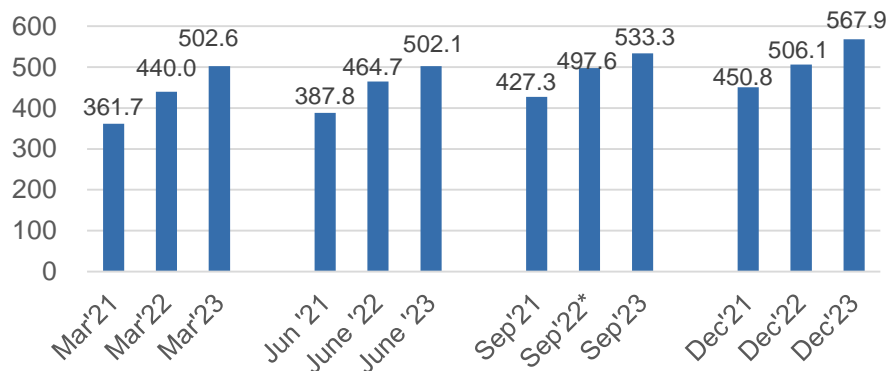
- ✓ Large and growing addressable markets
- ✓ Differentiated business model with low-cost structure
- ✓ Highly differentiated expertise in precision manufacturing technologies enabling next-generation products
- ✓ Strong relationships with industry-leading OEMs
- ✓ Demonstrated track record of growth and profitability
- ✓ Experienced management team with history of execution

# Strong Revenue Trends

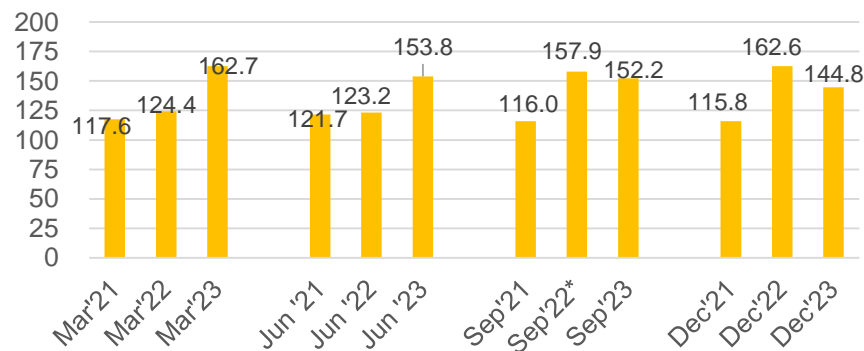
## QUARTERLY CONSOLIDATED REVENUE (\$M)



## OPTICAL COMMUNICATIONS REVENUE (\$M)



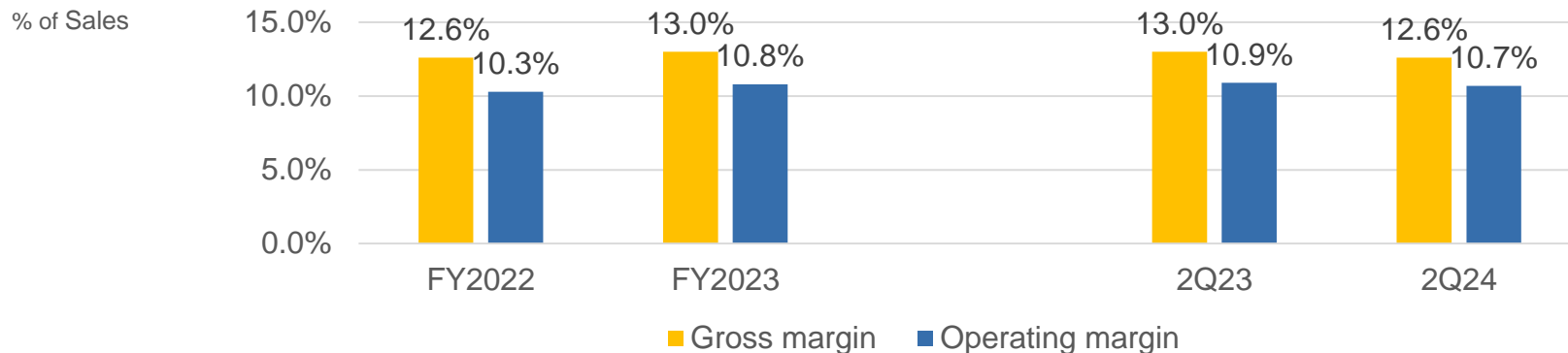
## NON-OPTICAL COMMUNICATIONS REVENUE (\$M)



\*The quarter ended September 30, 2022 benefited from an additional week in the quarter

# Consistent Profitability

## NON-GAAP GROSS MARGIN AND NON-GAAP OPERATING MARGIN <sup>(1)</sup>



## RETURN ON INVESTED CAPITAL <sup>(2)</sup>



(1) Excludes share based compensation, executive separation cost, depreciation of fair value uplift/intangibles, 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

\$Millions (USD), except per share figures

3 months ended

29-Dec-23

30-Dec-22

Revenue	\$712.7	\$668.7
<i>Y-o-Y change</i>	7%	18%
Gross profit (non-GAAP) <sup>(1)</sup>	\$90.0	\$86.9
<i>Gross margin (non-GAAP)<sup>(1)</sup></i>	12.6%	13.0%
Operating profit (non-GAAP) <sup>(1)</sup>	\$ 76.0	\$73.1
<i>Operating margin (non-GAAP)<sup>(1)</sup></i>	10.7%	10.9%
Net Income (GAAP)	\$69.1	\$63.2
Net Income (non-GAAP) <sup>(1)</sup>	\$76.1	\$70.0
Diluted EPS (GAAP)	\$1.89	\$1.71
Diluted EPS (non-GAAP) <sup>(1)</sup>	\$2.08	\$1.90

(1) See Appendix for a reconciliation to most comparable GAAP measure.

- Q2 revenue of \$712.7 million exceeded guidance, and was a new record
- Q2 non-GAAP operating margin was 10.7%
- Q2 non-GAAP EPS of \$2.08 exceeded guidance, and was a new quarterly record

# Strong Balance Sheet Supports Growth Strategy

<b>Selected Items</b>	
<b>\$Millions (USD)</b>	<b>As of Dec 29, 2023</b>
Cash, cash equivalents <sup>(1)</sup>	\$740.6
Working capital <sup>(2)</sup>	\$622.8
Property, plant & equipment, net	\$306.0
Total debt <sup>(3)</sup>	\$6.1
Total shareholders' equity	\$1,611.4

(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

# Revenue Mix

	F1Q22	F2Q22	F3Q22	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24
<b>Optical Communications</b>	<b>79%</b>	<b>80%</b>	<b>78%</b>	<b>79%</b>	<b>76%</b>	<b>76%</b>	<b>76%</b>	<b>77%</b>	<b>78%</b>	<b>80%</b>
Datacom	21%	22%	19%	20%	19%	22%	24%	38%	45%	51%
Telecom	79%	78%	81%	80%	81%	78%	76%	62%	55%	49%
<b>Non-Optical Communications</b>	<b>21%</b>	<b>20%</b>	<b>22%</b>	<b>21%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>23%</b>	<b>22%</b>	<b>20%</b>

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

# Revenue by Product Category

Revenue in \$Millions (USD)

	F2Q22	F3Q22	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24
<b>Optical Communications</b>	<b>\$450.8</b>	<b>\$440.0</b>	<b>\$464.7</b>	<b>\$497.6</b>	<b>\$506.1</b>	<b>\$502.6</b>	<b>\$502.1</b>	<b>\$533.3</b>	<b>\$567.9</b>
Datacom	98.1	81.7	92.8	92.7	113.2	122.4	192.5	242.0	288.1
Telecom	352.7	358.3	371.9	404.9	392.9	380.2	309.6	291.2	279.8
<b>Non-Optical Communications</b>	<b>\$115.8</b>	<b>\$124.4</b>	<b>\$123.2</b>	<b>\$157.9</b>	<b>\$162.6</b>	<b>\$162.7</b>	<b>\$153.8</b>	<b>\$152.2</b>	<b>\$144.8</b>
Automotive	47.0	53.3	56.0	86.8	94.8	94.1	92.9	88.4	79.2
Industrial Laser	35.6	39.0	37.2	35.4	30.9	31.0	28.0	29.9	30.3
Other	33.3	32.1	30.0	35.7	36.8	37.5	32.9	33.9	35.2

# Optical Communications Revenue

## Revenue in \$Millions (USD)

	F2Q22	F3Q22	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24
Silicon Photonics	\$157.0	\$144.9	\$151.1	\$138.9	\$123.4	\$108.7	\$88.1	\$88.5	\$97.9
100-Gig	139.8	124.6	141.4	139.6	153.4	112.3	96.0	82.9	63.7
>=400-Gig	188.8	193.1	180.8	195.5	173.7	221.2	266.8	321.6	378.1
Non-speed-rated	105.5	106.3	125.6	141.2	155.5	145.0	120.0	116.7	117.5

Note: Revenue from products with speeds <100-Gig was below \$25 million in each period

The logo for 'fabrinet' is displayed in a bold, green, sans-serif font. A registered trademark symbol (®) is located at the top right of the word. The logo is positioned on the left side of the image, partially overlapping a white curved shape that resembles a lens or a part of a device.

**fabrinet**<sup>®</sup>



# 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	
	December 29, 2023	September 29, 2023	December 30, 2022	June 30, 2023	June 24, 2022
Revenue	\$ 712,694	\$ 685,477	\$ 668,656	\$ 2,645,237	\$ 2,262,224
Gross profit (GAAP)	\$ 88,330	\$ 84,404	\$ 85,215	\$ 336,273	\$ 278,594
Share-based compensation expenses	1,701	2,165	1,660	6,664	5,967
Depreciation of fair value uplift	-	-	-	-	92
Gross profit (Non-GAAP)	\$ <u>90,031</u>	\$ 86,569	\$ <u>86,875</u>	\$ <u>342,937</u>	\$ <u>284,653</u>
Gross margin (GAAP)	12.4%	12.3%	12.7%	12.7%	12.3%
Gross margin (Non-GAAP)	12.6%	12.6%	13.0%	13.0%	12.6%

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

(in thousands of U.S. dollars)

	Three Months Ended			Twelve Months Ended	
	December 29, 2023	September 29, 2023	December 30, 2022	June 30, 2023	June 24, 2022
Revenue	\$ 712,694	\$ 685,477	\$ 668,656	\$ 2,645,237	\$ 2,262,224
Operating profit (GAAP)	\$ 69,014	\$ 63,975	\$ 66,285	\$ 251,704	\$ 204,518
Share-based compensation expenses	6,981	7,733	6,775	27,603	28,048
Depreciation of fair value uplift	-	-	-	-	92
Restructuring and other related costs	-	-	-	6,896	135
Amortization of intangibles	-	-	71	224	422
Severance payment	-	-	-	-	105
Operating profit (Non-GAAP)	\$ <u>75,995</u>	\$ 71,708	\$ <u>73,131</u>	\$ <u>286,427</u>	\$ <u>233,320</u>
Operating margin (GAAP)	9.7%	9.3%	9.9%	9.5%	9.0%
Operating margin (Non-GAAP)	10.7%	10.5%	10.9%	10.8%	10.3%

# Non-GAAP Reconciliation of Net Profit and EPS

## Reconciliation of GAAP measures to non-GAAP measures

(in thousands of U.S. dollars, except per share data)

	FQ2'24		FQ1'24		FQ2'23	
	December 29,2023		September 29,2023		December 30,2022	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
<b>GAAP measures</b>	<b>\$69,110</b>	<b>\$1.89</b>	<b>\$65,089</b>	<b>\$1.78</b>	<b>\$63,157</b>	<b>\$1.71</b>
Items reconciling GAAP net income & EPS to non-GAAP						
Related to cost of revenues:						
Share-based compensation expenses	1,701	0.05	2,165	0.06	1,660	0.04
Total related to gross profit	1,701	0.05	2,165	0.06	1,660	0.04
Related to selling, general and administrative expenses:						
Share-based compensation expenses	5,280	0.14	5,568	0.16	5,115	0.14
Amortization of intangibles	-	-	-	-	71	0.00
Total related to selling, general and administrative expenses	5,280	0.14	5,568	0.16	5,186	0.14
Related to other income and expense:						
Restructuring and other related costs	-	-	-	-	-	-
Amortization of debt issuance costs	8	0.00	8	0.00	8	0.00
Total related to other income and expense	8	0.00	8	0.00	8	0.00
Total related to net income & EPS	<b>\$6,989</b>	<b>\$0.19</b>	<b>\$7,741</b>	<b>\$0.22</b>	<b>\$6,854</b>	<b>\$0.19</b>
<b>Non-GAAP measures</b>	<b>\$76,099</b>	<b>\$2.08</b>	<b>\$72,830</b>	<b>\$2.00</b>	<b>\$70,011</b>	<b>\$1.90</b>
Shares used in computing diluted net income per share						
GAAP diluted shares		36,639		36,481		36,939
Non-GAAP diluted shares		36,639		36,481		36,939