

fabrinet[®]

COMPANY OVERVIEW

August 19, 2024



Trusted Manufacturing Partner of the World's
Most Demanding OEMs

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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.

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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
VALUE

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



Custom Optics



Quickturn NPI Services

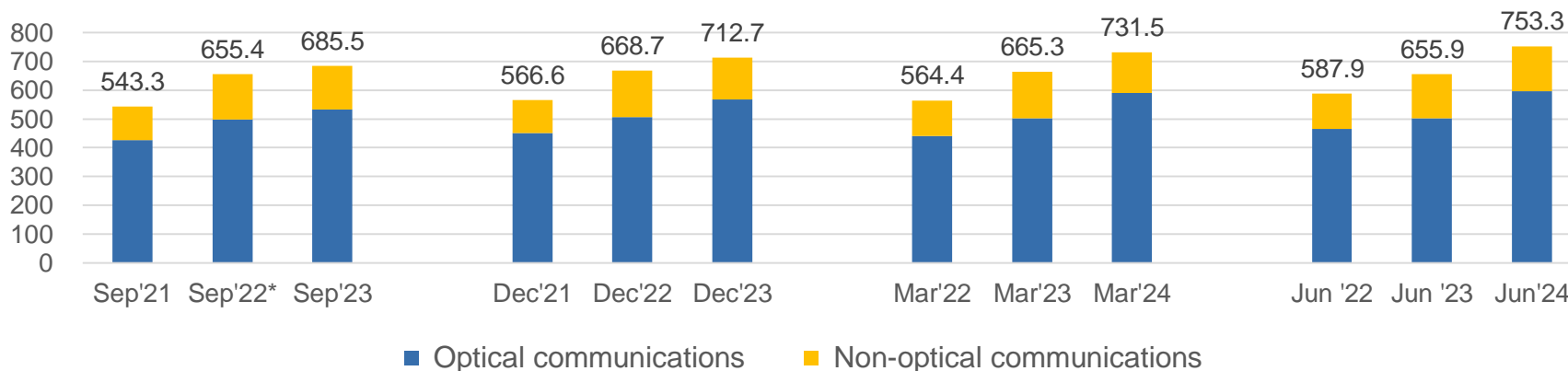


Investment Highlights

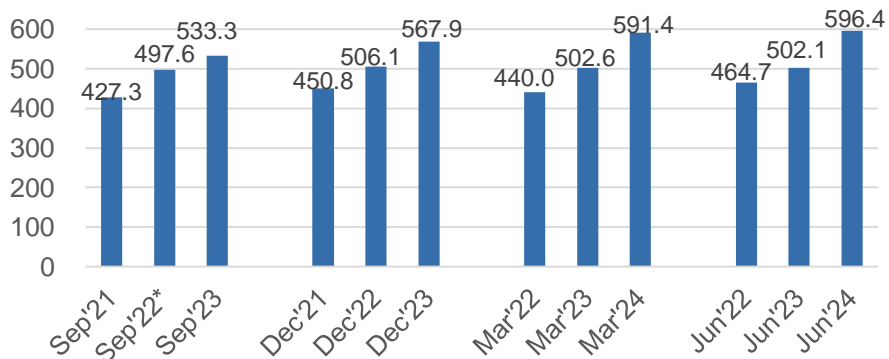
- ✓ Large and growing addressable markets
- ✓ Differentiated business model with low-cost structure
- ✓ Highly differentiated expertise in precision manufacturing technologies enabling next-generation products
- ✓ Strong relationships with industry-leading OEMs
- ✓ Demonstrated track record of growth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

Strong Revenue Trends

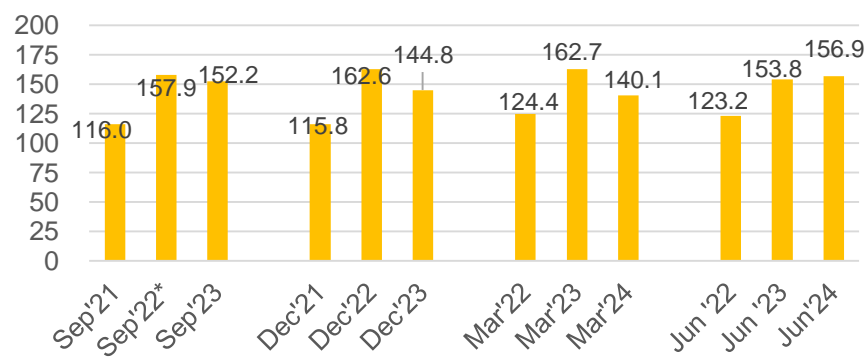
QUARTERLY CONSOLIDATED REVENUE (\$M)



OPTICAL COMMUNICATIONS REVENUE (\$M)



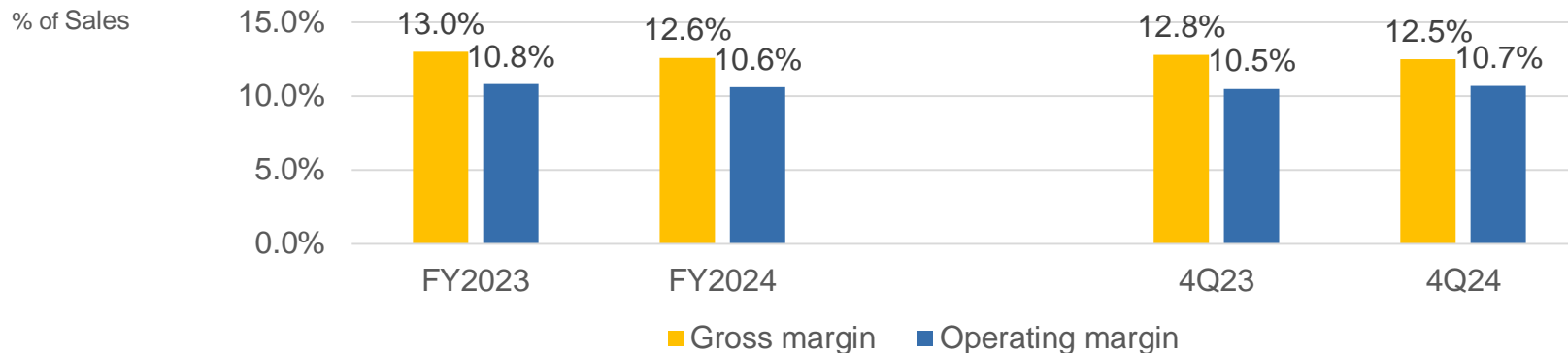
NON-OPTICAL COMMUNICATIONS REVENUE (\$M)



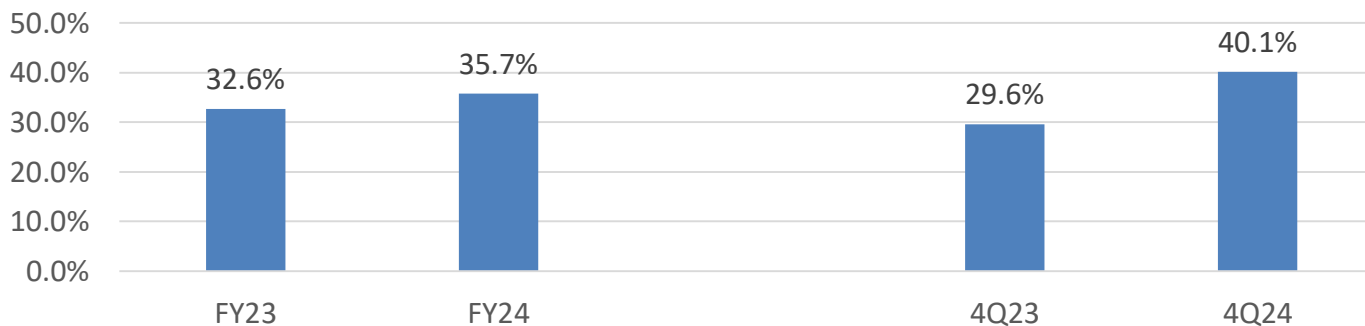
*The quarter ended September 30, 2022 benefited from an additional week in the quarter

Consistent Profitability

NON-GAAP GROSS MARGIN AND NON-GAAP OPERATING MARGIN ⁽¹⁾



RETURN ON INVESTED CAPITAL ⁽²⁾



(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

28-Jun-24

30-Jun-23

Revenue	\$753.3	655.9
<i>Y-o-Y change</i>	15%	12%
Gross profit (non-GAAP) ⁽¹⁾	\$94.2	83.9
<i>Gross margin (non-GAAP)</i> ⁽¹⁾	12.5%	12.8%
Operating profit (non-GAAP) ⁽¹⁾	\$ 80.3	69.0
<i>Operating margin (non-GAAP)</i> ⁽¹⁾	10.7%	10.5%
Net Income (GAAP)	\$81.1	60.8
Net Income (non-GAAP) ⁽¹⁾	\$88.0	68.4
Diluted EPS (GAAP)	\$2.22	1.65
Diluted EPS (non-GAAP) ⁽¹⁾	\$2.41	1.86

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

- Q4 revenue of \$753.3 million exceeded guidance, and was a new record
- Q4 non-GAAP operating margin was 10.7%
- Q4 non-GAAP EPS of \$2.41 exceeded guidance, and was a new quarterly record

Strong Balance Sheet Supports Growth Strategy

Selected Items	
\$Millions (USD)	As of June 28, 2024
Cash, cash equivalents ⁽¹⁾	\$858.6
Working capital ⁽²⁾	\$613.8
Property, plant & equipment, net	\$307.2
Total debt ⁽³⁾	\$0.0
Total shareholders' equity	\$1,745.7

(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

	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24
Optical Communications	79%	76%	76%	76%	77%	78%	80%	81%	79%
Datacom	20%	19%	22%	24%	38%	45%	51%	52%	53%
Telecom	80%	81%	78%	76%	62%	55%	49%	48%	47%
Non-Optical Communications	21%	24%	24%	24%	23%	22%	20%	19%	21%

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)

	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24
Optical Communications	\$464.7	\$497.6	\$506.1	\$502.6	\$502.1	\$533.3	\$567.9	\$591.4	\$596.4
Datacom	92.8	92.7	113.2	122.4	192.5	242.0	288.1	305.5	314.7
Telecom	371.9	404.9	392.9	380.2	309.6	291.2	279.8	286.0	281.7
Non-Optical Communications	\$123.2	\$157.9	\$162.6	\$162.7	\$153.8	\$152.2	\$144.8	\$140.1	\$156.9
Automotive	56.0	86.8	94.8	94.1	92.9	88.4	79.2	73.6	86.0
Industrial Laser	37.2	35.4	30.9	31.0	28.0	29.9	30.3	30.3	32.1
Other	30.0	35.7	36.8	37.5	32.9	33.9	35.2	36.1	38.7
Total Revenue	\$587.9	\$655.5	\$668.7	\$665.3	\$655.9	\$685.5	\$712.7	\$731.5	\$753.3

Optical Communications Revenue

Revenue by Technology in \$Millions (USD)

	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24
Silicon Photonics	\$151.1	\$138.9	\$123.4	\$108.7	\$88.1	\$88.5	\$97.9	\$111.9	\$90.5
Non-Silicon Photonics	313.6	358.7	382.7	393.9	414.0	444.8	470.0	479.5	505.9
Total Optical Communications	464.7	497.6	506.1	502.6	502.1	533.3	567.9	591.4	596.4

Revenue by Data Rate in \$Millions (USD)

	F4Q22	F1Q23	F2Q23	F3Q23	F4Q23	F1Q24	F2Q24	F3Q24	F4Q24
>=800-Gig	\$88.6	\$109.5	\$93.8	\$114.5	\$167.7	\$215.1	\$229.8	\$257.1	\$259.0
<800-Gig	250.6	246.9	256.7	243.1	214.4	201.4	220.6	223.8	223.5
Non-speed-rated	125.6	141.2	155.5	145.0	120.0	116.7	117.5	110.5	113.9
Total Optical Communications	464.7	497.6	506.1	502.6	502.1	533.3	567.9	591.4	596.4



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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	
	June 28, 2024	March 29, 2024	June 30, 2023	June 28, 2024	June 30, 2023
Revenue	\$ 753,261	\$ 731,535	\$ 655,871	\$ 2,882,967	\$ 2,645,237
Gross profit (GAAP)	\$ 92,449	\$ 90,935	\$ 82,295	\$ 356,118	\$ 336,273
Share-based compensation expenses	1,776	1,561	1,636	7,203	6,664
Gross profit (Non-GAAP)	<u>\$ 94,225</u>	<u>\$ 92,496</u>	<u>\$ 83,931</u>	<u>\$ 363,321</u>	<u>\$ 342,937</u>
Gross margin (GAAP)	12.3%	12.4%	12.5%	12.4%	12.7%
Gross margin (Non-GAAP)	12.5%	12.6%	12.8%	12.6%	13.0%

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	
	June 28, 2024	March 29, 2024	June 30, 2023	June 28, 2024	June 30, 2023
Revenue	\$ 753,261	\$ 731,535	\$ 655,871	\$ 2,882,967	\$ 2,645,237
Operating profit (GAAP)	\$ 73,309	\$ 71,307	\$ 61,402	\$ 277,605	\$ 251,704
Share-based compensation expenses	6,934	6,726	6,572	28,374	27,603
Restructuring and other related costs	32	-	1,024	32	6,896
Amortization of intangibles	-	-	-	0	224
Severance payment	-	-	-	-	-
Operating profit (Non-GAAP)	<u>\$ 80,275</u>	<u>\$ 78,033</u>	<u>\$ 68,998</u>	<u>\$ 306,011</u>	<u>\$ 286,427</u>
Operating margin (GAAP)	9.7%	9.7%	9.4%	9.6%	9.5%
Operating margin (Non-GAAP)	10.7%	10.7%	10.5%	10.6%	10.8%

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)

	FQ4'24		FQ3'24		FQ2'24	
	June 28, 2024		March 29, 2024		December 29, 2023	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
GAAP measures	81,066	2.22	80,916	2.21	69,110	1.89
Items reconciling GAAP net income & EPS to non-GAAP						
Related to cost of revenues:						
Share-based compensation expenses	1,776	0.05	1,561	0.04	1,701	0.05
Total related to gross profit	<u>1,776</u>	<u>0.05</u>	<u>1,561</u>	<u>0.04</u>	<u>1,701</u>	<u>0.05</u>
Related to selling, general and administrative expenses:						
Share-based compensation expenses	5,158	0.14	5,165	0.14	5,280	0.14
Total related to selling, general and administrative expenses	<u>5,158</u>	<u>0.14</u>	<u>5,165</u>	<u>0.14</u>	<u>5,280</u>	<u>0.14</u>
Related to other income and expense:						
Restructuring and other related costs	32	0.00	-	-	-	-
Amortization of debt issuance costs	8	0.00	8	0.00	8	0.00
Total related to other income and expense	<u>40</u>	<u>0.00</u>	<u>8</u>	<u>0.00</u>	<u>8</u>	<u>0.00</u>
Total related to net income & EPS	<u>6,974</u>	<u>0.19</u>	<u>6,734</u>	<u>0.18</u>	<u>6,989</u>	<u>0.19</u>
Non-GAAP measures	<u>88,040</u>	<u>2.41</u>	<u>87,650</u>	<u>2.39</u>	<u>76,099</u>	<u>2.08</u>
Shares used in computing diluted net income per share						
GAAP diluted shares		36,533		36,603		36,639
Non-GAAP diluted shares		36,533		36,603		36,639