



fabrinet[®]



TRUSTED MANUFACTURING PARTNER OF THE WORLD'S LEADING OEMS



Company Overview

May 3, 2021

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: the effects of the coronavirus on our business, particularly the possibility of (1) the growing global economic downturn, (2) extended shutdowns at any of our manufacturing facilities, especially if the outbreak intensifies or returns in various geographic areas, (3) continued disruption to our supply chain, which could increase our costs and affect our ability to procure parts and materials, especially if the outbreak intensifies or returns in various geographic areas, and (4) regional downward demand adjustments from our customers, particularly those in areas affected by the outbreak; 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, 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 our Chairman of the Board, Tom Mitchell (co-founder of Seagate Technologies)
- Factories in Thailand, China, New Jersey, California, United Kingdom, and Israel.
- Total employees: >10,000
- Facilities: ~2.0 MM sq. ft.

Products We Manufacture

Optical Communications

- Transceivers
- Modulators
- Optical Amplifiers
- ROADM
- 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



Bangkok, Thailand
Pinehurst campus



Chonburi, Thailand
Chonburi campus

Customized Optics



Fuzhou, China
Casix



New Jersey, USA
VitroCom

Quick-turn NPI Services



Santa Clara, USA
Fabrinet West



Calne, UK
Fabrinet UK



Yokneam, Israel
Fabrinet Israel

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

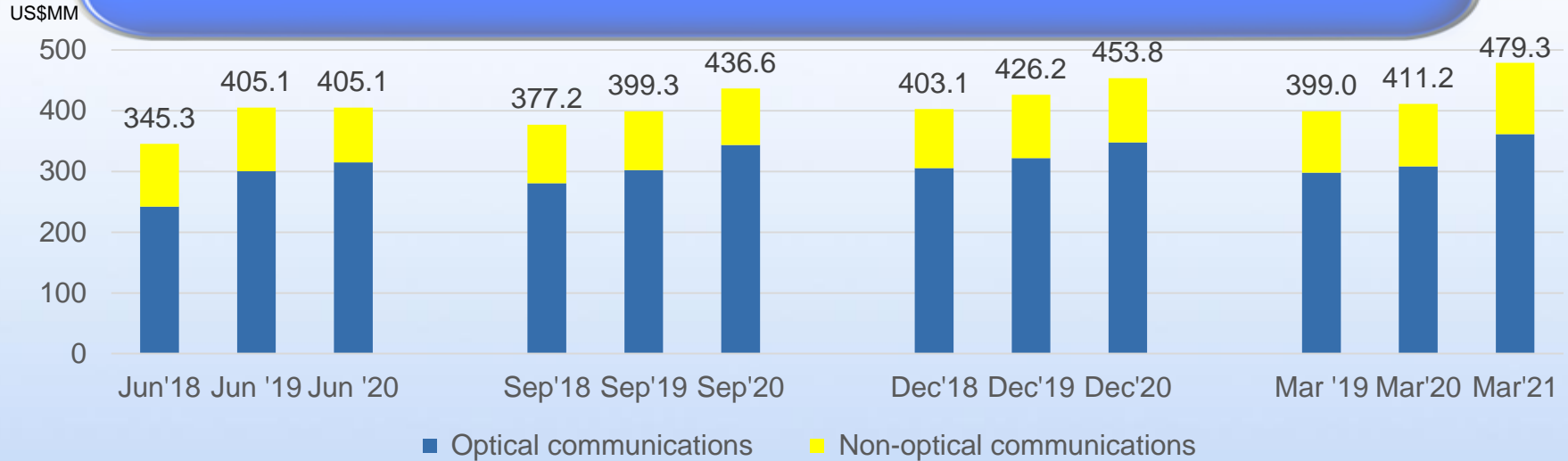
- Strong Relationships With Industry Leading OEMs

- Demonstrated Track Record of Growth & Profitability

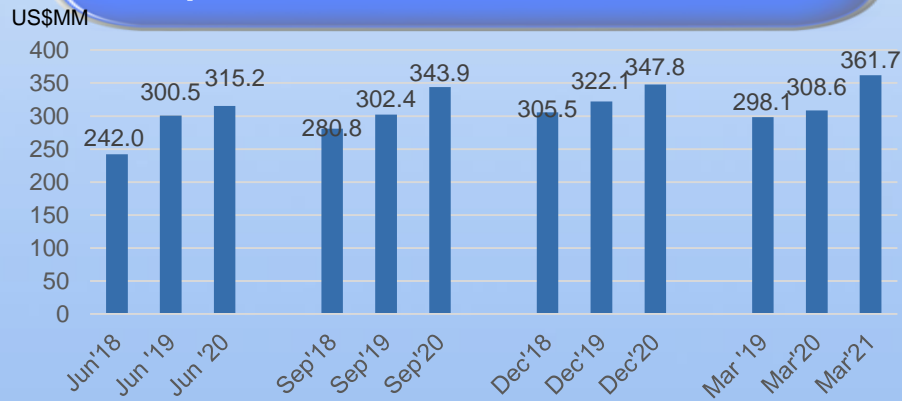
- Experienced Management Team with History of Execution

Strong Revenue

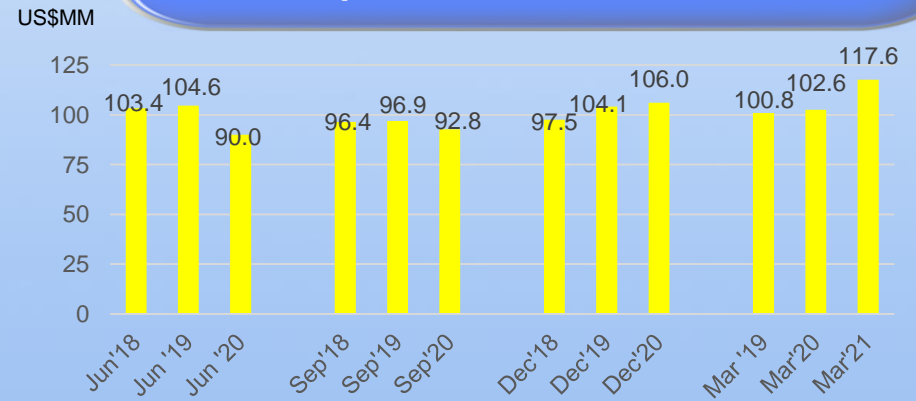
Consolidated revenue



Optical communications revenue

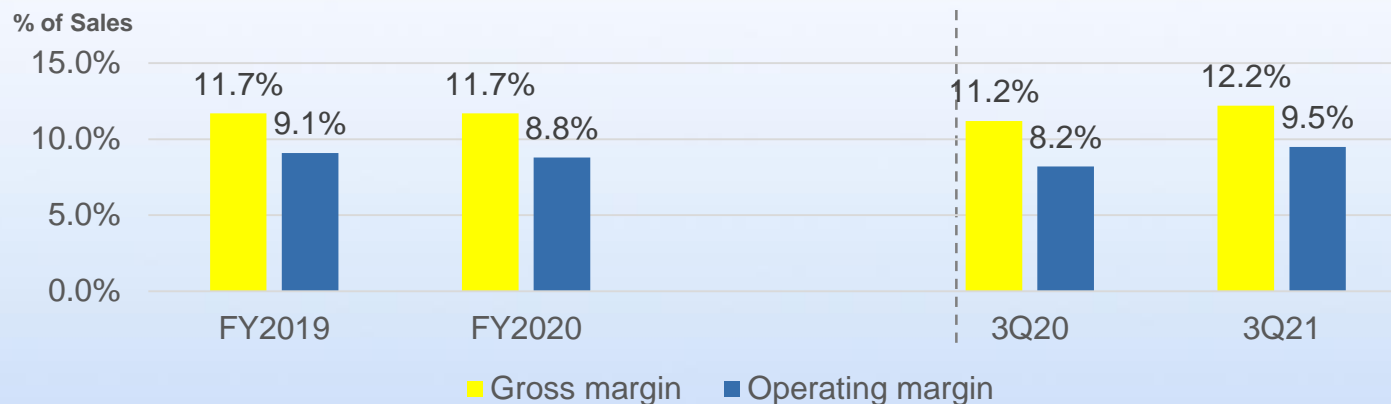


Non-optical communications

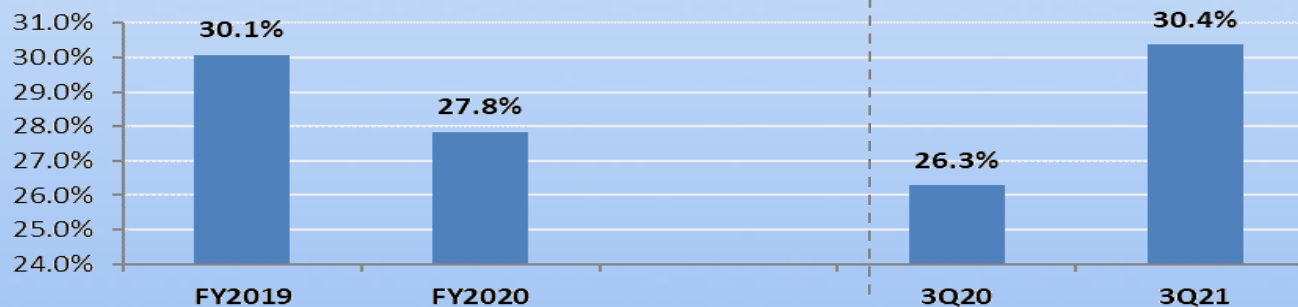


Consistent Profitability Through the Cycles

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

26-Mar-21

27-Mar-20

Revenue	479.3	411.2
<i>Y-o-Y change</i>	17%	3%
Gross profit (<i>non-GAAP</i>) ⁽¹⁾	58.3	45.9
<i>Gross margin (non-GAAP)</i> ⁽¹⁾	12.2%	11.2%
Operating profit (<i>non-GAAP</i>) ⁽¹⁾	45.6	33.7
<i>Operating margin (non-GAAP)</i> ⁽¹⁾	9.5%	8.2%
Net Income (GAAP)	37.5	28.3
Net Income (Non-GAAP) ⁽²⁾	45.4	34.8
Diluted EPS (GAAP)	1.00	0.75
Diluted EPS (Non-GAAP) ⁽²⁾	1.21	0.92

- Record Q3 revenue of \$479.3MM was above the guidance range
- Q3 non-GAAP gross margin of 12.2% was within the target range of 12.0-12.5%
- Q3 non-GAAP EPS of \$1.21 was above the guidance range

(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.

Balance Sheet Supports Growth

Selected Items

US\$MM

As of Mar 26, 2021

Cash, cash equivalents ⁽¹⁾	508.9
Working capital ⁽²⁾	386.7
Property, plant & equipment, net	228.8
Total debt ⁽³⁾	42.6
Total shareholders' equity	1,073.5

(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



fabrinet[®]



TRUSTED MANUFACTURING PARTNER OF THE WORLD'S LEADING OEMS



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 26, 2021	December 25, 2020	March 27, 2020	June 26, 2020	June 28, 2019	June 29, 2018	June 30, 2017
Revenue	\$ 479,317	\$ 453,827	\$ 411,210	\$ 1,641,836	\$ 1,584,335	\$ 1,371,925	\$ 1,420,490
Gross profit (GAAP)	\$ 56,778	\$ 53,021	\$ 44,336	\$ 186,105	\$ 179,224	\$ 153,412	\$ 171,460
Share-based compensation expenses	1,388	1,592	1,489	6,098	5,655	6,784	5,318
Depreciation of fair value uplift	89	83	86	327	341	330	147
ASC 606 adoption impact on gross profit	-	-	-	-	(31)	-	-
Gross profit (Non-GAAP)	\$ <u>58,255</u>	\$ <u>54,696</u>	\$ <u>45,911</u>	\$ <u>192,530</u>	\$ <u>185,189</u>	\$ <u>160,526</u>	\$ <u>176,925</u>
Gross margin (GAAP)	11.8%	11.7%	10.8%	11.3%	11.3%	11.2%	12.1%
Gross margin (Non-GAAP)	12.2%	12.1%	11.2%	11.7%	11.7%	11.7%	12.5%

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 26, 2021	December 25, 2020	March 27, 2020	June 26, 2020	June 28, 2019	June 29, 2018	June 30, 2017
Revenue	\$ 479,317	\$ 453,827	\$ 411,210	\$ 1,641,836	\$ 1,584,335	\$ 1,371,925	\$ 1,420,490
Operating profit (GAAP)	\$ 37,676	\$ 35,865	\$ 27,225	\$ 117,402	\$ 122,641	\$ 93,824	\$ 105,834
Share-based compensation expenses	6,864	5,851	6,118	22,203	17,157	22,581	26,507
Depreciation of fair value uplift	89	83	86	327	341	330	147
ASC 606 adoption impact on gross profit	-	-	-	-	(31)	-	-
Executive separation costs	-	-	-	-	-	-	577
Expenses related to reduction in workforce	43	-	-	329	1,516	1,776	-
Expenses related to CFO/CEO search	-	-	-	-	290	204	203
Debt administration expenses	-	-	-	-	-	-	320
Amortization of intangibles	127	124	145	562	694	781	607
Goodwill impairment charge	-	-	-	3,514	-	-	-
Business combination expenses and consulting fee	-	-	-	-	552	117	1,790
Severance payment	755	-	150	150	1,120	2,142	-
Operating profit (Non-GAAP)	\$ <u>45,554</u>	\$ <u>41,923</u>	\$ <u>33,724</u>	\$ <u>144,487</u>	\$ <u>144,280</u>	\$ <u>121,754</u>	\$ <u>135,985</u>
Operating margin (GAAP)	7.9%	7.9%	6.6%	7.2%	7.7%	6.8%	7.5%
Operating margin (Non-GAAP)	9.5%	9.2%	8.2%	8.8%	9.1%	8.9%	9.6%

Non-GAAP Reconciliation of Net Profit and EPS

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

	FQ3'21		FQ2'21		FQ3'20	
	March 26, 2021		December 25, 2020		March 27, 2020	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
Net profit (GAAP measures)	37,493	1.00	35,384	0.94	28,267	0.75
Items reconciling GAAP net (loss) income & EPS to non-GAAP net						
Related to cost of revenues:						
Share-based compensation expenses	1,388	0.04	1,592	0.04	1,489	0.04
Depreciation of fair value uplift	89	0.00	83	0.00	86	0.00
Total related to gross profit	1,477	0.04	1,675	0.04	1,575	0.04
Related to selling, general and administrative expenses:						
Share-based compensation expenses	5,476	0.15	4,259	0.11	4,629	0.12
Amortization of intangibles	127	0.00	124	0.00	145	0.00
Severance payment and others	755	0.02	-	-	150	0.00
Total related to selling, general and administrative expenses	6,358	0.17	4,383	0.12	4,924	0.13
Related to other incomes and other expenses:						
Expenses related to reduction in workforce	43	0.00	-	-	-	-
Amortization of debt issuance costs	8	0.00	8	0.00	8	0.00
Total related to other incomes and other expenses	51	0.00	8	0.00	8	0.00
Total related to net income & EPS	7,886	0.21	6,066	0.16	6,507	0.17
Net profit (Non-GAAP measures)	45,379	1.21	41,450	1.10	34,774	0.92
Shares used in computing diluted net income per share						
GAAP diluted shares		37,609		37,551		37,797
Non-GAAP diluted shares		37,609		37,551		37,797

Revenue Mix

	F3Q19	F4Q19	F1Q20	F2Q20	F3Q20	F4Q20	F1Q21	F2Q21	F3Q21
Optical Communications	75%	74%	76%	76%	75%	78%	79%	77%	75%
Datacom	27%	28%	24%	23%	28%	27%	24%	21%	22%
Telecom	73%	72%	76%	77%	72%	73%	76%	79%	78%
Non-Optical Communications	25%	26%	24%	24%	25%	22%	21%	23%	25%

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