

Flextronics' Q2 Profit Up 16% YoY

Written by Chelsey Drysdale

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MILPITAS, CA – Flextronics reported second-quarter GAAP net income of \$150.55 million, up 15.9% year-over-year.

Net sales were \$6.17 billion, down 23% compared to the second quarter of 2011.

“Our company ... generated strong free cash flow, which was further evidenced this quarter as we achieved \$482 million in cash flow from operations and \$342 million in free cash flow. Our business remains on track to generate free cash flow in the range of \$500 million this fiscal year,” said Paul Read, CFO of Flextronics. “The company has also received authorization from both the shareholders and the board of directors to repurchase up to 10% of the current outstanding share base. This is an extension of the programs put in place over that last few years that have reduced our share count by 21% over the last 10 quarters,” he added.

For the third quarter ending Dec. 31, revenue is expected to be in the range of \$5.8 billion to \$6.2 billion.

The combined medical, automotive and defense and aerospace businesses rose 16% year-over-year but declined 2% sequentially. The group comprised 11% of total sales, at \$657 million. Medical saw a slight sequential decline as growth in medical equipment was more than offset by declines in disposables and consumer medical devices. Year-over-year, medical sales rose, driven by new outsourcing wins with multiple medical equipment OEMs. Automotive was up in the mid-single-digits sequentially and nearly 20% year-over-year.

Consumer electronics was up 40%, offsetting high-volume computing, which fell in the low double-digits. Mobile products were down in the single digits, as Flextronics continued to wind-down its assembly business with its largest mobile customer, **RIM**. The High Volume unit was up 17% sequentially overall to \$1.8 billion, or 29% of total sales, but was down substantially from last year due to large declines computing due Flextronics' exit from its PC ODM business.

Adjusted gross margin was 6%, consistent with the June quarter but up 130 basis points from a year ago.

On Oct. 22, chat with Mike Buetow about PCB West and SMTAI at [PCB Chat](#).

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