



SANMINA

Sanmina Corp. (NASDAQ: SANM)

Recommendation: **Long**

2-Year Price Target: \$213

Implied Upside $\approx$ 33%

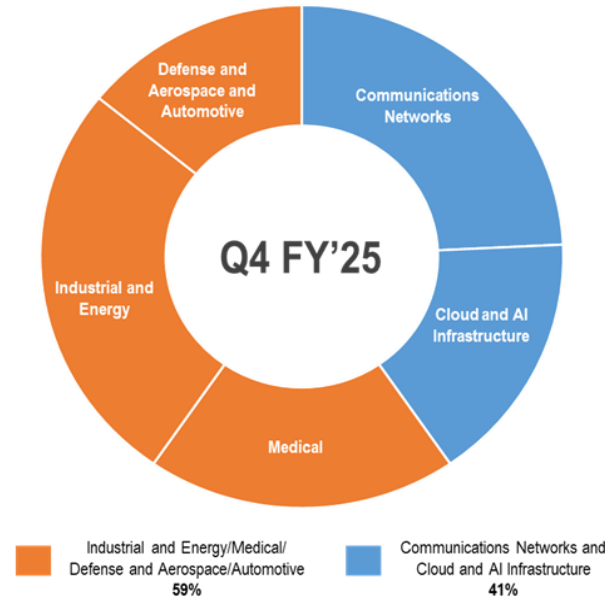
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Business Overview: Scaling AI and industrial manufacturing worldwide

Delivering design, manufacturing, and supply-chain solutions for medical, defense, and AI infrastructure worldwide

Revenue Segments

- Industrial – Builds control systems, automation equipment, and rugged hardware for factories and energy companies.
- Medical – Manufactures imaging, diagnostic, and monitoring equipment under strict regulations.
- Defense & Aerospace – Produces mission-critical electronics, communication systems, and hardware for military and aircraft programs (through Viking division).
- Cloud & AI/Communications – Assembles AI servers, data-center racks, telecom systems, and optical networking hardware (ZT Systems included).



Wide and Deep Customer Base

- 500+ global OEM and enterprise customers
- Locations in 20+ countries across America, Europe, **Israel**, and Asia
- No single customer >10% of revenue
- Long-cycle, mission-critical programs with high switching costs

Cap Stack (m, USD)

Price (11/19/2025) \$160.00

FDSO (m) 53

Market Cap. \$8,525

(-) Cash \$926

(+) Debt \$2,200

Enterprise Value \$9,799

Key Financials (FY'25)

Revenue \$8,128

YoY Growth (%) 7.4%

GAAP Operating Margin (%) 4.9%

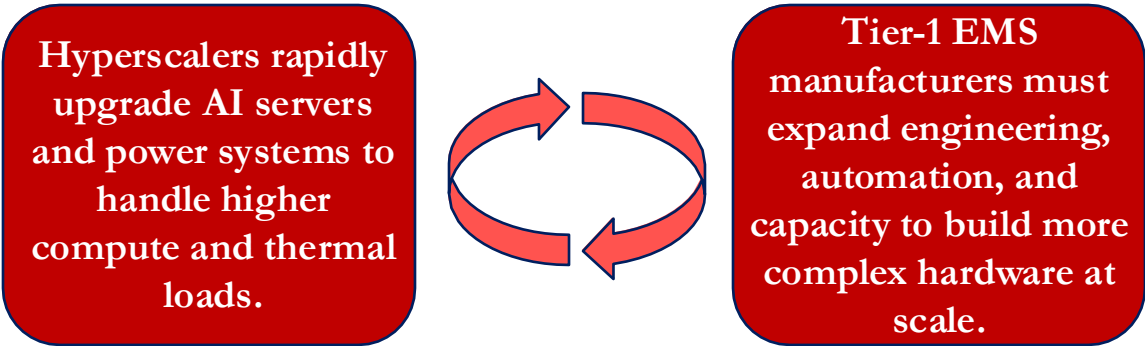
EBITDA \$514.5

EBITDA Margin (%) 6.3%

EV/EBITDA (x) 19.1x

Industry Overview: AI Infrastructure Cycle Favors High-Complexity EMS Manufacturers

AI keeps raising the hardware bar...



...and only Tier-1 EMS players can meet it.

This section was supposed to include other Tier 1 EMS competitors. Upon our research, we could not find any public or private companies that met this criterion. (See Comps Analysis in Appendix)



Electronics Manufacturing Services Market



Key Drivers	Key Restraints	Future Opportunities
Increasing Demand for High-Mix, Low-Volume Production Capabilities is Propelling the Market Growth	Complexity of Managing Multi-Tier Global Supply Chains is Hindering the Market Growth	Expansion of Services into Medical Device Manufacturing for Regulatory Compliance Creates New Market Opportunities

Segmentation		
By Service Type	By Service Provider Type	By End-User Industry

Communications Networks and Cloud and AI Infrastructure

High Density & Performance Networks

- Strong demand for high performance switches and enterprise storage
- Growing optical advanced packaging - 400G, 800G and 1.6T

Cloud and AI Infrastructure

- AI/ML - strong growth opportunities
- ZT Systems is well positioned in Cloud and AI end-market
- Strong pipeline for second half CY'26 and CY'27

Market Overview: The Inevitable Tech Bubble Burst

When the bubble pops, SANM's diversified EMS backbone and recurring OEM demand provide a rare margin-of-safety.

Unlike software or consumer tech, AI server infrastructure is CAPEX that hyperscalers cannot defer. AWS, Azure, Google are in an arms race, they must build or lose. SANM manufactures the physical servers that run AI workloads.

Operates on multi-year manufacturing contracts with hyperscalers. Even in a downturn, existing orders flow through. Unlike software with monthly churn risk, hardware contracts provide 12-24 month visibility. ~80% of ZT revenue is under long-term agreements.

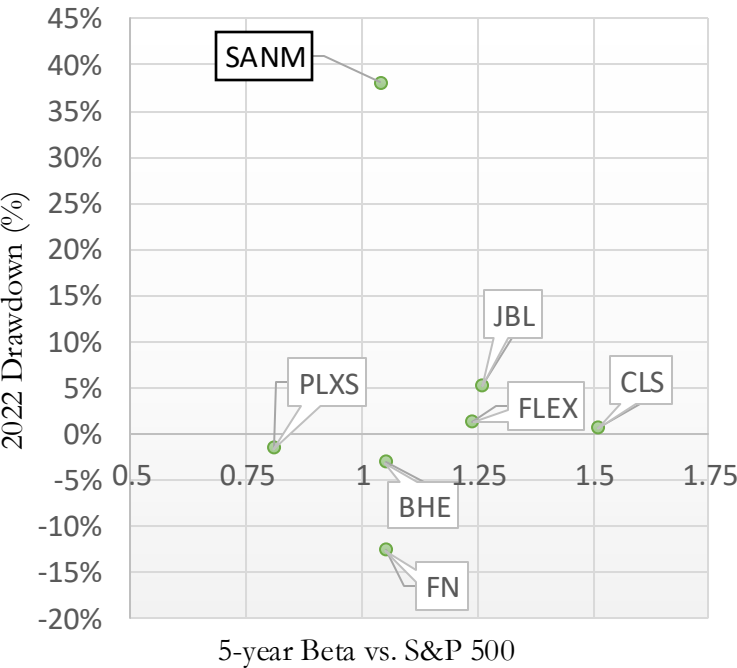
With \$1.4B+ in projected FCF by FY28-30, SANM will rapidly deleverage from \$2.2B debt. By FY28, net debt/EBITDA falls below 1.0x. Strong balance sheet = no liquidity crisis in downturn. Can opportunistically acquire distressed competitors.

In a 2022-style tech selloff:

- Hyperscaler capex cuts 20%: ZT revenue falls to \$5B (Bear case) → SANM still profitable
- Peers suffer more: High-multiple names (CLS at 41x, FN at 36x) have further to fall

SANM is defensive AI exposure (rare in this market.)

Volatility vs 2022 Crash
Drawdown: SANM vs Tech & Peer-Group



Key Takeaway:

SANM landed among the lowest-volatility names and saw an absurd 38% increase the 2022 tech sell-off, evidence it's structurally far more resilient than most high-beta tech peers.

Why Sanmina Is a Great Investment

1. AI Is Driving Explosive Data Center Growth as Demand Outpaces Supply

- The rapid expansion of AI workloads is creating unprecedented demand for high-performance data center infrastructure.
- Major players are committing significant capital expenditures, marking a fundamental and long-term shift in global computing.

2. Sanmina Delivers Industry's Best and Fastest Deployable Product Portfolio

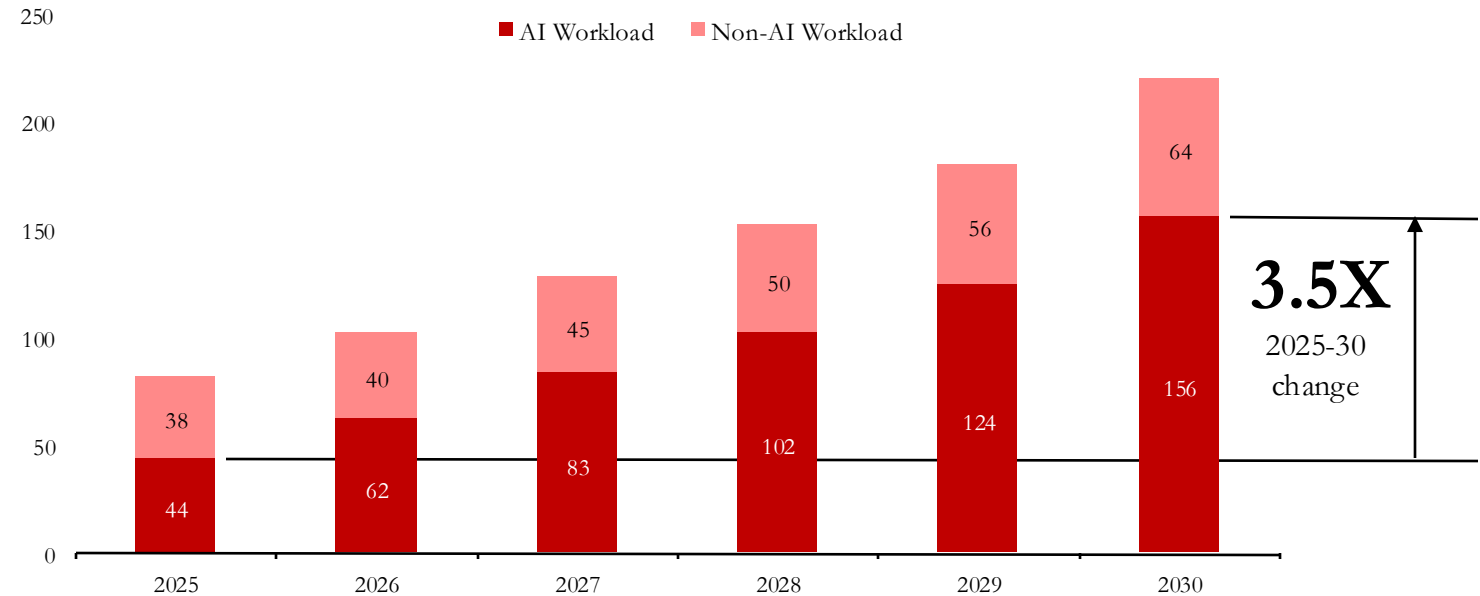
- Unmatched breadth and speed of deployment across all infrastructure solutions make Sanmina the clear partner of choice.
- Superior quality, reputation, and scalability for high-density AI workloads drive pricing power, margin expansion, and high switching costs for customers.

3. Proven Execution and Strategic Expansion; Both Organic and Inorganic

- Sanmina has demonstrated strong operational execution while expanding its solution set through both organic innovation and strategic M&A.
- Its history of successful integrations enhances its competitive edge and positions the company to capture long-term growth as data center demands continue to evolve.

AI as the Catalyst for Data Center Growth

Global Demand for Data Center Capacity (GW)

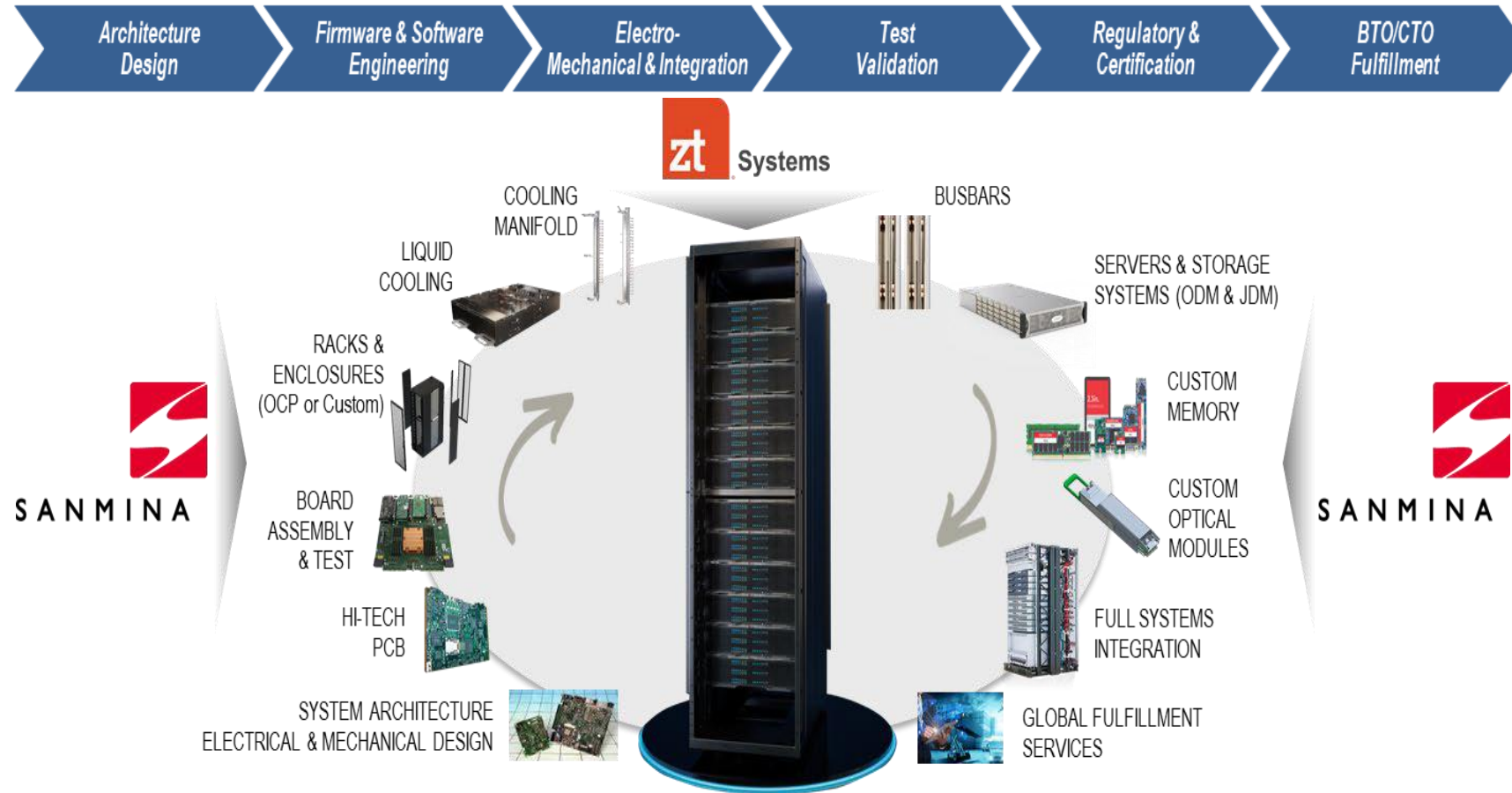


Between 2025 and 2030, global demand for data center capacity is projected to grow significantly, with **AI-driven demand**. Remarkably, **AI accounts for nearly 81% of all new data center demand** over this period.

ZT Systems Integration

Sanmina AI / ZT Systems

“End-to-End” **FULL SYSTEM INTEGRATION AT SCALE**



Core Electronics:
Architecture design, PCB layout, and board assembly for the foundational electronics inside AI servers.

Mechanical & Power Systems:
Manufacturing of chassis, racks, enclosures, and power distribution systems (busbars) for high-density GPU infrastructure.

Thermal Management:
Advanced liquid cooling manifolds and thermal systems required for large-scale AI compute environments.

High-Speed Components:
Custom memory modules and optical interconnects enabling high-bandwidth GPU-to-GPU communication.

Integration & Global Deployment:
Full-system integration, validation, and worldwide fulfillment through Sanmina's 50+ facilities.

Stronger Together - Accelerating the Future of Cloud and AI Infrastructure

Wall Street has never been more wrong: \$6 Billion in revenue hiding in plain sight

1

SANM + ZT's AI Server Demand is Aura

Hyperscaler AI spending rising nonstop

GPU infrastructure orders accelerating quickly

ZT contracts provide multi-year visibility

2

AI Hardware TAM Far Larger Than Modeled

AI servers priced 20% above legacy

Data center spend compounding double-digits

Street misvalues SANM as EMS

3

ZT Transforms Margin + Multiple Path

ZT margins double legacy profitability

Peer multiples far above SANM

Street ignores at least \$6B+ ZT revenue

IRR: +21%

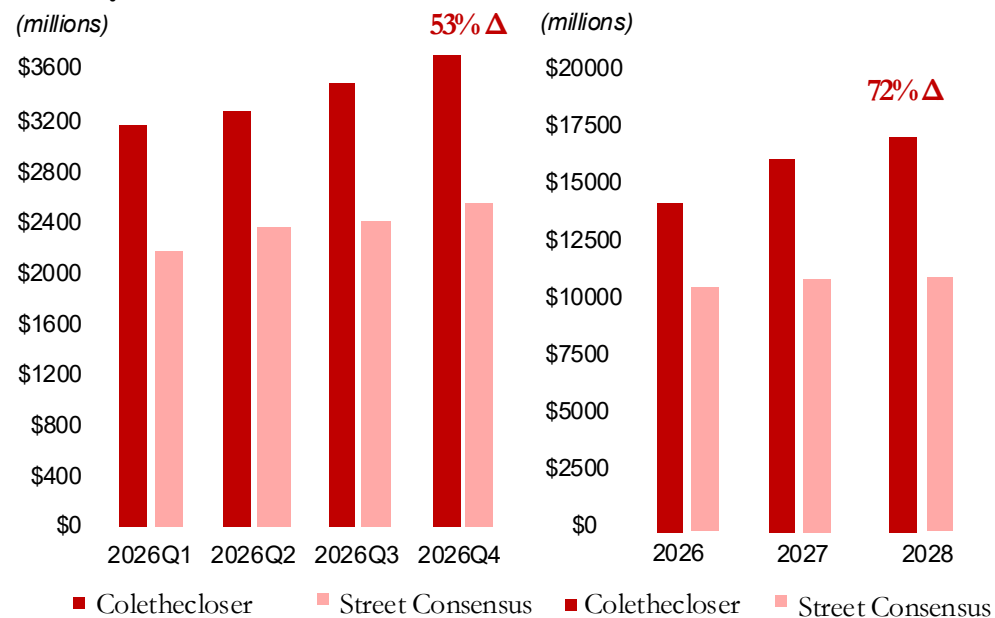
R/R: 2.5x

IRR: +35%

Base Odds: 50%

Our Thesis in Numbers

By the end of '28, we are ~72% ahead of street on revenue



We believe this is a great opportunity to invest in a company that's 1) becoming a \$14–16B AI manufacturer, 2) overlooked by analysts missing ZT's full scale, and 3) valued at EMS multiples despite AI exposure.

Sentiment is in the gutter, but we believe the bottom is in and our scenario-weighted valuation now supports a ~19% 3-year IRR driven by ZT's contracted demand, resilient hyperscaler CAPEX, and margin expansion through FY26–27.

Investment History:



Sanmina is positioning itself as the go-to premium high-complexity PCB supplier

Advantages/Competitive Moat

- Through ORv3 and its partnership with ZT Systems, Sanmina can standardize vertical DC power-distribution rails in OCP racks, delivering power efficiently from a centralized power shelf to all servers and equipment.
- The OCP busbars used in the ORv3 **eliminate 100% of AC cord failure points**, an important reliability advantage over competitors that still rely heavily on AC cords.
- Long-term, Sanmina wins because centralized DC power shelves integrate directly with ZT's AI server backplanes, giving the company a fully integrated, end-to-end power path that no competitor has replicated.
- Sanmina's ORv3 supports broad multi-format compatibility: while competitors such as FN and PLXS rely on 19" RU systems, SANM is already operating 21" OU racks at a global scale, which aligns with **hyperscalers shifting 50–60% of new builds and models to OU**.
- Through Sanmina's partnership with ZT Systems, Sanmina has in-house **rack, server, and cooling** integration, causing them to have the fastest Deployment & Integration Cycle. Being a fully vertically integrated company is a massive advantage when every stage of production can be controlled, optimized and accelerated.
- Their tool-free assembly yields **30–40% faster rack deployments** and cuts hyperscaler lead times by **6–8 weeks**, a metric we believe Wall Street has not priced in.
- Competitors such as CLS and BHE require manual cabling and multi-vendor integration.

Certifications

- TL 9000 Telecommunications
- ISO 13485 Medical
- AS 9100 Aerospace
- IATF 16949 Automotive
- ESD 20.20 Electrostatic Discharge
- ISO 14001 Environmental
- MIL-PRF-31032 Military Performance Specifications

	 SANMINA	 CELESTICA	 flex	 fabrinet	 Benchmark	 JABIL	 plexus
AS9100 (Aerospace/Defense quality-management)	✓	✓	✗	✓	✓	✓	✗
ITAR registration (for defense/export-controlled manufacturing)	✓	✓	✗	✗	✓	✗	✗
Military-grade PCB/ backplane certification	✓	✗	✗	✗	✗	✗	✗
High reliability PCB/space-grade standards	✓	✓	✗	✗	✗	✗	✗

Risky Biznizz

Risks:

Our Views:

Tariffs

- U.S. and foreign tariffs, retaliatory duties, and import/export restrictions increase material costs and may require customers to shift production across regions.
- Customer production decisions may change suddenly due to tariff rules, impacting volumes and cost recovery.

- Highly diversified global footprint enables regional realignment of production to minimize tariff exposure.
- Ongoing investment in automation and factory efficiency lowers per-unit production cost even when tariffs pressure inputs.

Supply Chain Pressures

- Component cost inflation, constrained supply, and lower customer volumes can pressure margins due to fixed overhead and utilization.
- Aluminum, copper, and critical electronics commodities are subject to volatile pricing.
- Complex global supply chains increase risk of delays, shortages, and higher logistics costs.

- Strategic sourcing and multi-region material suppliers mitigate concentration risk.
- Use of derivative hedging on metals like aluminum and copper helps manage raw-material swings (Yes, Connor. Item 8, Note 5 of the 10k).
- Long-cycle customer relationships and predictable demand from top OEMs support visibility into procurement and production planning.

Financing & Integration

- Sanmina funded the ZT acquisition with a new \$3.5B credit facility, creating higher leverage, interest expense, and financial covenants
- Integration risk: absorbing ZT's operations, cost structure, and customer expectations while meeting contingent earn-out milestones.
- New borrowings carry SOFR-based variable rates, creating exposure to rising interest costs.

- Strong operating cash flow and historical balance-sheet discipline support de-leveraging capacity
- ZT acquisition expands presence in Cloud & AI infrastructure, a structurally higher-margin and higher-growth end market.
- Preferred NPI manufacturing partner status with AMD through the ZT acquisition improves revenue consistency and customer depth.



Q&A

Appendix

Comps Analysis:

COMPARABLE COMPANIES - RAW DATA

Data as of November 19, 2025

*Numbers in Millions Unless Otherwise Specified

						Over the Last 12 Months				
Company	Ticker	Mkt Cap	Shares Out	Net Debt	EV	Revenue	EBITDA	Net Income	FCF	EV/Revenue
Jabil Inc.	JBL	21,660	106.8	1,798	23,458	29,800	2,118	657	520	0.79x
Flex Ltd.	FLEX	21,290	369.8	2,044	23,334	26,330	1,870	876	710	0.89x
Celestica Inc.	CLS	35,580	115.0	616	36,196	11,282	1,100	720	398	3.21x
Plexus Corp.	PLXS	3,900	26.8	-131	4,250	4,030	287	173	140	1.05x
Benchmark Electronics	BHE	1,550	35.7	48	1,598	2,610	151	85	70	0.61x
Fabrinet	FN	14,910	35.8	-964	14,260	3,419	394	333	280	4.17x
Sanmina Corp. (SANM)	SANM	8,525	53	1,274	9,799	8,128	514	306	473	1.21x
Peer Median		18,100	71	332	18,797	7,656	747	495	339	0.97x
Implied Share Value										
Trading Multiples					Financial Metrics					
Total Comps	Revenue	EBITDA	P/E	EV/FCF	Revenue	EBITDA	Net Income	FCF		
Minimum	0.6x	10.6x	18.2x	22.8x	2,610	151	85	70		
Median	1.0x	13.6x	28.6x	39.0x	7,656	747	495	339		
Mean	1.8x	19.7x	32.1x	45.5x	12,912	987	474	353		
Maximum	4.2x	36.2x	49.6x	90.9x	29,800	2,118	876	710		

Completion of ZT Systems - Transaction Details

Closing Date	October 27, 2025	Received regulatory approval faster than anticipated
Closing Purchase Price	\$2.05 Billion	
Net Working Capital	\$1.05 Billion	Impacted by timing of closing relative to working capital build; subject to post-close true-up
Net PP&E	\$250 Million	No change; three state-of-the-art facilities and includes power purchase assets
Premium (Cash and Sanmina Equity)	\$300 Million	\$150 million cash, \$150 million of equity 1,151,052 shares at \$130.32 price Lock-up period split equally over 3 years
Contingent Consideration	\$450 Million	Based on the financial performance of the business over the next 3 years