

Jabil Posts Record First Quarter Results

Raises FY21 Financial Outlook

ST. PETERSBURG, Fla. – December 17, 2020 – Today, Jabil Inc. (NYSE: JBL), reported preliminary, unaudited financial results for its first quarter of fiscal year 2021.

“I’m thrilled with the strong start to the fiscal year,” said CEO Mark Mondello. “Our unique positioning as a critical and trusted supplier for so many of the world’s leading brands is allowing us to benefit from powerful end-market trends. As a result, our team delivered record quarterly results for revenue, core operating income and core EPS. Importantly, these impressive results show that our multi-year strategy to create a more optimized commercial portfolio is working,” he added.

First Quarter of Fiscal Year 2021 Highlights:

- Net revenue: \$7.8 billion
- Diversified Manufacturing Services (DMS) year-on-year revenue growth: 13 percent
- Electronics Manufacturing Services (EMS) year-on-year revenue decrease: 4 percent
- U.S. GAAP operating income: \$314.0 million
- U.S. GAAP diluted earnings per share: \$1.31
- Core operating income (Non-GAAP): \$364.9 million
- Core diluted earnings per share (Non-GAAP): \$1.60

Second Quarter of Fiscal Year 2021 Outlook:

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|---|------------------------------------|
| • Net revenue | \$6.2 billion to \$6.8 billion |
| • U.S. GAAP operating income | \$173 million to \$226 million |
| • U.S. GAAP diluted earnings per share | \$0.60 to \$0.82 per diluted share |
| • Core operating income (Non-GAAP) ⁽¹⁾ | \$210 million to \$260 million |
| • Core diluted earnings per share (Non-GAAP) ⁽¹⁾ | \$0.83 to \$1.03 per diluted share |
| • Total company revenue | Increase 6 percent year-on-year |

Fiscal Year 2021 Updated Outlook:

"Given our strong start to the year, combined with our improved forecast, we now expect FY21 revenue will be in the neighborhood of \$27.5 billion, while core margin and core EPS will increase to 4.1% and \$4.60, respectively," added Mondello.

⁽¹⁾ Core operating income and core diluted earnings per share exclude anticipated adjustments of \$11.0 million for amortization of intangibles (or \$0.07 per diluted share), \$18.0 million for stock-based compensation expense and related charges (or \$0.11 per diluted share), \$6.0 million to \$3.0 million for restructuring, severance and related charges (or \$0.04 to \$0.02 per diluted share) and \$2.0 million for acquisition and integration charges (or \$0.01 per diluted share).

(Definitions: “U.S. GAAP” means U.S. generally accepted accounting principles. Jabil defines core operating income as U.S. GAAP operating income less amortization of intangibles, stock-based compensation expense and related charges, restructuring, severance and related charges, distressed customer charges, acquisition and integration charges, loss on disposal of subsidiaries, settlement of receivables and related charges, impairment of notes receivable and related charges, goodwill impairment charges

and business interruption and impairment charges, net plus other components of net periodic benefit cost. Jabil defines core earnings as U.S. GAAP net income before amortization of intangibles, stock-based compensation expense and related charges, restructuring, severance and related charges, distressed customer charges, acquisition and integration charges, loss on disposal of subsidiaries, settlement of receivables and related charges, impairment of notes receivable and related charges, goodwill impairment charges, business interruption and impairment charges, net, loss on securities, income (loss) from discontinued operations, gain (loss) on sale of discontinued operations and certain other expenses, net of tax and certain deferred tax valuation allowance charges. Jabil defines core diluted earnings per share as core earnings divided by the weighted average number of outstanding diluted shares as determined under U.S. GAAP. Jabil defines adjusted free cash flow as net cash provided by (used in) operating activities plus cash receipts on sold receivables less net capital expenditures (acquisition of property, plant and equipment less proceeds and advances from sale of property, plant and equipment). Jabil reports core operating income, core earnings, core diluted earnings per share and adjusted free cash flow to provide investors an additional method for assessing operating income, earnings, diluted earnings per share and free cash flow from what it believes are its core manufacturing operations. See the accompanying reconciliation of Jabil's core operating income to its U.S. GAAP operating income, its calculation of core earnings and core diluted earnings per share to its U.S. GAAP net income and U.S. GAAP earnings per share and additional information in the supplemental information.)

Forward Looking Statements: This release contains forward-looking statements, including those regarding our anticipated financial results for the first quarter of fiscal year 2021 and our guidance for future financial performance in our second quarter of fiscal year 2021 (including, net revenue, total company revenue, U.S. GAAP operating income, U.S. GAAP diluted earnings per share, core operating income (Non-GAAP), core diluted earnings per share (Non-GAAP) results and the components thereof, including but not limited to amortization of intangibles, stock-based compensation expense and related charges, restructuring, severance and related charges and acquisition and integration charges) and in fiscal year 2021 (including revenue, core margin and core diluted earnings per share. The statements in this release are based on current expectations, forecasts and assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from our current expectations. Such factors include, but are not limited to: our determination as we finalize our financial results for the first quarter of fiscal year 2021 that our financial results and conditions differ from our current preliminary unaudited numbers set forth herein; the scope and duration of the COVID-19 outbreak and its impact on our operations, sites, customers and supply chain; managing growth effectively; our dependence on a limited number of customers; competitive challenges affecting our customers; managing rapid declines or increases in customer demand and other related customer challenges that may occur; risks arising from relationships with emerging companies; changes in technology; our ability to introduce new business models or programs requiring implementation of new competencies; competition; transportation issues; our ability to maintain our engineering, technological and manufacturing expertise; retaining key personnel; our ability to purchase components efficiently and reliance on a limited number of suppliers for critical components; risks associated with international sales and operations; our ability to achieve expected profitability from acquisitions; risk arising from our restructuring activities; issues involving our information systems, including security issues; regulatory risks (including the expense of complying, or failing to comply, with applicable regulations; risk arising from design or manufacturing defects; and intellectual property risk); financial risks (including customers or suppliers who become financially troubled; turmoil in financial markets; tax risks; credit rating risks; risks of exposure to debt; currency fluctuations; energy prices; and asset impairment); changes in financial accounting standards or policies; and risk of natural disaster, climate change or other global events. Additional factors that could cause such differences can be found in our Annual Report on Form 10-K for the fiscal year ended August 31, 2020 and our other filings with the Securities and Exchange Commission. We assume no obligation to update these forward-looking statements.

Supplemental Information Regarding Non-GAAP Financial Measures: Jabil provides supplemental, non-GAAP financial measures in this release to facilitate evaluation of Jabil's core operating performance. These non-GAAP measures exclude certain amounts that are included in the most directly comparable U.S. GAAP measures, do not have standard meanings and may vary from the non-GAAP financial measures used by other companies. Management believes these "core" financial measures are useful measures that facilitate evaluation of the past and future performance of Jabil's ongoing operations on a comparable basis.

Jabil reports core operating income, core earnings, core diluted earnings per share and adjusted free cash flows to provide investors an additional method for assessing operating income, earnings, earnings per share and free cash flow from what it

believes are its core manufacturing operations. Among other uses, management uses non-GAAP financial measures to make operating decisions, assess business performance and as a factor in determining certain employee performance when determining incentive compensation. The Company determines the tax effect of the items excluded from core earnings and core diluted earnings per share based upon evaluation of the statutory tax treatment and the applicable tax rate of the jurisdiction in which the pre-tax items were incurred, and for which realization of the resulting tax benefit, if any, is expected. In certain jurisdictions where the Company does not expect to realize a tax benefit (due to existing tax incentives or a history of operating losses or other factors resulting in a valuation allowance related to deferred tax assets), a reduced or 0% tax rate is applied. Detailed definitions of certain of the core financial measures are included above under “Definitions” and a reconciliation of the disclosed core financial measures to the most directly comparable U.S. GAAP financial measures is included under the heading “Supplemental Data” at the end of this release.

Meeting and Replay Information: Jabil will hold a conference call today at 8:30 a.m. ET to discuss its earnings for the first quarter of fiscal year 2021. To access the live audio webcast and view the accompanying slide presentation, visit the Investor Relations section of Jabil’s website, located at <https://investors.jabil.com>. An archived replay of the webcast will also be available after completion of the call.

About Jabil: Jabil (NYSE: JBL) is a manufacturing solutions provider with over 260,000 employees across 100 locations in 30 countries. The world’s leading brands rely on Jabil’s unmatched breadth and depth of end-market experience, technical and design capabilities, manufacturing know-how, supply chain insights and global product management expertise. Driven by a common purpose, Jabil and its people are committed to making a positive impact on their local community and the environment. Visit www.jabil.com to learn more.

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JABIL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>November 30, 2020</u>	<u>August 31, 2020</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,107,573	\$ 1,393,557
Accounts receivable, net	3,651,869	2,847,743
Contract assets	1,088,059	1,104,700
Inventories, net	3,271,842	3,131,783
Prepaid expenses and other current assets	727,849	657,102
Total current assets	<u>9,847,192</u>	<u>9,134,885</u>
Property, plant and equipment, net	3,792,091	3,665,312
Operating lease right-of-use asset	391,004	362,847
Goodwill and intangible assets, net	905,426	906,723
Deferred income taxes	165,264	165,407
Other assets	168,501	162,242
Total assets	<u>\$ 15,269,478</u>	<u>\$ 14,397,416</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current installments of notes payable and long-term debt	\$ 50,195	\$ 50,194
Accounts payable	6,431,567	5,687,038
Accrued expenses	3,061,092	3,211,528
Current operating lease liabilities	119,150	110,723
Total current liabilities	<u>9,662,004</u>	<u>9,059,483</u>
Notes payable and long-term debt, less current installments	2,679,005	2,678,288
Other liabilities	331,093	268,925
Non-current operating lease liabilities	324,379	302,035
Income tax liabilities	163,459	148,629
Deferred income taxes	115,587	114,657
Total liabilities	<u>13,275,527</u>	<u>12,572,017</u>
Commitments and contingencies		
Equity:		
Jabil Inc. stockholders' equity:		
Preferred stock	—	—
Common stock	266	264
Additional paid-in capital	2,445,582	2,413,616
Retained earnings	2,228,729	2,040,922
Accumulated other comprehensive loss	(14,346)	(34,168)
Treasury stock, at cost	(2,680,860)	(2,609,250)
Total Jabil Inc. stockholders' equity	<u>1,979,371</u>	<u>1,811,384</u>
Noncontrolling interests	14,580	14,015
Total equity	<u>1,993,951</u>	<u>1,825,399</u>
Total liabilities and equity	<u>\$ 15,269,478</u>	<u>\$ 14,397,416</u>

JABIL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for per share data)
(Unaudited)

	Three months ended	
	November 30, 2020	November 30, 2019
Net revenue	\$ 7,832,529	\$ 7,505,698
Cost of revenue	7,197,969	6,951,859
Gross profit	634,560	553,839
Operating expenses:		
Selling, general and administrative	302,752	328,899
Research and development	8,118	10,770
Amortization of intangibles	11,455	16,140
Restructuring, severance and related charges	(1,715)	45,251
Operating income	313,950	152,779
Interest and other, net	28,543	50,139
Income before income tax	285,407	102,640
Income tax expense	84,400	61,926
Net income	201,007	40,714
Net income attributable to noncontrolling interests, net of tax	565	292
Net income attributable to Jabil Inc.	\$ 200,442	\$ 40,422
Earnings per share attributable to the stockholders of Jabil Inc.:		
Basic	\$ 1.33	\$ 0.26
Diluted	\$ 1.31	\$ 0.26
Weighted average shares outstanding:		
Basic	150,157	153,100
Diluted	152,918	156,462

JABIL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three months ended	
	November 30, 2020	November 30, 2019
Cash flows provided by operating activities:		
Net income	\$ 201,007	\$ 40,714
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	205,766	202,859
Restructuring and related charges	(1,556)	18,347
Recognition of stock-based compensation expense and related charges	33,541	30,223
Deferred income taxes	(1,869)	(6,645)
Provision for allowance for doubtful accounts	2,426	10,413
Other, net	11,247	1,179
Change in operating assets and liabilities, exclusive of net assets acquired:		
Accounts receivable	(791,492)	(863,210)
Contract assets	27,971	(68,322)
Inventories	(134,723)	(286,775)
Prepaid expenses and other current assets	(54,243)	(31,413)
Other assets	(8,142)	(8,162)
Accounts payable, accrued expenses and other liabilities	575,527	981,736
Net cash provided by operating activities	<u>65,460</u>	<u>20,944</u>
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(352,881)	(230,393)
Proceeds and advances from sale of property, plant and equipment	110,792	23,209
Cash paid for business and intangible asset acquisitions, net of cash	(18,417)	(116,767)
Other, net	(3,367)	(1,779)
Net cash used in investing activities	<u>(263,873)</u>	<u>(325,730)</u>
Cash flows used in financing activities:		
Borrowings under debt agreements	200,000	1,779,801
Payments toward debt agreements	(201,969)	(1,787,243)
Payments to acquire treasury stock	(50,029)	(96,390)
Dividends paid to stockholders	(13,814)	(13,731)
Treasury stock minimum tax withholding related to vesting of restricted stock	(21,581)	(19,317)
Net cash used in financing activities	<u>(87,393)</u>	<u>(136,880)</u>
Effect of exchange rate changes on cash and cash equivalents	(178)	(1,835)
Net decrease in cash and cash equivalents	(285,984)	(443,501)
Cash and cash equivalents at beginning of period	1,393,557	1,163,343
Cash and cash equivalents at end of period	<u>\$ 1,107,573</u>	<u>\$ 719,842</u>

JABIL INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA
RECONCILIATION OF U.S. GAAP FINANCIAL RESULTS TO NON-GAAP MEASURES
(in thousands, except for per share data)
(Unaudited)

	Three months ended	
	November 30, 2020	November 30, 2019
Operating income (U.S. GAAP)	\$ 313,950	\$ 152,779
Amortization of intangibles	11,455	16,140
Stock-based compensation expense and related charges	33,541	30,223
Restructuring, severance and related charges	(1,715)	45,251
Distressed customer charge	—	14,963
Net periodic benefit cost ⁽¹⁾	5,593	1,825
Acquisition and integration charges	2,113	16,134
Adjustments to operating income	50,987	124,536
Core operating income (Non-GAAP)	\$ 364,937	\$ 277,315
Net income attributable to Jabil Inc. (U.S. GAAP)	\$ 200,442	\$ 40,422
Adjustments to operating income	50,987	124,536
Net periodic benefit cost ⁽¹⁾	(5,593)	(1,825)
Adjustments for taxes	(595)	497
Core earnings (Non-GAAP)	\$ 245,241	\$ 163,630
Diluted earnings per share (U.S. GAAP)	\$ 1.31	\$ 0.26
Diluted core earnings per share (Non-GAAP)	\$ 1.60	\$ 1.05
Diluted weighted average shares outstanding (U.S. GAAP and Non-GAAP)	152,918	156,462

⁽¹⁾ Following the adoption of Accounting Standards Update 2017-07, Compensation - Retirement Benefits (Topic 715) (“ASU 2017-07”), pension service cost is recognized in cost of revenue and all other components of net periodic benefit cost, including return on plan assets, are presented in other expense. We are reclassifying the pension components in other expense to core operating income as we assess operating performance, inclusive of all components of net periodic benefit cost, with the related revenue. There is no impact to core earnings or diluted core earnings per share for this adjustment.

JABIL INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA
ADJUSTED FREE CASH FLOW
(in thousands)
(Unaudited)

	Three months ended	
	November 30, 2020	November 30, 2019
Net cash provided by operating activities (U.S. GAAP)	\$ 65,460	\$ 20,944
Acquisition of property, plant and equipment	(352,881)	(230,393)
Proceeds and advances from sale of property, plant and equipment	110,792	23,209
Adjusted free cash flow (Non-GAAP)	\$ (176,629)	\$ (186,240)