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Jabil Circuit Reports Fiscal Year 2002 Second Quarter Results

19 March 2002
St. Petersburg, Florida

[Statement of Income and Balance Sheet data for Second Quarter 2002](#)

[Forward - Looking Statement](#)

Electronic manufacturing services provider Jabil Circuit, Inc. (NYSE: JBL) today reported revenue for its second quarter of fiscal 2002, ended February 28, 2002. Revenue for the quarter was \$822 million compared to \$1.2 billion for the same period of fiscal 2001.

Net income for Jabil's second quarter of fiscal 2002 (excluding amortization of intangibles, acquisition and merger-related charges and restructuring charges) was \$15.3 million, compared with \$41.8 million for the second fiscal quarter of 2001. Earnings per share on this basis were \$0.08 per diluted share for the period, compared to \$0.21 for the second quarter of fiscal 2001.

During the quarter ended February 28, 2002, Jabil recorded a charge of \$10.4 million (\$7.7 million after-tax) related to restructuring the business, and a charge of \$546 thousand (\$344 thousand after-tax) related to the acquisition and integration of certain manufacturing facilities of Marconi Communications.

Net income, on a GAAP basis, was \$3.7 million for the second fiscal quarter of 2002, compared to \$40.7 million for the second fiscal quarter of 2001. GAAP diluted earnings per share for the second fiscal quarter of 2002 were \$0.02, compared to \$0.21 for the same quarter of fiscal 2001.

Second quarter fiscal 2002 gross profit was \$73.5 million or 8.9 percent of revenue compared to \$108.4 million or 9.0 percent of revenue for the corresponding quarter of fiscal 2001.

Operating income for the second fiscal quarter of 2002 (excluding amortization of intangibles, acquisition and merger-related charges and restructuring charges as noted above) was \$21.9 million or 2.7 percent of revenue compared to \$60.0 million or 5.0 percent of revenue for the second fiscal quarter of 2001.

The company said that focusing on operational execution enabled it to post results for the quarter that were ahead of current Wall Street consensus expectations and in-line with the expectations set forth by the company in December 2001. During the second quarter the company improved inventory turns to nine, reduced its sales cycle by eight days and generated cash flow of \$144 million.

Sequential Income Statement Highlights (excluding amortization of intangibles, acquisition and merger-related charges and restructuring charges)

- | Second quarter revenue declined 7.1 percent compared to the prior quarter.
- | Operating income decreased 27.3 percent to \$21.9 million from the first quarter.
- | Cash earnings after taxes were \$15.3 million or 1.9 percent of revenue.
- | GAAP earnings after taxes were \$3.7 million or 0.5 percent of revenue.
- | Fully diluted cash earnings per share for the quarter were \$0.08 on 201,348,000 average shares.
- | Fully diluted GAAP earnings per share for the quarter were \$0.02 on 201,348,000 average shares.

Sequential Balance Sheet Highlights

- | Accounts receivable decreased by \$60.2 million to \$400 million in the second quarter.
- | Calculated DSO improved by three days to 44 days.
- | Inventories decreased by \$57.3 million in the quarter to \$348.4 million.
- | Calculated inventory turns were nine, compared to the eight in the previous quarter.
- | Sales cycle improved by eight days to 42.

- | Debt-to-capitalization ratio was 20 percent at the end of the quarter.
- | Cash flow from operations was approximately \$144 million.

Business Outlook Guidance

The company said current customer forecasts indicate that production levels would increase in its third fiscal quarter with revenues in a range of \$825 to \$855 million. Jabil indicated that it would see strong operating income increases, estimated between 30 and 50 percent sequentially, due to the cost reduction activities and shift in manufacturing base. For Jabil's third fiscal quarter corresponding cash earnings are estimated to be from \$0.11 to \$0.13 per share. Jabil said it still expects to see growth in the automotive, consumer, instrumentation and medical, networking and peripheral sectors, though it suggested that some of this growth will be offset by lower levels of production in the telecommunications and computing/storage segments.

Jabil also said it expects a continuation of sequential growth in the final quarter of its fiscal year. The company anticipates full fiscal year revenue to be on the lower end of its guidance of \$3.5 to \$4.0 billion range with cash earnings of \$0.45 to \$0.50. "We expect to see a gradual improvement in overall business levels through the balance of fiscal 2002. We are most encouraged by recent new business wins on the organic as well as divestiture front, positioning us well for a much improved fiscal 2003", said Main.

About Jabil

Jabil Circuit, Inc. is an electronic manufacturing services provider for international electronics companies in the automotive, computing and storage, consumer, instrumentation and medical, networking, peripheral and telecommunications markets. Jabil offers circuit design, board design from schematic, prototype assembly, volume board assembly, system assembly, repair and warranty services from facilities in North America, Europe, Asia and Latin America. Further information about Jabil can be found on the World Wide Web at <http://www.jabil.com>.

This news release contains forward-looking statements regarding the anticipated outlook for our business, our expected third-quarter earnings results, and our long-term outlook for the company, our industry and our customers based on current expectations, forecasts and assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially. These risks and uncertainties include, but are not limited to: the length and severity of the current economic downturn and our ability to manage customer demand through the downturn; fluctuations in operating results; changes in technology; competition; managing rapid growth; managing rapid declines in customer demand; our ability to successfully consummate our acquisitions; managing the integration of businesses we acquire; risks associated with international sales and operations; retaining key personnel; our dependence on a limited number of customers; the consolidation of our customer base; business and competitive factors generally affecting the electronic manufacturing services industry, our customers and our business. Other factors that we may not have currently identified or quantified; and other risks, relevant factors and uncertainties are identified in our Annual Report on Form 10-K for the fiscal year ended August 31, 2001, any subsequent Reports on Form 10-Q and Form 8-K and our other securities filings. Jabil disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.