



June 18, 2003

## Jabil Reports Third Quarter Results

Record Revenue and Continued Operational Performance Define Quarter

18 June 2003

St. Petersburg, Florida

### [Statement of Income and Balance Sheet data for Third Quarter 2003](#)

St. Petersburg, FL - June 18, 2003...Jabil Circuit, Inc. (NYSE: JBL), an electronics manufacturing services provider, today reported results for the third quarter of fiscal 2003, ended May 31, 2003. Revenue for the quarter increased 43.3 percent to \$1.2 billion compared to \$0.85 billion for the same period of fiscal 2002.

On a GAAP basis, net income for the third quarter of fiscal 2003 was \$4.5 million compared to \$20.8 million for the same period of fiscal 2002. GAAP diluted earnings per share for the third quarter of fiscal 2003 were \$0.02 compared to \$0.10 for the same period of fiscal 2002.

Jabil's third quarter of fiscal 2003 core earnings after taxes increased 56.3 percent to \$38.2 million, compared to \$24.4 million for the third fiscal quarter of 2002. Core earnings per share increased 58.3 percent to \$0.19 per diluted share for the period, compared to \$0.12 for the third quarter of fiscal 2002. *(Jabil defines core earnings as GAAP net income before amortization of intangibles, acquisition related charges, restructuring and impairment charges and other income. The Company reports core earnings to provide its investors with an alternative method for assessing its earnings from what it believes to be its core manufacturing operations. See the accompanying reconciliation of Jabil's core earnings to its GAAP net income and additional information in the supplemental information below).*

Gross profit for the third quarter of fiscal 2003 increased 34.3 percent to \$112.6 million or 9.2 percent of revenue compared to \$83.9 million or 9.9 percent of revenue for the same period of fiscal 2002.

On a GAAP basis, operating income for the third quarter of fiscal 2003 was \$2.5 million compared to \$27.9 million for the same period of fiscal 2002.

Core operating income for the third quarter of fiscal 2003 increased 47.6 percent to \$47.8 million or 3.9 percent of revenue compared to \$32.4 million or 3.8 percent of revenue for the third quarter of fiscal 2002. *(Jabil defines core operating income as GAAP operating income before amortization of intangibles, acquisition related charges and restructuring and impairment charges. The Company reports core operating income to provide its investors with an alternative method for assessing its operating income from what it believes to be its core manufacturing operations. See the accompanying reconciliation of Jabil's core operating income to its GAAP operating income and additional information in the supplemental information below).*

"We were very satisfied with the results of our third fiscal quarter. This marks our fifth consecutive quarter of increasing revenue, core operating profits and returns since the technology slowdown. While we are pleased with what we have accomplished, we will continue to focus on increasing operating income and return metrics," said Jabil's Chief Financial Officer, Chris Lewis.

### Income Statement Highlights

- | Third quarter revenue increased 6.4 percent compared to the prior quarter.
- | GAAP operating income was \$2.5 million for the third quarter of fiscal 2003.
- | Core operating income increased 13 percent to \$47.8 million from the second quarter of fiscal 2003.
- | GAAP earnings were \$4.5 million for the third quarter of fiscal 2003.
- | Core earnings were \$38.2 million or 3.1 percent of revenue for the third quarter of fiscal 2003.
- | Fully diluted GAAP earnings per share for the quarter were \$0.02 on 202,132,000 average shares.
- | Fully diluted core earnings per share for the quarter were \$0.19 on 202,132,000 average shares.

### Other Sequential Highlights

- | Inventories decreased by \$40 million in the quarter to \$487 million.

- | Calculated inventory turns improved to nine, compared to eight in the fiscal second quarter.
- | Sales cycle for the quarter improved by one day to 41.
- | Debt-to-capitalization ratio was 22 percent for the third quarter, versus 23 percent in the second quarter.
- | Cash flow from operations was approximately \$40 million.
- | Capital expenditures for the third quarter were approximately \$15 million.
- | Depreciation for the third quarter was \$48 million.
- | Cash balances were \$514 million at the end of the third quarter.
- | Return on Invested Capital (ROIC) improved to 11 percent in the third quarter from 10 percent in the second quarter.

## **Business Outlook Guidance**

The Company provided guidance for its fourth fiscal quarter of 2003 indicating it expects revenue to increase sequentially three to seven percent, in a range of \$1.25 to \$1.3 billion. Jabil said it expects core operating income to increase sequentially five to ten percent resulting in core earnings per share of \$0.19 to \$0.21 per diluted share, depending upon exact levels of production. GAAP earnings per share are expected to be \$0.10 to \$0.12 per diluted share. *(Expected GAAP earnings per share includes \$0.09 per share for amortization of intangibles, acquisition related charges, restructuring and impairment charges and other income.)*

The Company indicated its restructuring plan is on track and expects to record a total of \$88 million in charges for the fiscal year 2003, including a \$12 million charge in the fiscal fourth quarter.

"By focusing on growing and diversifying our business, fine tuning our manufacturing operations and global plant sites, we have put up solid results in a very challenging environment. I am extremely pleased with the progress our company and our employees have made in expanding our customer base, growing our relationships with existing customers, refining our operational performance and integrating our newly acquired operations. We anticipate continuing this performance in our fourth fiscal quarter," said Tim Main, Jabil's President and Chief Executive Officer.

## **Supplemental Information**

The financial results disclosed in this release include certain measures calculated and presented in accordance with generally accepted accounting principles (GAAP). In addition to the GAAP financial measures, Jabil provides supplemental, non-GAAP financial measures to facilitate evaluation of the Company's core operating performance. The non-GAAP financial measures disclosed in this release exclude certain amounts that are included in the most directly comparable GAAP measures. The non-GAAP, or core financial measures disclosed in this release do not have standard meanings and may vary from the non-GAAP financial measures used by other companies.

Due to its recent acquisitions and restructuring programs, the Company has incurred significant incremental charges that are included in the GAAP financial measures disclosed in this release. Management believes that the incremental nature of these amounts does not impact the performance of its core manufacturing operations. Management believes core financial measures (which exclude the effects of the amortization of intangibles, acquisition related charges, restructuring and impairment charges and other income) are a useful measure that facilitates evaluating the past and future performance of Jabil's ongoing operations on a comparable basis. Jabil reports core earnings and core operating income to provide its investors with an alternative method for assessing its earnings and operating income from what it believes to be its core manufacturing operations. Included in this release is a reconciliation of the disclosed core financial measures to the most directly comparable GAAP financial measures.

## **Company Conference Call Information**

Jabil Circuit will conduct a conference call to announce its third quarter fiscal 2003 earnings today at 4:30 p.m. EDT, live on the Internet at <http://www.jabil.com>. This earnings conference call will be archived on the web at <http://www.jabil.com>. The news release and detailed information about Jabil's earnings will also be available on the web site at <http://www.jabil.com> by approximately 4:00 p.m. EDT. A taped replay will also be available June 18 at approximately 7:30 p.m. EDT through midnight on June 19. To access the replay, call (706) 645-9291 from within the United States, or (706) 645-9291 from outside the United States, and specify password 1118448.

## **About Jabil**

Jabil Circuit, Inc. is one of the world's largest electronic manufacturing services providers. Jabil manufactures 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 the Americas, Europe and Asia. Further information about Jabil can be found on the World Wide Web at <http://www.jabil.com>.