FLEXTRONICS INTERNATIONAL LTD.
Form 10-K
May 20, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K
(Mark One)

ý	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2016
Or

o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-23354
FLEXTRONICS INTERNATIONAL LTD.
(Exact name of registrant as specified in its charter)

Singapore (State or other jurisdiction of incorporation or organization)	Not Applicable (I.R.S. Employer Identification No.)
2 Changi South Lane, Singapore (Address of registrant's principal executive offices)	486123 (Zip Code)

Registrant's telephone number, including area code
(65) 6876-9899
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Ordinary Shares, No Par Value	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act—NONE
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No ý
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

As of September 25, 2015, the aggregate market value of the Company's ordinary shares held by non-affiliates of the registrant was approximately $5.8 billion based upon the closing sale price as reported on the NASDAQ Stock Market LLC (NASDAQ Global Select Market).

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 11, 2016
Ordinary Shares, No Par Value	542,802,845

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts into Which Incorporated
Proxy Statement to be delivered to shareholders in connection with the Registrant's 2016 Annual General Meeting of Shareholders	Part III

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PART I

FORWARD-LOOKING STATEMENTS

Unless otherwise specifically stated, references in this report to "Flex," "the Company," "we," "us," "our" and similar terms mean Flextronics International Ltd. and its subsidiaries.

Except for historical information contained herein, certain matters included in this annual report on Form 10-K are, or may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "will," "may," "designed to," "believe," "should," "anticipate," "plan," "expect," "intend," "estimate" and similar expressions identify forward-looking statements, which speak only as of the date of this annual report. These forward-looking statements are contained principally under Item 1, "Business," and under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

ITEM 1. BUSINESS

OVERVIEW

We are a globally-recognized, leading provider of innovative design, engineering, manufacturing, and supply chain services and solutions that span from sketch to scale™; from conceptual sketch to full-scale production. We design, build, ship and service complete packaged consumer and industrial products for original equipment manufacturers ("OEMs"), through our activities in the following segments:

- High Reliability Solutions ("HRS"), which is comprised of our medical business including consumer health, digital health, disposables, drug delivery, diagnostics, life sciences and imaging equipment; our automotive business, including vehicle electronics, connectivity, and clean technologies; and our defense and aerospace businesses, focused on commercial aviation, defense and military;

- Consumer Technologies Group ("CTG"), which includes our mobile devices business, including smart phones; our consumer electronics business, including connected living, wearable electronics including digital sport, game consoles, and connectivity devices; and our high-volume computing business, including various supply chain solutions for notebook personal computers ("PC"), tablets, and printers; in addition, our CTG group is expanding its business relationships to include supply chain optimization for non-electronics products such as shoes and clothing;

- Industrial and Emerging Industries ("IEI"), which is comprised of semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks, energy and metering, and lighting; and

- Communications & Enterprise Compute ("CEC"), formerly referred to as Integrated Network Solutions ("INS"), which includes radio access base stations, remote radio heads, and small cells for wireless infrastructure; optical, routing, broadcasting, and switching products for the data and video networks; server and storage platforms for both enterprise and cloud based deployments; next generation storage and security appliance products; and rack level solutions, converged infrastructure and software defined product solutions.

We provide our advanced design, manufacturing and supply chain services through a network of over 100 facilities in approximately 30 countries across four continents. We have established this extensive network of design and manufacturing facilities in the world's major consumer electronics and industrial products markets (Asia, the Americas, and Europe) in order to serve the outsourcing needs of both multinational and regional OEMs. Our services increase our customers' competitiveness by delivering improved product quality, increased flexibility, leading manufacturability, improved performance, faster time-to-market, and competitive costs. Our OEM customers leverage our services to meet their requirements throughout their products' entire life cycles. For the fiscal year ended March 31, 2016, we had revenue of $24.4 billion and net income of $444.1 million.

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We believe that the combination of our extensive open innovation platform solutions, design and engineering services, advanced supply chain management solutions and services, significant scale and global presence, and industrial campuses in low-cost geographies provide us with a competitive advantage and strong differentiation in the market for designing, manufacturing, and servicing consumer electronics and industrial products for leading multinational and regional OEMs. Through these services and facilities, we offer our OEM customers accelerated design, increased flexibility and responsiveness, improved time to market, and supply chain predictability and real time visibility, which enable them to accelerate product launches, enter new markets, mitigate risks, and improve free cash flow.

Our business has been subject to seasonality, primarily due to our mobile devices and consumer electronics markets exposure, which are part of our CTG segment, which historically exhibit particular strength generally in the last two quarters of the calendar year in connection with the holiday season.

We recognized research and development costs primarily related to our design and innovations businesses of $75.5 million, $35.2 million, and $30.0 million for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

INDUSTRY OVERVIEW

Our expertise is in the design, manufacture, and supply services for a broad range of products; as such, the closest definition of our industry is the outsourced Electronics Manufacturing Services ("EMS") industry. EMS has experienced significant change and growth as an increasing number of companies elect to outsource some or all of their design, manufacturing, and after-market services requirements. In recent years, we have seen an increased level of diversification by many companies, primarily in the technology sector. Companies that have historically identified themselves as software providers, internet service providers, or e-commerce retailers are entering the highly competitive and rapidly evolving hardware markets, with products including mobile devices, home entertainment and wearable devices. This trend has resulted in significant changes to the hardware manufacturing and supply chain solutions requirements of such companies. Increasingly complex products require highly customized supply chain solutions, in turn resulting in significant changes to the overall manufacturing and supply chain landscape. The growth of the overall industry for calendar year 2015 is estimated to have been around 6%.

We believe the total available market for the EMS industry is poised for continued growth, with current penetration rates estimated to be less than 30%. The intensely competitive nature of the electronics industry, the increasing complexity and sophistication of electronics products, and pressure on OEMs to reduce product costs and shorten product life cycles are all factors that encourage OEMs to utilize supply chain service providers as part of their business and manufacturing strategies. Utilizing global manufacturing and service providers allows OEMs to take advantage of the global design, manufacturing and supply chain management expertise of such providers, and enables OEMs to concentrate on product research, development, marketing, and sales. We believe that OEMs realize a number of important benefits through their strategic relationships with EMS providers, including:

- Improved efficiency and reduced production costs;
- Reduced design and development costs and lead time;
- Accelerated time-to-market and time-to-volume production;
- Reduced capital investment requirements and fixed costs;
- Improved inventory management and purchasing power;
- Access to worldwide design, engineering, manufacturing, and after-market service capabilities; and
- Ability to focus on core branding and R&D initiatives.

We believe that growth in the EMS industry will be largely driven by the need for OEMs to respond to rapidly changing markets and technologies, the increasing complexity of supply chains and the continued pressure to be cost competitive. Additionally, we believe that there are significant opportunities for global EMS providers to win additional business from OEMs in markets or industry segments that have yet to substantially utilize such providers.

SERVICE OFFERINGS

We offer a broad range of customizable services to OEMs. We believe that Flex has the broadest worldwide end-to-end supply chain solution capabilities in the industry, from concept design resources to aftermarket services. We believe a key

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competitive advantage is the Flex Platform, which is our system for improving customer competitiveness by providing superior speed, scope, and scale:

- Speed: Our sophisticated supply chain management tools and expertise allow us to provide customers with access to real-time information that increases visibility throughout the entire product lifecycle, reducing risk while accelerating execution.

- Scope: Our end-to-end services, from sketch to scale™, include design and innovation services, engineering, logistics, and supply chain management. Our deep industry knowledge and multi-domain expertise accelerates the entire process of producing increasingly complex products for increasingly interconnected industries.

- Scale: Our physical infrastructure includes over 100 facilities in approximately 30 countries, staffed by approximately 200,000 employees, providing our customers with truly global scale and strategic geographic distribution capabilities.

We offer global economies of scale in procurement, manufacturing and after-market services, as well as market-focused expertise and capabilities in design and engineering. As a result of our extensive experience in specific markets, we have developed deep understanding of complex market dynamics, giving us the ability to anticipate trends that impact our customers' businesses. Our expertise can help improve our customers' market positioning by effectively adjusting product plans and roadmaps to efficiently and cost-effectively deliver high quality products that meet their time-to-market requirements.

Our services include all processes necessary to design, build, ship and service complete packaged consumer electronics and industrial products for our OEM customers. These services include:

Innovation Services. We provide a comprehensive set of services that enable companies, from startups to multinationals, to successfully innovate, create new products and solutions, and gain access to new markets. These services span the entire product introduction and solution lifecycle by providing access to new technologies, accelerating product development from early concepts to final production-ready design, and providing advanced manufacturing and testing for new product introduction and market access to grow our customers' offerings. We launched the Silicon Valley Open Innovation Initiative to create an ecosystem of customers, suppliers and design tool makers to drive new product innovation technologies that improve productivity, cost and time-to-market. As part of this initiative, we founded the Silicon Valley Open Innovation Summit.

In fiscal year 2016, we continued to expand our Innovation Centers worldwide and further enhanced our flagship Customer Innovation Center in Silicon Valley. Our innovation services include:

- Innovations Labs. Innovation Labs is a design and engineering organization that specializes in supporting customer design and product development services from early concept stages, with the ability to accommodate highly ambiguous requirements. Customers gain access to our design and engineering facilities, technical subject matter expertise, and rapid prototyping resources such as metal and plastic 3D printers and soft tooling capabilities.

- Collective Innovation Platform. The Collective Innovation Platform is an ecosystem of qualified technology solutions that helps customers reduce time-to-market and enhance product functionality by leveraging technology building blocks that have been qualified by Flex as part our technology Centers of Excellence. By joining the Flex Collective Innovation Program, technology providers can monetize their investments and gain access to our large, global customer base. Program members include technology suppliers, startups, software/application providers, research labs/institutes and universities.

- Lab IX. A startup accelerator program that invests in the next generation of disruptive technologies, giving startups a competitive advantage by providing them the necessary resources and connections to grow their business. By bringing together startups, OEMs and technology partners, we provide Lab IX portfolio companies with access to our global end-to-end supply chain solutions, our wealth of experience in hardware design, our manufacturing services and logistics across a wide range of markets, and additional benefits from our specialized partners.

- Centers of Excellence. Centers of Excellence provide strategic technology capabilities developed by Flex in critical solutions areas which are leveraged across multiple industries, for integration into our customers' products. Centers of Excellence include Human Machine Interface, Wireless and Connectivity, Semiconductors, Sensors and Actuators, Power and Battery Management, Smart Software, Flexible Technology, Computing, and Mechanicals and Plastics.

- Interconnect Technology Center. The Interconnect Technology Center provides expertise in both rigid and flexible circuits for next generation printed circuits technology, testing methods, and designs. The Center's state-of-the-art labs

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are specifically designed for printed circuit innovation, with a focus on embedded components, integration and transfer, wearable and stretchable design, thermal management, system integration and simulation.

- CloudLabs. The CloudLabs initiative provides cloud infrastructure companies with engineering and design services to optimize rack-level solutions, especially in the case of multi-vendor equipment integration. CloudLabs enables customers to accelerate a spectrum of cloud, converged infrastructure, and datacenter strategies.

Design and Engineering Services. We offer a comprehensive range of value-added design and engineering services, tailored to the specific markets and needs of our customers. These services can be delivered by one of two primary business models:

- Contract Design Services, where customers purchase engineering and development services on a time and materials basis; or

- Joint Development Manufacturing Services, where our engineering and development teams work jointly with our customers' teams to ensure product development integrity, seamless manufacturing handoffs, and faster time to market.

Our design and engineering services are provided by our global market-based engineering teams and cover a broad range of technical competencies:

- System Architecture, User Interface and Industrial Design. We help our customers design and develop innovative and cost-effective products that address the needs of the user and the market. These services include product definition, analysis and optimization of performance and functional requirements, 2-D sketch level drawings, 3-D mock-ups and proofs of concept, interaction and interface models, detailed hard models, and product packaging.

- Mechanical Engineering, Technology, Enclosure Systems, Thermal and Tooling Design. We offer detailed mechanical, structural, and thermal design solutions for enclosures that encompass a wide range of plastic, metal and other material technologies. These capabilities and technologies are increasingly important to our customers' product differentiation goals and are increasingly required to be successful in today's competitive marketplace. Additionally, we provide design and development services for prototype and production tooling equipment used in manufacturing.

- Electronic System Design. We provide complete electrical and hardware design for products ranging in size from small handheld consumer devices to large, high-speed, carrier-grade, telecommunications equipment, including embedded microprocessors, memory, digital signal processing design, high-speed digital interfaces, analog circuit design, power management solutions, wired and wireless communication protocols, display imaging, audio/video, and radio frequency systems and antenna design.

- Reliability and Failure Analysis. We provide comprehensive design for manufacturing, test, and reliability services leveraging robust, internally-developed tools and databases. These services leverage our core manufacturing competencies to help our customers achieve their time-to-revenue goals.

- Component Level Development Engineering. We have developed substantial engineering competencies for product development and lifecycle management of various component technologies, such as power solutions, and printed circuit board and interconnection technologies, both rigid and flexible.

We are exposed to different or greater potential liabilities from our various design services than those we face in our core assembly and manufacturing services. See "Risk Factors—The success of certain of our activities depends on our ability to protect our intellectual property rights; intellectual property infringement claims against our customers or us could harm our business."

Systems Assembly and Manufacturing. Our assembly and manufacturing operations, which generate the majority of our revenues, include printed circuit board assembly and assembly of systems and subsystems that incorporate printed circuit boards and complex electromechanical components. We often assemble electronics products with our proprietary printed circuit boards and custom electronic enclosures on either a build-to-order or configure-to-order basis. In these operations, we employ just-in-time, ship-to-stock and ship-to-line programs, continuous flow manufacturing, demand flow processes, and statistical process controls. As OEMs seek to provide greater functionality in physically smaller products, they increasingly require more sophisticated manufacturing technologies and processes. Our investment in advanced manufacturing equipment and our expertise in innovative miniaturization, packaging and interconnect technologies, enables us to offer a variety of advanced manufacturing solutions. We support a wide range of product demand profiles, from low-volume, high-complexity programs, to high-volume production. Continuous focus on lean manufacturing, and a systematic approach to identifying and eliminating waste (non-value-added activities) through continuous improvement based on customer demand allows us to increase our efficiency and flexibility to meet dynamic customer requirements. Our systems assembly and manufacturing expertise includes the following:

- Enclosures. We offer a comprehensive set of custom electronics enclosures and related products and services. Our services include the design, manufacture and integration of electronics packaging systems, including custom enclosure systems, power and thermal subsystems, interconnect subsystems, cabling, and cases. In addition to standard sheet metal and plastic fabrication services, we assist in the design of electronics packaging systems that protect sensitive electronics and enhance functionality. Our enclosure design services focus on functionality, manufacturability and testing. These services are integrated with our other assembly and manufacturing services to provide our customers with improved overall supply chain management.

- Testing Services. We offer computer-aided testing services for assembled printed circuit boards, systems and subsystems. These services significantly improve our ability to deliver high-quality products on a consistent basis. Our test services include management defect analysis, in-circuit testing and functional testing as well as environmental stress tests of board and system assemblies. We also offer design for test, manufacturing, and environmental services to jointly improve customer product design and manufacturing.

- Materials Procurement and Inventory Management. Our manufacturing and assembly operations capitalize on our materials inventory management expertise and volume procurement capabilities. As a result, we believe that we are able to achieve highly competitive cost reductions and reduce total manufacturing cycle time for our OEM customers. Materials procurement and management consist of the planning, purchasing, expediting, and warehousing of components and materials used in the manufacturing process. In addition, our strategy includes having third-party suppliers of custom components located in our industrial parks to reduce material and transportation costs, simplify logistics and facilitate inventory management. We also use a sophisticated automated manufacturing resource planning system and enhanced electronic data interchange capabilities to ensure inventory control and optimization. Through our manufacturing resources planning system, we have real-time visibility of material availability and are able to track work in process. We utilize electronic data interchange with our customers and suppliers to implement a variety of supply chain management programs. Electronic data interchange allows customers to share demand and product forecasts, deliver purchase orders and assists suppliers with satisfying just-in-time delivery and supplier-managed inventory requirements. This also enables us to implement vendor-managed inventory solutions to increase flexibility and reduce overall capital allocation in the supply chain. We procure a wide assortment of materials, including electronic components, plastics and metals. There are a number of sources for these materials, including customers for whom we are providing systems assembly and manufacturing services. On some occasions, there have been shortages in certain electronic components, most recently with regard to connectors, capacitors, LCD panels and memory (both DRAM and Flash). However, such shortages have not had a material impact on our operating results for any periods presented. See "Risk Factors—We may be adversely affected by shortages of required electronic components."

Component businesses. We offer the following components product solutions:

- Rigid and Flexible Printed Circuit Board ("PCB") Fabrication. Printed circuit boards are composed of laminated materials that provide the interconnection for integrated circuits, passive and other electronic components and thus are at the heart of almost every electrical system. They are formed out of multi-layered epoxy resin and glass cloth systems with very fine traces, spaces, and plated holes (called vias) which interconnect the different layers into an extremely dense circuit network that carries the electrical signals between components. As semiconductor designs become more complex and signal speeds increase, there is an increasing demand for higher density integration on printed circuit boards, requiring higher layer counts, finer lines and spacings, smaller vias (microvias) and base materials with very low electrical loss characteristics. The manufacturing of these complex multilayer interconnect products often requires the use of sophisticated circuit interconnections between layers, and adherence to strict electrical characteristics to maintain consistent transmission speeds and impedances. The global demand for wireless devices and the complexity of wireless products are driving the demand for more flexible printed circuits. Flexible circuit boards facilitate a reduction in the weight of a finished electronic product and allow the designer to use the third dimension in designing new products or product features. Flexible circuits have become a very attractive design alternative for many new and emerging application spaces such as automotive rear light-emitting diode ("LED") lighting, tablet computers, and miniaturized radio frequency identification tags or smart cards. We are an industry leader in high-density interconnect with Every Layer Inter Connect ("ELIC") technology, which is widely used in smart phone designs, and multilayer constructions which are used in advanced routers and switches, telecom equipment, servers, storage, and flexible printed circuit boards and flexible printed circuit board assemblies. Our PCB business (Multek) manufactures printed circuit boards on a low-volume, quick-turn basis, as well as on a high-volume production basis. We provide quick-turn prototype services that allow us to provide small test quantities to meet the

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needs of customers' product development groups in as quickly as 48 hours. Our extensive range of services enables us to respond to our customers' demands for an accelerated transition from prototype to volume production. Multek offers a one-stop solution from design to manufacturing of PCB, flexible circuits and rigid flex circuits and sub-assemblies. We have printed circuit board and flexible circuit fabrication service capabilities in North America and Asia. During fiscal year 2014, we completed the closing of our Multek factories in Germany and Brazil. This drove operational efficiencies, and resulted in an optimization of our system, which will reduce the revenue level required to achieve better margins. Going forward, our PCB capabilities will be centered in Asia and North America.

- Power Supplies. We have a full service power supply business ("Flex Power") that is a key player in the mobile revolution, with expertise in high efficiency and high density switching power supplies ranging from 1 to 3,000 watts. Our product portfolio includes chargers for smartphones and tablets, adapters for notebooks and gaming, and power supplies for server, storage, and networking markets. We pride ourselves on our ability to service the needs of industry leaders in these markets through valuable technology, design expertise, collaborative development, and efficient execution. Our products are fully compliant with the environmental and Energy Star requirements that drive efficiency specifications in our industry. Customers who engage with Flex Power gain access to compelling innovations and intellectual property in digital control and smart power.

Logistics. Our Flex Global Services business is a provider of after-market supply chain logistics services. Our comprehensive suite of services is tailored to customers operating in the computing, consumer digital, infrastructure, industrial, mobile and medical markets. Our expansive global infrastructure includes 27 sites and approximately 11,000 employees strategically located throughout the Americas, Europe, and Asia. By leveraging our operational infrastructure, supply chain network, and IT systems, we are able to offer our customers globally consistent logistics solutions. By linking the flow of information from these supply chains, we create supply chain insight for our customers. We provide multiple logistics solutions including supplier-managed inventory, inbound freight management, product postponement, build/configure to order, order fulfillment and distribution, and supply chain network design.

Reverse Logistics and Repair Services. We offer a suite of integrated reverse logistics and repair solutions that use globally consistent processes, which help increase our customers' brand loyalty by improving turnaround times and raising end-customer satisfaction levels. Our objective is to maximize asset value retention for our customers' products throughout their product life cycle while simultaneously minimizing non-value added repair inventory levels and handling in the supply chain. With our suite of end-to-end solutions, we can effectively manage our customers' reverse logistics requirements, while providing critical feedback to their supply chain constituents, delivering continuous improvement and efficiencies for both existing and next generation products. Our reverse logistics and repair solutions include returns management, exchange programs, complex repair, asset recovery, recycling and e-waste management. We provide repair expertise to multiple product lines such as consumer and midrange products, printers, smart phones, consumer medical devices, notebooks, PC's, set-top boxes, game consoles and highly complex infrastructure products. With our service parts logistics business, we manage all of the logistics and restocking processes essential to the efficient operation of repair and refurbishment services.

STRATEGY

We build intelligent products for a connected world. We do this by providing our customers with end-to-end product development services, from innovation, design, and engineering, to manufacturing, logistics, and supply chain solutions. We strive to help create a smarter, more connected world, enabling simpler, richer lives through technology. Our strategy is to enable and scale innovation for our customers, maintain our leadership in our core capabilities, and build extended offerings in high-growth sectors.

Talent. To maintain our competitiveness and world-class capabilities, we focus on hiring and retaining the world's best talent. We empower talented employees to develop global supply chain solutions that transform industries and companies. We have taken steps to attract the best functional and operational leaders and have accelerated efforts to develop the future leaders of the company.

Customer-Focus. We believe that serving aspiring leaders in dynamic industries fosters the development of our core skills and results in superior growth and profitability. Our customers come first, and we have a relentless focus on delivering distinctive products and services in a cost-effective manner with fast time-to-market.

Market Focus. We apply a rigorous approach to managing our portfolio of opportunities by focusing on companies that are leaders in their industry and value our superior capabilities in design, manufacturing, supply chain and aftermarket services. We focus our energy and efforts on high-growth markets where we have distinctive competence and compelling value propositions. Examples include our investments in energy, healthcare, automotive, industrial markets, and a number of enabling components technologies. Our market-focused approach to managing our business increases our customers' competitiveness by leveraging our deep industry expertise, as well as global scale and sensitivity and rapid response to changes in market dynamics.

Global Operations Capabilities. We continue to invest in maintaining the leadership of our world-class manufacturing and services capabilities. We constantly push the state of the art in manufacturing technology, process development and operations management. We believe these skills, IP, and assets contribute to our significant competitive advantage. We continue to capitalize on our industrial park concept, where we co-locate our manufacturing, design, and service resources in low-cost regions, to provide a competitive advantage by minimizing logistics, manufacturing costs, and cycle times while increasing flexibility and responsiveness. Our ability to cost effectively manage such a massive worldwide system is itself a major competitive advantage.

Extended Value Propositions. We continue to extend our distinctiveness in manufacturing into new value propositions that leverage our core capabilities. We opportunistically invest in new capabilities and services to provide our customers with a broader value-added suite of services and solutions to meet their product and market requirements. We continue to develop manufacturing process technologies that reduce cost and improve product performance.

COMPETITIVE STRENGTHS

We continue to enhance our business through the development and expansion of our product and service offerings. We strive to maintain the efficiency and flexibility of our organization, with repeatable execution that adapts to macro-economic changes providing clear value to our customers, while increasing their competitiveness. We have a focused strategy on delivering scale, scope and speed to our customers through world-class operations, innovation and design services, supply chain solutions, and industry and market expertise. We provide real-time supply chain applications that enable improved supply chain visibility, allowing customers to better monitor and mitigate risks. We believe the following capabilities further differentiate us from our competitors and enable us to better serve our customers' requirements:

Significant Scale and Global Integrated System. We believe that scale is a significant competitive advantage, as our customers' solutions increasingly require cost structures and capabilities that can only be achieved through size and global reach. We are a leader in global procurement, purchasing approximately $22.6 billion of materials during our fiscal year ended March 31, 2016. As a result, we are able to use our worldwide supplier relationships to achieve advantageous pricing and supply chain flexibility for our OEM customers.

We have established an extensive, integrated network of design, manufacturing and logistics facilities in the world's major consumer electronics and industrial markets to serve the outsourcing needs of both multinational and regional OEMs. Our extensive global network of over 100 facilities in approximately 30 countries with approximately 200,000 employees, helps increase our customers' competitiveness by simplifying their global product development processes while delivering improved product quality with improved performance and accelerated time to market.

End-to-End Solutions. We offer a comprehensive range of worldwide supply chain services that simplify and improve global product development processes, providing meaningful time and cost savings to our OEM customers. Our broad-based, end-to-end services enable us to cost effectively design, build, ship and service a complete packaged product. We believe that our capabilities help our customers improve product quality, manufacturability and performance, while reducing costs. We have expanded and enhanced our service offering by adding capabilities in 3D printing, automation, innovation labs, real-time supply chain software, plastics, machining, and mobile charging, and by introducing new capabilities in areas such as solar equipment, large format stamping, and chargers.

Long-Standing Customer Relationships. We believe that maintaining our long-term relationships with key customers is a critical requirement for maintaining our market position, growth and profitability. We believe that our ability to maintain and grow these customer relationships results from our history and reputation of creating value for our customers while increasing their own competitiveness. We achieve this through our market-focused approach, our broad range of service offerings and solutions, and our deep industry expertise, which allow us to provide innovative solutions to all of the manufacturing and related service needs of our customers. We continue to receive numerous service and quality awards that further validate the strength of our customer relationships.

Extensive Design and Engineering Capabilities. We have an industry-leading global design service offering, with extensive product design engineering resources, that provides design services, product developments, and solutions to satisfy a wide array of customer requirements across all of our key markets. We combine our design and manufacturing services to provide sketch to scale™ customized solutions that include services from design concept, through product industrialization and product development, including the manufacture of components and complete products (such as smart phones), which are then sold by our OEM customers under the OEMs' brand names.

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Geographic, Customer and End Market Diversification. We believe we have created a well-diversified and balanced company. Our business spans multiple end markets, significantly expanding our total available market. The world is experiencing rapid changes, and macro-economic disruptions have led to demand shifts and realignments. We believe that we are well-positioned through our market diversification to grow faster than the industry average and successfully navigate through difficult economic times. Our broad geographic footprint and experiences with multiple product types and complexity levels create a significant competitive advantage. We continually look for new ways to diversify our offering within each market segment.

Customer and Product Innovation Centers. We have established state-of-the art innovation centers in the Americas, Asia and Europe, with differentiated offerings and specialized services and focus. Some of these offerings include the most advanced 3D plastic printing, 3D metal printing, surface mount technology (SMT), and X-ray and test equipment to support major industries in bringing innovative products to market rapidly. We also have a reliability and failure analysis lab and an automation applications team. Another key feature is our focus on confidentiality and security as we offer dedicated customer-confidential work spaces that provide increased security and restricted access to protect our OEM customers' intellectual property ("IP") and the confidentiality of new products being launched into the marketplace. These innovation centers offer our customers a geographically-focused version of our sketch to scale™ services, taking their product from concept to volume production and go-to-market in a rapid, cost effective and low risk manner.

Industrial Parks; Low-Cost Manufacturing Services. We have developed self-contained campuses that co-locate our manufacturing and logistics operations with our suppliers at a single, low-cost location. These industrial parks enhance our supply chain management efficiency, while providing a low-cost, multi-technology solution for our customers. This approach increases the competitiveness of our customers by reducing logistical barriers and costs, improving communications, increasing flexibility, lowering transportation costs and reducing turnaround times. We have strategically established our industrial parks in Brazil, China, Hungary, Israel, Malaysia, Mexico, Poland, Romania, and the Ukraine.

We have selected manufacturing operations situated in low-cost regions of the world to provide our customers with a wide array of manufacturing solutions and low manufacturing costs. As of March 31, 2016, approximately 76% of our manufacturing capacity was located in low-cost locations, such as Brazil, China, Hungary, India, Malaysia, Mexico, Poland, Romania, and the Ukraine. We believe we are a global industry leader in low-cost production capabilities.

CUSTOMERS

Our customers include many of the world's leading technology companies. We have focused on establishing long-term relationships with our customers and have been successful in expanding our relationships to incorporate additional product lines and services. In fiscal year 2016, our ten largest customers accounted for approximately 46% of net sales. Only Lenovo/Motorola, a customer in our CTG segment, accounted for greater than 10% of the Company's net sales in fiscal year 2016.

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The following table lists in alphabetical order a sample of our largest customers in fiscal year 2016 and the end products of those customers for which we provide design, manufacturing and/or after-market services:

Customer	End Products
Apple	Desktop computing, power chargers, and after-market services for notebooks, tablets, and smart-phones
Cisco	Core routers and switches, data center, wireless and enterprise telecommunications infrastructure equipment
Ericsson	Radio base stations for Long Term Evolution and GSM infrastructure, and optical communications equipment
Fitbit Inc	Wearable electronics, digital health devices
Ford Motor Company	In-car connectivity, Lighting Products, Solenoids and Motion Control Electronics
Hewlett-Packard	Printers, storage devices, and services for computing devices
Huawei Technologies	Wireless and enterprise telecommunications infrastructure, smartphones, and optical communications equipment
Lenovo/Motorola*	Mobile communication devices, wearables and connected living devices
Microsoft	Gaming, computer peripherals, and other consumer electronics devices
Nokia/Alcatel-Lucent**	Business telecommunications systems, core routers and switches, and optical communications equipment

* Lenovo/Motorola includes net sales from its former parent, Google, up to the point in time when Motorola Mobility was acquired by Lenovo and including net sales from Lenovo thereafter.

** Nokia/Alcatel-Lucent includes net sales from its parent Nokia beginning with the fourth quarter of fiscal year 2016, as Nokia's acquisition of Alcatel-Lucent was closed during January 2016.

BACKLOG

Although we obtain firm purchase orders from our customers, OEM customers typically do not make firm orders for delivery of products more than 30 to 90 days in advance. In addition, OEM customers may reschedule or cancel firm orders depending on contractual arrangements. Therefore, we do not believe that the backlog of expected product sales covered by firm purchase orders is a meaningful measure of future sales.

COMPETITION

Our market is extremely competitive and includes many companies, several of which have achieved substantial market share. We compete against numerous domestic and foreign manufacturing service providers, as well as our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. We face particular competition from Asian-based competitors, including Taiwanese Original Design Manufacturing ("ODM") suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production.

We compete with different companies depending on the type of service we are providing or the geographic area in which an activity takes place. We believe that the principal competitive factors in the manufacturing services market are quality and range of services, design and technological capabilities; cost; location of facilities; responsiveness and flexibility. We believe we are extremely competitive with regard to all of these factors.

SOCIAL RESPONSIBILITY

Our Corporate Social and Environmental Responsibility ("CSER") management system has several elements, including environmental, health and safety compliance, labor and human rights, ethics, governance, and community engagement. Flex's CSER framework is based upon the principles, policies, and standards prescribed by the Electronics Industry Citizenship Coalition ("EICC"), a worldwide association of electronics companies committed to promoting an industry code of conduct for global electronics supply chains to improve working and environmental, health and safety conditions as well as other relevant international standards (e.g., ISO 14001). Flex is a founding member of the EICC. Social responsibility is also an area of increasing regulation, with specific regulations such as the California Transparency in Supply Chains Act, the U.S. Federal Acquisition Regulation on Human Trafficking and the U.K. Modern Slavery Act of 2015, all creating new compliance and disclosure obligations for the Company and for our customers. We operate a number of programs, including compliance audits,

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data collection, training and leadership programs that focus upon driving continuous improvements in social, ethical, and environmental performance throughout all of our global operating units, all in accordance with our Code of Business Conduct and Ethics. Being a good corporate citizen does not mean we should merely conform to standards. We go beyond required responsibilities by offering a wide range of programs and initiatives to engage both our internal and external communities. At the heart of this endeavor lies our pragmatic goal of positively influencing the lives of people in the communities in which we operate. We intend to continue investing in these global communities through grant-making, financial contributions, volunteer work, direct engagement and donation of resources.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), Section 1502, introduced reporting requirements related to the verification of whether we are directly (or indirectly through suppliers of materials) purchasing the following minerals: columbite-tantalite, also known as coltan (the metal ore from which tantalum is extracted); cassiterite (the metal ore from which tin is extracted); gold; wolframite (the metal ore from which tungsten is extracted); or their derivatives; or any other mineral or its derivatives as determined by the Secretary of State associated with financing conflicts in the Democratic Republic of the Congo or an adjoining country. We are working directly with suppliers, industry groups, and customers to comply with the due diligence reporting requirements necessary to comply with this law. See "Risk Factors—Compliance with government regulations regarding the use of 'conflict minerals' may result in increased costs and risks to us." We have filed Conflict Minerals reports with the Securities and Exchange Commission (SEC) in accordance with the Dodd-Frank Act.

ENVIRONMENTAL REGULATION

Our operations are regulated under various federal, state, local and international laws governing the environment, including laws governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We have implemented processes and procedures to ensure that our operations are in compliance with all applicable environmental regulations. We do not believe that costs of compliance with these laws and regulations will have a material adverse effect on our capital expenditures, operating results, or competitive position. In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third-party sites. We engage environmental consulting firms to assist us in the evaluation of environmental liabilities associated with our ongoing operations, historical disposal activities and closed sites in order to establish appropriate accruals in our financial statements. We determine the amount of our accruals for environmental matters by analyzing and estimating the probability of occurrence and the reasonable possibility of incurring costs in light of information currently available. The imposition of more stringent standards or requirements under environmental laws or regulations, the results of future testing and analysis undertaken by us at our operating facilities, or a determination that we are potentially responsible for the release of hazardous substances at other sites could result in expenditures in excess of amounts currently estimated to be required for such matters. There can be no assurance that additional environmental matters will not arise in the future or that costs will not be incurred with respect to sites as to which no issue is currently known.

We are also required to comply with an increasing number of product environmental compliance regulations focused upon the restriction of certain hazardous substances. For example, the electronics industry is subject to the European Union's ("EU") Restrictions on Hazardous Substances ("RoHS") 2011/65/EU, Waste Electrical and Electronic Equipment ("WEEE") 2012/19/EU directives, the regulation EC 1907/2006 EU Directive REACH ("Registration, Evaluation, Authorization, and Restriction of Chemicals"), and China RoHS entitled, Management Methods for Controlling Pollution for Electronic Information Products ("EIPs"). Similar legislation has been or may be enacted in other jurisdictions, including the United States. Our business requires close collaboration with our customers and suppliers to mitigate risks of non-compliance. We have developed rigorous compliance programs designed to meet the needs and specifications of our customers as well as the regulations. These programs vary from collecting compliance or material data from our Flex controlled or managed suppliers to full laboratory testing, and we include compliance requirements in our standard supplier contracts. Non-compliance could potentially result in significant costs and/or penalties. RoHS and other similar legislation bans or restricts the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. In the case of WEEE, although the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies, OEMs may turn to EMS companies for assistance in meeting their WEEE obligations. Flex continues to monitor developments related to product environmental compliance and is working with our customers and other technical organizations to anticipate and minimize any impacts to our operations.

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EMPLOYEES

As of March 31, 2016, our global workforce totaled approximately 200,000 employees. In certain international locations, our employees are represented by labor unions and by work councils. We have never experienced a significant work stoppage or strike, and we believe that our employee relations are good.

Our success depends to a large extent upon the continued services of key managerial and technical employees. The loss of such personnel could seriously harm our business, results of operations and business prospects. To date, we have not experienced significant difficulties in attracting or retaining such personnel.

INTELLECTUAL PROPERTY

We own or license various United States and foreign patents relating to a variety of technologies. For certain of our proprietary processes, we rely on trade secret protection. We also have registered our corporate name and several other trademarks and service marks that we use in our business in the United States and other countries throughout the world. As of March 31, 2016 and 2015, the carrying value of our intellectual property was not material.

Although we believe that our intellectual property assets and licenses are sufficient for the operation of our business as we currently conduct it, from time to time third parties do assert patent infringement claims against us or our customers. In addition, we provide design and engineering services to our customers and also design and make our own products. As a consequence of these activities, our customers are requiring us to take responsibility for intellectual property to a greater extent than in our manufacturing and assembly businesses. If and when third parties make assertions regarding the ownership or right to use intellectual property, we could be required to either enter into licensing arrangements or to resolve the issue through litigation. Such license rights might not be available to us on commercially acceptable terms, if at all, and any such litigation might not be resolved in our favor. Additionally, litigation could be lengthy and costly and could materially harm our financial condition regardless of the outcome. We also could be required to incur substantial costs to redesign a product or re-perform design services.

FINANCIAL INFORMATION ABOUT SEGMENTS AND GEOGRAPHIC AREAS

Refer to note 19 to our consolidated financial statements included under Item 8 for financial information about our business segments and geographic areas.

ADDITIONAL INFORMATION

Our Internet address is http://www.flextronics.com. We make available through our Internet website the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

We were incorporated in the Republic of Singapore in May 1990. Our principal corporate office is located at 2 Changi South Lane, Singapore 486123. Our U.S. corporate headquarters is located at 6201 America Center Drive, San Jose, CA, 95002.

ITEM 1A. RISK FACTORS

We depend on industries that continually produce technologically advanced products with short product life cycles and our business would be adversely affected if our customers' products are not successful or if our customers lose market share.

We derive our revenues from customers in the following business groups:

- HRS, which is comprised of our medical business including consumer health, digital health, disposables, drug delivery, diagnostics, life sciences, and imaging equipment; our automotive business, including vehicle electronics, connectivity, and clean technologies; and our defense and aerospace businesses, focused on commercial aviation, defense, and military;

- CTG, which includes our mobile devices business, including smart phones; our consumer electronics business, including connected living, wearable electronics including digital sport, game consoles, and connectivity devices; and our high-volume computing business, including various supply chain solutions for notebook personal computers ("PC"), tablets, and printers; in addition, our CTG group is expanding its business relationships to include supply chain optimization for non-electronics products such as shoes and clothing;

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- IEI, which is comprised of semiconductor and capital equipment, office solutions, household, industrial, and lifestyle, industrial automation and kiosks, energy and metering, and lighting; and

- CEC, formerly referred to as INS, which includes radio access base stations, remote radio heads, and small cells for wireless infrastructure; optical, routing, broadcasting, and switching products for the data and video networks; server and storage platforms for both enterprise and cloud based deployments; next generation storage and security appliance products; and rack level solutions, converged infrastructure, and software defined product solutions.

Factors affecting any of these industries in general or our customers in particular, could adversely impact us. These factors include:

- rapid changes in technology, evolving industry standards, and requirements for continuous improvement in products and services that result in short product life cycles;

- demand for our customers' products may be seasonal;

- our customers may fail to successfully market their products, and our customers' products may fail to gain widespread commercial acceptance;

- our customers' products may have supply chain issues;

- our customers may experience dramatic market share shifts in demand which may cause them to lose market share or exit businesses; and

- there may be recessionary periods in our customers' markets, such as the recent global economic downturn.

Our customers may cancel their orders, change production quantities or locations, or delay production, and our current and potential customers may decide to manufacture some or all of their products internally, which could harm our business.

Cancellations, reductions, or delays by a significant customer or by a group of customers have harmed, and may in the future harm, our results of operations by reducing the volumes of products we manufacture and deliver for these customers, by causing a delay in the repayment of our expenditures for inventory in preparation for customer orders, and by lowering our asset utilization resulting in lower gross margins. Additionally, current and prospective customers continuously evaluate our capabilities against other providers as well as against the merits of manufacturing products themselves. Our business would be adversely affected if OEMs decide to perform these functions internally or transfer their business to another provider. In addition, we face competition from the manufacturing operations of some of our current and potential customers, who are continually evaluating the merits of manufacturing products internally against the advantages of outsourcing. In the past, some of our customers moved a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity. Any of these developments could cause a decline in our sales, loss of market acceptance of our products or services, decreases of our profits or loss of our market share.

As a provider of design and manufacturing services and components for electronics, we must provide increasingly rapid product turnaround time for our customers. We generally do not obtain firm, long-term purchase commitments from our customers, and we often experience reduced lead times in customer orders which may be less than the lead time we require to procure necessary components and materials.

The short-term nature of our customers' commitments and the rapid changes in demand for their products reduces our ability to accurately estimate the future requirements of our customers. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. In that regard, we must make significant decisions, including determining the levels of business that we will seek and accept, setting production schedules, making component procurement commitments, and allocating personnel and other resources based on our estimates of our customers' requirements.

On occasion, customers require rapid increases in production or require that manufacturing of their products be transitioned from one facility to another to reduce costs or achieve other objectives. These demands stress our resources, can cause supply chain management issues, and reduce our margins. We may not have sufficient capacity at any given time to meet our customers' demands, and transfers from one facility to another can result in inefficiencies and costs due to excess capacity in one facility and corresponding capacity constraints at another. Many of our costs and operating expenses are relatively fixed, thus customer order fluctuations, deferrals, and transfers of demand from one facility to another, as described above, have had a material adverse effect on our operating results in the past and we may experience such effects in the future.

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Our industry is extremely competitive; if we are not able to continue to provide competitive services, we may lose business.

We compete with a number of different companies, depending on the type of service we provide or the location of our operations. For example, we compete with major global EMS providers, other smaller EMS companies that have a regional or product-specific focus and ODMs with respect to some of the services that we provide. We also compete with our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. Our industry is extremely competitive, many of our competitors have achieved substantial market share, and some may have lower cost structures or greater design, manufacturing, financial or other resources than we do. We face particular competition from Asian-based competitors, including Taiwanese ODM suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production. If we are unable to provide comparable manufacturing services and improved products at lower cost than the other companies in our market, our net sales could decline.

A significant percentage of our sales come from a small number of customers and a decline in sales to any of these customers could adversely affect our business.

Sales to our ten largest customers represent a significant percentage of our net sales. Our ten largest customers accounted for approximately 46%, 50% and 52% of net sales in fiscal years 2016, 2015 and 2014, respectively. Only Lenovo/Motorola (including net sales from its former parent, Google, up to the point in time when Motorola Mobility was acquired by Lenovo and including net sales from Lenovo thereafter), which is reflected in our CTG segment, accounted for more than 10% of net sales in fiscal year 2016, 2015 and 2014. Our principal customers have varied from year to year. These customers may experience dramatic declines in their market shares or competitive position, due to economic or other forces, that may cause them to reduce their purchases from us or, in some cases, result in the termination of their relationship with us. Significant reductions in sales to any of these customers, or the loss of major customers, would materially harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues and profitability could be harmed.

Our components business is dependent on our ability to quickly launch world-class components products, and our investment in the development of our component capabilities, together with the start-up and integration costs necessary to achieve quick launches of world-class components products, may adversely affect our margins and profitability.

Our components business, which includes rigid and flexible printed circuit board fabrication, and power supply manufacturing, is part of our strategy to improve our competitive position and to grow our future margins, profitability and shareholder returns by expanding our capabilities. The success of our components business is dependent on our ability to design and introduce world- class components that have performance characteristics which are suitable for a broad market and that offer significant price and/or performance advantages over competitive products.

To create these world class components offerings, we must continue to make substantial investments in the development of our components capabilities, in resources such as research and development, technology licensing, test and tooling equipment, facility expansions and personnel requirements. We may not be able to achieve or maintain market acceptance for any of our components offerings in any of our current or target markets. The success of our components business will also depend upon the level of market acceptance of our customers' end products, which incorporate our components, and over which we have no control.

In addition, OEMs often require unique configurations or custom designs, which must be developed and integrated in the OEM's product well before the OEM launches the product. Thus, there is often substantial lead-time between the commencement of design efforts for a customized component and the commencement of volume shipments of the component to the OEM. As a result, we may make substantial investments in the development and customization of products for our customers, and no revenue may be generated from these efforts if our customers do not accept the customized component. Even if our customers accept the customized component, if our customers do not purchase anticipated levels of products, we may not realize any profits.

Our achievement of anticipated levels of profitability in our components business is also dependent on our ability to achieve efficiencies in our manufacturing as well as to manufacture components in commercial quantities to the performance specifications demanded by our OEM customers. As a result of these and other risks, we have been, and in the future may be, unable to achieve anticipated levels of profitability in our components business.

Our exposure to financially troubled customers or suppliers may adversely affect our financial results.

We provide manufacturing services to companies and industries that have in the past, and may in the future, experience financial difficulty. If some of our customers experience financial difficulty, we could have difficulty recovering amounts owed to us from these customers, or demand for our products from these customers could decline. Additionally, if our suppliers experience financial difficulty we could have difficulty sourcing supplies necessary to fulfill production requirements and meet

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scheduled shipments. If one or more of our customers were to become insolvent or otherwise were unable to pay for the services provided by us on a timely basis, or at all, our operating results and financial condition could be adversely affected. Such adverse effects could include one or more of the following: an increase in our provision for doubtful accounts, a charge for inventory write-offs, a reduction in revenue, and an increase in our working capital requirements due to higher inventory levels and increases in days our accounts receivable are outstanding. On April 21, 2016, SunEdison, Inc. and certain of its subsidiaries ("SunEdison") filed for protection under Chapter 11 of the U.S. Bankruptcy Code. For the fiscal year ended March 31, 2016, we recognized approximately $61.0 million in charges for provisions of accounts receivable associated with our outstanding SunEdison receivables. The estimates underlying our recorded provisions, as well as consideration of other potential customer bankruptcy-related contingencies associated with the SunEdison bankruptcy proceedings, are based on the facts currently known to us. If these facts change, the provisions are subject to change or we could recognize additional charges, either of which could be material.

We may be adversely affected by shortages of required electronic components.

From time to time, we have experienced shortages of some of the electronic components that we use. These shortages can result from strong demand for those components or from problems experienced by suppliers, such as shortages of raw materials. These unanticipated component shortages could result in curtailed production or delays in production, which may prevent us from making scheduled shipments to customers. Our inability to make scheduled shipments could cause us to experience a reduction in sales, increase in inventory levels and costs, and could adversely affect relationships with existing and prospective customers. Component shortages may also increase our cost of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results. Our performance depends, in part, on our ability to incorporate changes in component costs into the selling prices for our products.

Our supply chain may also be impacted by other events outside our control, including macro-economic events, political crises or natural or environmental occurrences.

Our margins and profitability may be adversely affected due to substantial investments, start-up and production ramp costs in our design services.

As part of our strategy to enhance our end-to-end service offerings, we continue to expand our design and engineering capabilities. Providing these services can expose us to different or greater potential risks than those we face when providing our manufacturing services.

Although we enter into contracts with our design services customers, we may design and develop products for these customers prior to receiving a purchase order or other firm commitment from them. We are required to make substantial investments in the resources necessary to design and develop these products, and no revenue may be generated from these efforts if our customers do not approve the designs in a timely manner or at all. Even if our customers accept our designs, if they do not then purchase anticipated levels of products, we may not realize any profits. Our design activities often require that we purchase inventory for initial production runs before we have a purchase commitment from a customer. Even after we have a contract with a customer with respect to a product, these contracts may allow the customer to delay or cancel deliveries and may not obligate the customer to any particular volume of purchases. These contracts can generally be terminated on short notice. In addition, some of the products we design and develop must satisfy safety and regulatory standards and some must receive government certifications. If we fail to obtain these approvals or certifications on a timely basis, we would be unable to sell these products, which would harm our sales, profitability and reputation.

Our design services offerings require significant investments in research and development, technology licensing, test and tooling equipment, patent applications, facility expansion and recruitment. We may not be able to achieve a high enough level of sales for this business to be profitable. The initial costs of investing in the resources necessary to expand our design and engineering capabilities, and in particular to support our design services offerings, have historically adversely affected our profitability, and may continue to do so as we continue to make investments to grow these capabilities.

In addition, we agree to certain product price limitations and cost reduction targets in connection with these services. Inflationary and other increases in the costs of the raw materials and labor required to produce the products have occurred and may recur from time to time. Also, the production ramps for these programs are typically significant and negatively impact our margin in early stages as the manufacturing volumes are lower and result in inefficiencies and unabsorbed manufacturing overhead costs. We may not be able to reduce costs, incorporate changes in costs into the selling prices of our products, or increase operating efficiencies as we ramp production of our products, which would adversely affect our margins and our results of operations.

We conduct operations in a number of countries and are subject to the risks inherent in international operations.

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The geographic distances between the Americas, Asia and Europe create a number of logistical and communications challenges for us. These challenges include managing operations across multiple time zones, directing the manufacture and delivery of products across distances, coordinating procurement of components and raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the core management team, which is based in a number of different countries.

Facilities in several different locations may be involved at different stages of the production process of a single product, leading to additional logistical difficulties.

Because our manufacturing operations are located in a number of countries throughout the Americas, Asia and Europe, we are subject to risks of changes in economic and political conditions in those countries, including:

- fluctuations in the value of local currencies;
- labor unrest, difficulties in staffing and geographic labor shortages;
- longer payment cycles;
- cultural differences;
- increases in duties and taxation levied on our products;
- increased scrutiny by the media and other third parties of labor practices within our industry (including but not limited to working conditions) which may result in allegations of violations, more stringent and burdensome labor laws and regulations and inconsistency in the enforcement and interpretation of such laws and regulations, higher labor costs, and/or loss of revenues if our customers become dissatisfied with our labor practices and diminish or terminate their relationship with us;
- imposition of restrictions on currency conversion or the transfer of funds;
- limitations on imports or exports of components or assembled products, or other travel restrictions;
- expropriation of private enterprises;
- ineffective legal protection of our intellectual property rights in certain countries;
- natural disasters;
- exposure to infectious disease and epidemics;
- political unrest; and
- a potential reversal of current favorable policies encouraging foreign investment or foreign trade by our host countries.

The attractiveness of our services to U.S. customers can be affected by changes in U.S. trade policies, such as most favored nation status and trade preferences for some Asian countries. In addition, some countries in which we operate, such as Brazil, Hungary, India, Mexico, Malaysia and Poland, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China, Brazil and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on us. We could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which we operate. In addition, we may encounter labor disruptions and rising labor costs, in particular within the lower-cost regions in which we operate. Any increase in labor costs that we are unable to recover in our pricing to our customers could adversely impact our operating results.

Operations in foreign countries also present risks associated with currency exchange and convertibility, inflation and repatriation of earnings. In some countries, economic and monetary conditions and other factors could affect our ability to convert our cash distributions to U.S. dollars or other freely convertible currencies, or to move funds from our accounts in these countries. Furthermore, the central bank of any of these countries may have the authority to suspend, restrict or otherwise impose conditions on foreign exchange transactions or to approve distributions to foreign investors.

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The success of certain of our activities depends on our ability to protect our intellectual property rights; intellectual property infringement claims against our customers or us could harm our business.

We retain certain intellectual property rights to some of the technologies that we develop as part of our engineering, design and manufacturing services and components offerings. The measures we have taken to prevent unauthorized use of our technology may not be successful. If we are unable to protect our intellectual property rights, this could reduce or eliminate the competitive advantages of our proprietary technology, which would harm our business.

Our engineering, design and manufacturing services and components offerings involve the creation and use of intellectual property rights, which subject us to the risk of claims of intellectual property infringement from third parties, as well as claims arising from the allocation of intellectual property rights among us and our customers. In addition, our customers are increasingly requiring us to indemnify them against the risk of intellectual property infringement. If any claims are brought against us or our customers for such infringement, whether or not these have merit, we could be required to expend significant resources in defense of such claims. In the event of such an infringement claim, we may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses or to resolve the issue through litigation. We may not be successful in developing such alternatives or obtaining such licenses on reasonable terms or at all, and any such litigation might not be resolved in our favor. Additionally, litigation could be lengthy and costly, and could materially harm our financial condition regardless of outcome.

If our IT or physical security systems are breached, we may incur significant legal and financial exposure.

We regularly face attempts by others to gain unauthorized access through the Internet or to introduce malicious software to our information systems. We are also a target of malicious attackers who attempt to gain access to our network or data centers or those of our customers or end users; steal proprietary information related to our business, products, employees, and customers; or interrupt our systems and services or those of our customers or others. We believe such attempts are increasing in number and in technical sophistication. In some instances, we, our customers, and the users of our products and services might be unaware of an incident or its magnitude and effects. We have implemented security systems with the intent of maintaining the physical security of our facilities and inventory and protecting our customers' and our suppliers' confidential information. In addition, while we seek to detect and investigate all unauthorized attempts and attacks against our network, products, and services, and to prevent their recurrence where practicable through changes to our internal processes and tools, we are subject to, and at times have suffered from, breach of these security systems which have in the past and may in the future result in unauthorized access to our facilities and/or unauthorized use or theft of the inventory or information we are trying to protect. If unauthorized parties gain physical access to our inventory or if they gain electronic access to our information systems or if such information or inventory is used in an unauthorized manner, misdirected, lost or stolen during transmission or transport, any theft or misuse of such information or inventory could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties including our customers and possible financial obligations for damages related to the theft or misuse of such information or inventory, any of which could have a material adverse effect on our profitability and cash flow.

If our compliance policies are breached, we may incur significant legal and financial exposure.

We have implemented local and global compliance policies to ensure compliance with our legal obligations across our operations. A significant legal risk resulting from our international operations is compliance with the U.S. Foreign Corrupt Practices Act or similar local laws of the countries in which we do business, including the UK Anti-Bribery Act, which prohibits covered companies from making payments to foreign government officials to assist in obtaining or retaining business. Our Code of Business Conduct prohibits corrupt payments on a global basis and precludes us from offering or giving anything of value to a government official for the purpose of obtaining or retaining business, to win a business advantage or to improperly influence a decision regarding Flex. Nevertheless, there can be no assurance that all of our employees and agents will refrain from taking actions in violation of this and our related anti-corruption policies and procedures. Any such violation could have a material adverse effect on our business.

We are subject to risks relating to litigation, which may have a material adverse effect on our business.

From time to time, we are involved in various claims, suits, investigations and legal proceedings. Additional legal claims or regulatory matters may arise in the future and could involve matters relating to commercial disputes, government regulatory and compliance, intellectual property, antitrust, tax, employment or shareholder issues, product liability claims and other issues on a global basis. Regardless of the merits of the claims, litigation may be both time-consuming and disruptive to our business. The defense and ultimate outcome of any lawsuits or other legal proceedings may result in higher operating expenses and a decrease in operating margin, which could have a material adverse effect on our business, financial condition, or results of operations.

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Compliance with government regulations regarding the use of "conflict minerals" may result in increased costs and risks to us.

As part of the Dodd-Frank Act, the SEC has promulgated disclosure requirements regarding the use of certain minerals ("Minerals"), which may be mined from the Democratic Republic of Congo and adjoining countries. In May 2014, we filed our initial report on Form SD to report that our products were "DRC Conflict Undeterminable" based on our diligence review. We expect to undertake further diligence of our supply chain in 2016 and beyond as we will have to publicly disclose whether the products we sell contain these Minerals and have and may continue to incur significant costs related to implement a process that will meet the mandates of the Dodd-Frank Act. Additionally, customers rely on us to provide critical data regarding the products they purchase and request information on such Minerals. Our materials sourcing is broad-based and multi-tiered, and we may not be able to easily verify the origins of the Minerals used in the products we sell. We have many suppliers and each may provide the required information in a different manner, if at all. Accordingly, because the supply chain is complex, our reputation may suffer if we are unable to sufficiently verify the origins of the Minerals, if any, used in our products. Additionally, customers may demand that the products they purchase be free of any Minerals originating in the specified countries. The implementation of this requirement could affect the sourcing and availability of products we purchase from our suppliers. This may reduce the number of suppliers that may be able to provide products and may affect our ability to obtain products in sufficient quantities to meet customer demand or at competitive prices.

We may not meet regulatory quality standards applicable to our manufacturing and quality processes for medical devices, which could have an adverse effect on our business, financial condition or results of operations.

As a medical device manufacturer, we have additional compliance requirements. We are required to register with the U.S. Food and Drug Administration ("FDA") and are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation ("QSR") requirements, which require manufacturers of medical devices to adhere to certain regulations, including testing, quality control and documentation procedures. Compliance with applicable regulatory requirements is subject to continual review and is rigorously monitored through periodic inspections and product field monitoring by the FDA. If any FDA inspection reveals noncompliance with QSR or other FDA regulations, and the Company does not address the observation adequately to the satisfaction of the FDA, the FDA may take action against us. FDA actions may include issuing a letter of inspectional observations, issuing a warning letter, imposing fines, bringing an action against the Company and its officers, requiring a recall of the products we manufactured for our customers, refusing requests for clearance or approval of new products or withdrawal of clearance or approval previously granted, issuing an import detention on products entering the U.S. from an offshore facility, or shutting down a manufacturing facility. If any of these actions were to occur, it would harm our reputation and cause our business to suffer.

In the European Union ("EU"), we are required to maintain certain standardized certifications in order to sell our products and must undergo periodic inspections to obtain and maintain these certifications. Continued noncompliance to the EU regulations could stop the flow of products into the EU from us or from our customers. In China, the Safe Food and Drug Administration controls and regulates the manufacture and commerce of healthcare products. We must comply with the regulatory laws applicable to medical device manufactures or our ability to manufacture products in China could be impacted. In Japan, the Pharmaceutical Affairs Laws regulate the manufacture and commerce of healthcare products. These regulations also require that subcontractors manufacturing products intended for sale in Japan register with authorities and submit to regulatory audits. Other Asian countries where we operate have similar laws regarding the regulation of medical device manufacturing.

We are subject to the risk of increased income taxes.

We are subject to taxes in numerous jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory rates and changes in tax laws or their interpretation including changes related to tax holidays or tax incentives. Our taxes could increase if certain tax holidays or incentives are not renewed upon expiration, or if tax rates applicable to us in such jurisdictions are otherwise increased. Our continued ability to qualify for specific tax holiday extensions will depend on, among other things, our anticipated investment and expansion in these countries and the manner in which the local governments interpret the requirements for modifications, extensions or new incentives.

In addition, the Company and its subsidiaries are regularly subject to tax return audits and examinations by various taxing jurisdictions around the world. In determining the adequacy of our provision for income taxes, we regularly assess the likelihood of adverse outcomes resulting from tax examinations. While it is often difficult to predict the final outcome or the timing of the resolution of a tax examination, we believe that our reserves for uncertain tax benefits reflect the outcome of tax positions that are more likely than not to occur. However, we cannot assure you that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax provision, operating results, financial position and cash flows in the period or periods for which that determination is made.

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If our products or components contain defects, demand for our services may decline and we may be exposed to product liability and product warranty liability.

Defects in the products we manufacture or design, whether caused by a design, engineering, manufacturing or component failure or deficiencies in our manufacturing processes, could result in product or component failures, which may damage our business reputation and expose us to product liability or product warranty claims.

Product liability claims may include liability for personal injury or property damage. Product warranty claims may include liability to pay for the recall, repair or replacement of a product or component. Although we generally allocate liability for these claims in our contracts with our customers, increasingly we are unsuccessful in allocating such liability, and even where we have allocated liability to our customers, our customers may not have the resources to satisfy claims for costs or liabilities arising from a defective product or component for which they have assumed responsibility.

If we design, engineer or manufacture a product or component that is found to cause any personal injury or property damage or is otherwise found to be defective, we could spend a significant amount of money to resolve the claim. In addition, product liability and product recall insurance coverage are expensive and may not be available for some or all of our services offerings on acceptable terms, in sufficient amounts, or at all. A successful product liability or product warranty claim in excess of our insurance coverage or any material claim for which insurance coverage is denied, limited or is not available could have a material adverse effect on our business, results of operations and financial condition.

Our failure to comply with environmental laws could adversely affect our business.

We are subject to various federal, state, local and foreign environmental laws and regulations, including regulations governing the use, storage, discharge and disposal of hazardous substances used in our manufacturing processes. We are also subject to laws and regulations governing the recyclability of products, the materials that may be included in products, and our obligations to dispose of these products after end users have finished with them. Additionally, we may be exposed to liability to our customers relating to the materials that may be included in the components that we procure for our customers' products. Any violation or alleged violation by us of environmental laws could subject us to significant costs, fines or other penalties.

We are also required to comply with an increasing number of global and local product environmental compliance regulations focused on the restriction of certain hazardous substances. We are subject to the EU directives, including the Restrictions on RoHS, the WEEE as well as the EU's REACH regulation. In addition, new technical classifications of e-Waste being discussed in the Basel Convention technical working group could affect both our customers' abilities and obligations in electronics repair and refurbishment. Also of note is China's Management Methods for Controlling Pollution Caused by EIPs regulation, commonly referred to as "China RoHS", which restricts the importation into and production within China of electrical equipment containing certain hazardous materials. Similar legislation has been or may be enacted in other jurisdictions, including in the United States. RoHS and other similar legislation bans or restricts the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. We have developed rigorous risk mitigating compliance programs designed to meet the needs of our customers as well as applicable regulations. These programs may include collecting compliance data from our suppliers, full laboratory testing and public reporting of other environmental metrics such as carbon emissions, electronic waste and water, and we also require our supply chain to comply. Non-compliance could potentially result in significant costs and/or penalties. In the case of WEEE, the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies. However, OEMs may turn to EMS companies for assistance in meeting their obligations under WEEE.

In addition, we are responsible for the cleanup of contamination at some of our current and former manufacturing facilities and at some third party sites. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating facilities indicate that we are responsible for the release of hazardous substances into the air, ground and/or water, we may be subject to additional liability. Additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future. Our failure to comply with environmental laws and regulations or adequately address contaminated sites could limit our ability to expand our facilities or could require us to incur significant expenses, which would harm our business.

If we do not effectively manage changes in our operations, our business may be harmed; we have taken substantial restructuring charges in the past and we may need to take material restructuring charges in the future.

The expansion of our business, as well as business contractions and other changes in our customers' requirements, have in the past, and may in the future, require that we adjust our business and cost structures by incurring restructuring charges. Restructuring activities involve reductions in our workforce at some locations and closure of certain facilities. All of these changes have in the past placed, and may in the future place, considerable strain on our financial and management control systems and resources, including decision support, accounting management, information systems and facilities. If we do not properly manage our financial and management controls, reporting systems and procedures to manage our employees, our business could be harmed.

In recent years, including during fiscal year 2014, we undertook initiatives to restructure our business operations through a series of restructuring activities, which were intended to realign our global capacity and infrastructure with demand by our OEM customers and thereby improve our operational efficiency. These activities included reducing excess workforce and capacity, transitioning manufacturing to lower-cost locations and eliminating redundant facilities, and consolidating and eliminating certain administrative facilities.

While we incur severance, asset impairment charges and other charges as a result of changes in our customer mix on an ongoing basis, such individual actions were not considered material and did not qualify as restructuring charges per accounting principles generally accepted in the United States to be separately disclosed as restructuring charges in fiscal year 2015, and are included in either cost of sales or selling, general and administrative expenses, as appropriate. Our restructuring activities undertaken during fiscal year 2014 have been disclosed separately on our statement of operations. We may be required to take additional charges in the future to align our operations and cost structures with global economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements. We may consolidate certain manufacturing facilities or transfer certain of our operations to lower cost geographies. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flows could be adversely impacted. Additionally, there are other potential risks associated with our restructurings that could adversely affect us, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

Fluctuations in foreign currency exchange rates could increase our operating costs.

We have manufacturing operations and industrial parks that are located in lower cost regions of the world, such as Asia, Eastern Europe and Mexico. A portion of our purchases and our sale transactions are denominated in currencies other than the United States dollar. As a result, we are exposed to fluctuations in these currencies impacting our fixed cost overhead or our supply base relative to the currencies in which we conduct transactions.

Currency exchange rates fluctuate on a daily basis as a result of a number of factors, including changes in a country's political and economic policies. Volatility in the functional and non-functional currencies of our entities and the United States dollar could seriously harm our business, operating results and financial condition. The primary impact of currency exchange fluctuations is on the cash, receivables, payables and expenses of our operating entities. As part of our currency hedging strategy, we use financial instruments, primarily forward exchange and swap contracts, to hedge our foreign currency exposure in order to reduce the short-term impact of foreign currency rate fluctuations on our operating results. If our hedging activities are not successful or if we change or reduce these hedging activities in the future, we may experience significant unexpected fluctuations in our operating results as a result of changes in exchange rates.

We are also exposed to risks related to the valuation of the Chinese currency relative to the U.S. dollar. The Chinese currency is the renminbi ("RMB"). A significant increase in the value of the RMB could adversely affect our financial results and cash flows by increasing both our manufacturing costs and the costs of our local supply base.

We depend on our executive officers and skilled management personnel.

Our success depends to a large extent upon the continued services of our executive officers and other key employees. Generally, our employees are not bound by employment or non-competition agreements, and we cannot assure you that we will retain our executive officers and other key employees. We could be seriously harmed by the loss of any of our executive officers or other key employees. We will need to recruit and retain skilled management personnel, and if we are not able to do so, our business could be harmed. In addition, in connection with expanding our design services offerings, we must attract and retain experienced design engineers. There is substantial competition in our industry for highly skilled employees. Our failure to recruit and retain experienced design engineers could limit the growth of our design services offerings, which could adversely affect our business.

Failure to comply with domestic or international employment and related laws could result in the payment of significant damages, which would reduce our net income.

We are subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, whistle-blowing, classification of employees and severance payments. Enforcement activity relating to these laws, particularly outside of the United States, can increase as a result of increased media attention due to violations by other companies, changes in law, political and other factors. There can be no assurance that we won't be found to have violated such laws in the future, due to a more aggressive enforcement posture by governmental authorities or for any other reason. Any

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such violations could lead to the assessment of fines against us by federal, state or foreign regulatory authorities or damages payable to employees, which fines could be substantial and which would reduce our net income.

We may encounter difficulties with acquisitions and divestures, which could harm our business.

We have completed numerous acquisitions of businesses and we may acquire additional businesses in the future. Any future acquisitions may require additional equity financing, which could be dilutive to our existing shareholders, or additional debt financing, which could increase our leverage and potentially affect our credit ratings. Any downgrades in our credit ratings associated with an acquisition could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all.

To integrate acquired businesses, we must implement our management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by geographic distances. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business. In addition, the integration of acquired businesses may require that we incur significant restructuring charges.

In addition, acquisitions involve numerous risks and challenges, including:

- diversion of management's attention from the normal operation of our business;
- potential loss of key employees and customers of the acquired companies;
- difficulties managing and integrating operations in geographically dispersed locations;
- the potential for deficiencies in internal controls at acquired companies;
- increases in our expenses and working capital requirements, which reduce our return on invested capital;
- lack of experience operating in the geographic market or industry sector of the acquired business;
- initial dependence on unfamiliar supply chain or relatively small supply chain partners; and
- exposure to unanticipated liabilities of acquired companies.

In addition, divestitures involve significant risks, including without limitation, difficulty finding financially sufficient buyers or selling on acceptable terms in a timely manner, and the agreed-upon terms could be renegotiated due to changes in business or market conditions. Divestitures could adversely affect our profitability and, under certain circumstances, require us to record impairment charges or a loss as a result of the transaction. In addition, completing divestitures requires expenses and management attention and could leave us with certain continuing liabilities.

These and other factors have harmed, and in the future could harm, our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition or divestiture, and could adversely affect our business and operating results.

Our strategic relationships with major customers create risks.

In the past, we have completed numerous strategic transactions with OEM customers. Under these arrangements, we generally acquire inventory, equipment and other assets from the OEM, and lease or acquire their manufacturing facilities, while simultaneously entering into multi-year manufacturing and supply agreements for the production of their products. We may pursue these OEM divestiture transactions in the future. These arrangements entered into with divesting OEMs typically involve many risks, including the following:

- we may need to pay a purchase price to the divesting OEMs that exceeds the value we ultimately may realize from the future business of the OEM;
- the integration of the acquired assets and facilities into our business may be time-consuming and costly, including the incurrence of restructuring charges;

- we, rather than the divesting OEM, bear the risk of excess capacity at the facility;

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- we may not achieve anticipated cost reductions and efficiencies at the facility;
- we may be unable to meet the expectations of the OEM as to volume, product quality, timeliness and cost reductions;
- our supply agreements with the OEMs generally do not require any minimum volumes of purchase by the OEMs, and the actual volume of purchases may be less than anticipated; and
- if demand for the OEMs' products declines, the OEM may reduce its volume of purchases, and we may not be able to sufficiently reduce the expenses of operating the facility or use the facility to provide services to other OEMs.

As a result of these and other risks, we have been, and in the future may be, unable to achieve anticipated levels of profitability under these arrangements. In addition, these strategic arrangements have not, and in the future may not, result in any material revenues or contribute positively to our earnings per share.

Our business could be impacted as a result of actions by activist shareholders or others.

We may be subject, from time to time, to legal and business challenges in the operation of our company due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of our Board of Directors and senior management from the pursuit of our business strategies. Perceived uncertainties as to our future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability and may make it more difficult to attract and retain qualified personnel and business partners and may affect our relationships with vendors, customers and other third parties.

Changes in financial accounting standards or policies have affected, and in the future may affect, our reported financial condition or results of operations.

We prepare our financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA), the SEC and various bodies formed to interpret and create accounting policies. For example, significant changes to revenue recognition rules have been enacted and will begin to apply to us in fiscal year 2019 as the FASB has proposed. Changes to accounting rules or challenges to our interpretation or application of the rules by regulators may have a material adverse effect on our reported financial results or on the way we conduct business.

Our business and operations could be adversely impacted by climate change initiatives.

Concern over climate change has led to international legislative and regulatory initiatives directed at limiting carbon dioxide and other greenhouse gas emissions. Proposed and existing efforts to address climate change by reducing greenhouse gas emissions could directly or indirectly affect our costs of energy, materials, manufacturing, distribution, packaging and other operating costs, which could impact our business and financial results.

Our operating results may fluctuate significantly due to seasonal demand.

Two of our significant end markets are the mobile devices market and the consumer devices market. These markets exhibit particular strength generally in the two quarters leading up to the end of the calendar year in connection with the holiday season. As a result, we have historically experienced stronger revenues in our second and third fiscal quarters as compared to our other fiscal quarters. Economic or other factors leading to diminished orders in the end of the calendar year could harm our business.

Our debt level may create limitations.

As of March 31, 2016, our total debt was approximately $2.8 billion. This level of indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, and may limit our ability to access additional capital or execute our business strategy.

Changes in our credit rating may make it more expensive for us to raise additional capital or to borrow additional funds. We may also be exposed to interest rate fluctuations on our outstanding borrowings and investments.

Our credit is rated by credit rating agencies. Our 4.625% Notes, our 5.000% Notes, and our 4.750% Notes, are currently rated BBB- by Standard and Poor's ("S&P") which is considered to be “investment grade” by S&P, while rated Ba1 by Moody’s which is considered below “investment grade” by Moody's. Any further decline in our credit rating may make it more expensive for us to raise additional capital in the future on terms that are acceptable to us, if at all, negatively impact the price of our ordinary shares, increase our interest payments under some of our existing debt agreements, and have other negative implications on our business, many of which are beyond our control. In addition, the interest rate payable on some of our credit

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facilities is subject to adjustment from time to time if our credit ratings change. Thus, any potential future negative change in our credit rating may increase the interest rate payable on these credit facilities.

In addition, we are exposed to interest rate risk under our variable rate terms loans, bilateral facilities and revolving credit facility for indebtedness we have incurred or may incur under such borrowings. The interest rates under these borrowings are based on either (i) a margin over LIBOR or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin, in each case depending on our credit rating. Refer to the discussion in note 7, "Bank Borrowings and Long-Term Debt" to the consolidated financial statements for further details of our debt obligations. We are also exposed to interest rate risk on our invested cash balances, our securitization facilities and our factoring activities.

Weak global economic conditions and instability in financial markets may adversely affect our business, results of operations, financial condition, and access to capital markets.

Our revenue and gross margin depend significantly on general economic conditions and the demand for products in the markets in which our customers compete. Adverse worldwide economic conditions may create challenging conditions in the electronics industry. These conditions may result in reduced consumer and business confidence and spending in many countries, a tightening in the credit markets, a reduced level of liquidity in many financial markets and high volatility in credit, fixed income and equity markets. In addition, longer term disruptions in the capital and credit markets could adversely affect our access to liquidity needed for our business. If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have an adverse impact on our financial condition and our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes.

Catastrophic events or geopolitical conditions could have a material adverse effect on our operations and financial results.

Our operations or systems could be disrupted by natural disasters, geopolitical conditions, terrorist activity, public health issues, cyber security incidents, interruptions of service from utilities, transportation or telecommunications providers, or other catastrophic events. Such events could make it difficult or impossible to manufacture or deliver products to our customers, receive production materials from our suppliers, or perform critical functions, which could adversely affect our revenue and require significant recovery time and expenditures to resume operations. While we maintain business recovery plans that are intended to allow us to recover from natural disasters or other events that can be disruptive to our business, some of our systems are not fully redundant and we cannot be sure that our plans will fully protect us from all such disruptions.

We maintain a program of insurance coverage for a variety of property, casualty, and other risks. We place our insurance coverage with multiple carriers in numerous jurisdictions. However, one or more of our insurance providers may be unable or unwilling to pay a claim. The types and amounts of insurance we obtain vary depending on availability, cost, and decisions with respect to risk retention. The policies have deductibles and exclusions that result in us retaining a level of self-insurance. Losses not covered by insurance may be large, which could harm our results of operations and financial condition.

Our business could be adversely affected by any delays, or increased costs, resulting from issues that our common carriers are dealing with in transporting our materials, our products, or both.

We rely on a variety of common carriers to transport our materials from our suppliers to us, and to transport our products from us to our customers. Problems suffered by any of these common carriers, whether due to a natural disaster, labor problem, increased energy prices, criminal activity or some other issue, could result in shipping delays, increased costs, or other supply chain disruptions, and could therefore have a material adverse effect on our operations.

We are subject to risks associated with investments.

We invest in private funds and companies for strategic reasons and may not realize a return on our investments. We make investments in private funds and companies to further our strategic objectives, support key business initiatives and develop business relationships with related portfolio companies. Many of the instruments in which we invest are non-marketable at the time of our initial investment. If any of the funds or companies in which we invest fail, we

could lose all or part of our investment. If we need to determine that an other-than-temporary decline in the fair value exists for an investment, we would need to write down the investment to its fair value and recognize a loss.
The market price of our ordinary shares is volatile.
The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of companies, including technology companies. These fluctuations have often been unrelated to or disproportionately impacted by the operating performance of these companies. The market for our ordinary shares has been and may in the future

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be subject to similar volatility. Factors such as fluctuations in our operating results, announcements of technological innovations or events affecting other companies in the electronics industry, currency fluctuations, general market fluctuations, and macro-economic conditions may cause the market price of our ordinary shares to decline.

Our goodwill and identifiable intangible assets could become impaired, which could reduce the value of our assets and reduce our net income in the year in which the write-off occurs.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. We also ascribe value to certain identifiable intangible assets, which consist primarily of customer relationships, developed technology and trade names, among others, as a result of acquisitions. We may incur impairment charges on goodwill or identifiable intangible assets if we determine that the fair values of goodwill or identifiable intangible assets are less than their current carrying values. We evaluate, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

Refer to notes 1 and 2 to the consolidated financial statements and 'critical accounting policies' in management's discussion and analysis of financial condition and results of operations for further discussion of the impairment testing of goodwill and identifiable intangible assets.

A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of our businesses and we could be required to record impairment charges on our goodwill or other identifiable intangible assets in the future, which could impact our consolidated balance sheet, as well as our consolidated statement of operations. If we are required to recognize an impairment charge in the future, the charge would not impact our consolidated cash flows, liquidity, capital resources, and covenants under our existing credit facilities, asset securitization program, and other outstanding borrowings.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our facilities consist of a global network of industrial parks, regional manufacturing operations, and design, engineering and product introduction centers, providing approximately 26.0 million square feet of productive capacity as of March 31, 2016. We own facilities with approximately 8.2 million square feet in Asia, 4.7 million square feet in the Americas and 2.7 million square feet in Europe. We lease facilities with approximately 5.5 million square feet in Asia, 3.5 million square feet in the Americas and 1.4 million square feet in Europe.

Our facilities include large industrial parks, ranging in size from 0.3 million to 4.5 million square feet in Brazil, China, Hungary, India, Israel, Malaysia, Mexico, Poland, Romania, and the Ukraine. We also have regional manufacturing operations, generally ranging in size from under 100,000 to approximately 2.7 million square feet in Austria, Brazil, Canada, China, Czech Republic, Denmark, Hong Kong, Hungary, India, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Poland, Romania, Singapore, Sweden, Switzerland, the Ukraine and the United States. We also have smaller design and engineering centers and product introduction centers at a number of locations in the world's major consumer electronics and industrial markets.

Our facilities are well maintained and suitable for the operations conducted. The productive capacity of our plants is adequate for current needs.

ITEM 3. LEGAL PROCEEDINGS

For a description of our material legal proceedings, see note 12 "Commitments and Contingencies" to the consolidated financial statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

PRICE RANGE OF ORDINARY SHARES

Our ordinary shares are quoted on the NASDAQ Global Select Market under the symbol "FLEX." The following table sets forth the high and low per share sales prices for our ordinary shares since the beginning of fiscal year 2015 as reported on the NASDAQ Global Select Market.

	High	Low
Fiscal Year Ended March 31, 2016		
Fourth Quarter	$12.06	$9.10
Third Quarter	11.79	10.27
Second Quarter	11.56	9.90
First Quarter	12.84	11.53
Fiscal Year Ended March 31, 2015		
Fourth Quarter	$12.68	$10.47
Third Quarter	11.35	8.75
Second Quarter	11.52	10.30
First Quarter	11.35	8.93

As of May 11, 2016 there were 3,274 holders of record of our ordinary shares and the closing sales price of our ordinary shares as reported on the NASDAQ Global Select Market was $12.04 per share.

DIVIDENDS

Since inception, we have not declared or paid any cash dividends on our ordinary shares. We currently do not have plans to pay any dividends in fiscal year 2017.

STOCK PRICE PERFORMANCE GRAPH

The following stock price performance graph and accompanying information is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, regardless of any general incorporation language in any such filing.

The graph below compares the cumulative total shareholder return on our ordinary shares, the Standard & Poor's 500 Stock Index and a peer group comprised of Benchmark Electronics, Inc., Celestica, Inc., Jabil Circuit, Inc., and Sanmina-SCI Corporation.

The graph below assumes that $100 was invested in our ordinary shares, in the Standard & Poor's 500 Stock Index and in the peer group described above on March 31, 2011 and reflects the annual return through March 31, 2016, assuming dividend reinvestment.

The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, the possible future performances of our ordinary shares.

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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Flex, the S&P 500 Index, and Peer Group

	3/11	3/12	3/13	3/14	3/15	3/16
Flextronics International Ltd	100.00	96.65	90.50	123.69	169.75	161.45
S&P 500 Index	100.00	108.54	123.69	150.73	169.92	172.95
Peer Group	100.00	108.61	90.13	105.44	130.08	117.99

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Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our ordinary shares made by us for the period from January 1, 2016 through March 31, 2016.

Period (2)	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 29, 2016	2,971,650	$ 9.75	2,971,650	$299,470,835
January 30 - February 26, 2016	3,051,212	10.29	3,051,212	268,074,241
February 27 - March 31, 2016	2,251,188	11.55	2,251,188	242,079,433
Total	8,274,050		8,274,050	

(1) During the period from January 1, 2016 through March 31, 2016 all purchases were made pursuant to the program discussed below in open market transactions. All purchases were made in accordance with Rule 10b-18 under the Securities Exchange Act of 1934.

(2) On August 20, 2015, our Board of Directors authorized the repurchase of our outstanding ordinary shares for up to $500 million. This is in accordance with the share purchase mandate whereby our shareholders approved a repurchase limit of 20% of our issued ordinary shares outstanding at the Extraordinary General Meeting held on the same date as the Board authorization. As of March 31, 2016, shares in the aggregate amount of $242.1 million were available to be repurchased under the current plan.

RECENT SALES OF UNREGISTERED SECURITIES

None.

INCOME TAXATION UNDER SINGAPORE LAW

Dividends. Singapore does not impose a withholding tax on dividends. All dividends are tax exempt to shareholders.

Gains on Disposal. Under current Singapore tax law there is no tax on capital gains, thus any profits from the disposal of shares are not taxable in Singapore unless the gains arising from the disposal of shares are income in nature and subject to tax, especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore (in which case, the profits on the sale would be taxable as trade profits rather than capital gains).

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments—Recognition and Measurement ("FRS 39") for the purposes of Singapore income tax may be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of shares is made.

Stamp Duty. There is no stamp duty payable for holding shares, and no duty is payable on the issue of new shares. When existing shares are acquired in Singapore, a stamp duty of 0.2% is payable on the instrument of transfer of the shares at market value. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. If the instrument of transfer is executed outside of Singapore, the stamp duty must be paid only if the instrument of transfer is received in Singapore.

Estate Taxation. The estate duty was abolished for deaths occurring on or after February 15, 2008. For deaths prior to February 15, 2008 the following rules apply:

If an individual who is not domiciled in Singapore dies on or after January 1, 2002, no estate tax is payable in Singapore on any of our shares held by the individual.

If property passing upon the death of an individual domiciled in Singapore includes our shares, Singapore estate duty is payable to the extent that the value of the shares aggregated with any other assets subject to Singapore estate duty exceeds S$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S$600,000 will be taxed at 5% on the first S$12,000,000 of the individual's chargeable assets and thereafter at 10%.

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An individual shareholder who is a U.S. citizen or resident (for U.S. estate tax purposes) will have the value of the shares included in the individual's gross estate for U.S. estate tax purposes. An individual shareholder generally will be entitled to a tax credit against the shareholder's U.S. estate tax to the extent the individual shareholder actually pays Singapore estate tax on the value of the shares; however, such tax credit is generally limited to the percentage of the U.S. estate tax attributable to the inclusion of the value of the shares included in the shareholder's gross estate for U.S. estate tax purposes, adjusted further by a pro rata apportionment of available exemptions. Individuals who are domiciled in Singapore should consult their own tax advisors regarding the Singapore estate tax consequences of their investment.

Tax Treaties Regarding Withholding. There is no reciprocal income tax treaty between the U.S. and Singapore regarding withholding taxes on dividends and capital gains.

ITEM 6. SELECTED FINANCIAL DATA

These historical results are not necessarily indicative of the results to be expected in the future. The following selected consolidated financial data set forth below was derived from our historical audited consolidated financial statements and is qualified by reference to and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data."

	Fiscal Year Ended March 31,				
	2016	2015	2014	2013	2012(2)
	(In thousands, except per share amounts)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Net sales	$24,418,885	$26,147,916	$26,108,607	$23,569,475	$29,343,029
Cost of sales	22,810,824	24,602,576	24,609,738	22,187,393	27,825,079
Restructuring charges	—	—	58,648	215,834	—
Gross profit	1,608,061	1,545,340	1,440,221	1,166,248	1,517,950
Selling, general and administrative expenses	954,890	844,473	874,796	805,235	877,564
Intangible amortization	65,965	32,035	28,892	29,529	49,572
Restructuring charges	—	—	16,663	11,600	—
Other charges (income), net (1)	47,738	(53,233)	57,512	(65,190)	(19,935)
Interest and other, net	84,793	51,410	61,904	56,259	36,019
Income before income taxes	454,675	670,655	400,454	328,815	574,730
Provision for income taxes	10,594	69,854	34,860	26,313	53,960
Income from continuing operations	444,081	600,801	365,594	302,502	520,770
Loss from discontinued operations, net of tax	—	—	—	(25,451)	(32,005)
Net Income	$444,081	$600,801	$365,594	$277,051	$488,765
Diluted earnings (loss) per share:					
Continuing operations	$0.79	$1.02	$0.59	$0.45	$0.72
Discontinued operations	$—	$—	$—	$(0.04)	$(0.04)
Total	$0.79	$1.02	$0.59	$0.41	$0.67

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	As of March 31,				
	2016	2015	2014	2013	2012
	(In thousands)				
CONSOLIDATED BALANCE SHEET DATA:					
Working capital (3)	$1,742,921	$1,985,809	$1,744,967	$1,599,671	$2,250,484
Total assets	12,384,981	11,652,891	12,485,035	10,579,107	11,023,194
Total long-term debt, excluding current portion	2,709,389	2,025,970	2,056,233	1,639,580	2,142,842
Shareholders' equity (4)	2,605,530	2,396,250	2,201,679	2,246,758	2,283,979

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(1) For fiscal years 2016, 2015 and 2014, refer to note 15 to the consolidated financial statements for further discussion.

Other income, net in the fiscal year 2013 includes the fair value change in warrants to purchase common shares of a certain supplier of $74.4 million and loss on sale of two investments.

Other income, net in the fiscal year 2012, relates to the $20.0 million gain on sale of certain international entities.

(2) During the fourth quarter of fiscal year 2012, the Company identified certain accounting errors in the statutory-to-U.S. GAAP adjustments at one of its foreign sites that originated in prior annual periods. Management conducted additional procedures and concluded that these errors were isolated to that location. These errors, which primarily understated cost of sales, totaled $10.4 million and $8.0 million for the fiscal years ended March 31, 2011 and 2010 respectively, and were corrected by the Company as an out-of-period adjustment in the fourth quarter of fiscal year 2012. Management believes the impact of this item, to the fiscal year ended March 31, 2012 and to prior fiscal years was not material. As a result of recording these adjustments in the fourth quarter of fiscal year 2012, net income for the year ended March 31, 2012 was reduced by $24.9 million ($0.03 per share).

(3) Working capital is defined as current assets less current liabilities.

(4) During fiscal year 2014, a previously wholly-owned subsidiary of the Company issued a noncontrolling equity interest to certain third party investors in exchange for $38.6 million in cash for an ownership interest of less than 20% of the outstanding shares in the subsidiary. Accordingly, as of March 31, 2016, 2015 and 2014, the noncontrolling interest has been included on the consolidated balance sheet as a component of total shareholders' equity.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "expects," "anticipates," "believes," "intends," "plans" and similar expressions identify forward-looking statements. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. We undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this Form 10-K with the Securities and Exchange Commission. These forward-looking statements are subject to risks and uncertainties, including, without limitation, those discussed in this section and in Item 1A, "Risk Factors." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Accordingly, our future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements.

OVERVIEW

We are a globally-recognized, leading provider of innovative design, engineering, manufacturing, and supply chain services and solutions that span from sketch to scale™; from conceptual sketch to full-scale production. We design, build, ship and service complete packaged consumer electronics and industrial products for original equipment manufacturers ("OEMs"), through our activities in the following segments: High Reliability Solutions ("HRS"), which is comprised of our medical business including consumer health, digital health, disposables, drug delivery, diagnostics, life sciences and imaging equipment; our automotive business, including vehicle electronics, connectivity, and clean technologies; and our defense and aerospace businesses, focused on commercial aviation, defense and military; Consumer Technologies Group ("CTG"), which

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includes our mobile devices business, including smart phones; our consumer electronics business, including connected living, wearable electronics including digital sport, game consoles, and connectivity devices; and our high-volume computing business, including various supply chain solutions for notebook personal computer ("PC"), tablets, and printers; in addition, our CTG group is expanding its business relationships to include supply chain optimization for non-electronics products such as shoes and clothing; Industrial and Emerging Industries ("IEI"), which is comprised of semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks, energy and metering, and lighting; and Communications & Enterprise Compute ("CEC"), formerly referred to as Integrated Network Solutions (“INS”), which includes radio access base stations, remote radio heads, and small cells for wireless infrastructure; optical, routing, broadcasting, and switching products for the data and video networks; server and storage platforms for both enterprise and cloud based deployments; next generation storage and security appliance products; and rack level solutions, converged infrastructure and software defined product solutions.

On July 23, 2015, we introduced our new brand and website to help us more efficiently manage our business opportunities and explain our new product and service offerings. We shortened our brand name from Flextronics to “Flex” to signify that our business continues to evolve past the boundaries and confines of electronics alone. Our new tag line, “Live Smarter” highlights our belief that all devices are becoming intelligent and that value will ultimately be created in the “intelligence of things” and the convergence of technologies and digitization of products across multiple industries and market segments.

Our strategy is to provide customers with a full range of cost competitive, vertically-integrated global supply chain solutions through which we can design, build, ship and service a complete packaged product for our OEM customers. This enables our OEM customers to leverage our supply chain solutions to meet their product requirements throughout the entire product life cycle.

Over the past few years, we have seen an increased level of diversification by many companies, primarily in the technology sector. Some companies that have historically identified themselves as software providers, Internet service providers or e-commerce retailers have entered the highly competitive and rapidly evolving technology hardware markets, such as mobile devices, home entertainment and wearable devices. This trend has resulted in a significant change in the manufacturing and supply chain solutions requirements of such companies. While the products have become more complex, the supply chain solutions required by such companies have become more customized and demanding, and it has changed the manufacturing and supply chain landscape significantly.

We use a portfolio approach to manage our extensive service offerings. As our OEM customers change the way they go to market, we are able to reorganize and rebalance our business portfolio in order to align with our customers' needs and requirements in an effort to optimize operating results. The objective of our business model is to allow us to be flexible and redeploy and reposition our assets and resources as necessary to meet specific customer's supply chain solutions needs across all of the markets we serve and earn a return on our invested capital above the weighted average cost of that capital.

During the past few years, we have made significant efforts to evolve our long-term portfolio towards a higher mix of businesses which possess longer product life cycles and higher margins such as reflected in our IEI and HRS businesses. During the last two fiscal years, we launched several programs broadly across our portfolio of services and in some instances we deployed certain new technologies. Some of these programs have started to yield better results, as demonstrated by our segment operating margin improvement while our sales decreased compared to the prior year. We continue to invest in innovation and we have expanded our design and engineering relationships through our product innovation centers.

We believe that our business transformation has strategically positioned us to take advantage of the long-term, future growth prospects for outsourcing of advanced manufacturing capabilities, design and engineering services and after-market services, which remain strong.

We are one of the world's largest providers of global supply chain solutions, with revenues of $24.4 billion in fiscal year 2016. We have established an extensive network of manufacturing facilities in the world's major consumer electronics and industrial markets (Asia, the Americas, and Europe) in order to serve the growing outsourcing needs of both multinational and regional OEMs. We design, build, ship, and service consumer electronics and industrial products for our customers through a network of over 100 facilities in approximately 30 countries across four continents. As of March 31, 2016, our total manufacturing capacity was approximately 26.0 million square feet. In fiscal year 2016, our net sales in Asia, the Americas and Europe represented approximately 48%, 34% and 18%, respectively, of our total net sales, based on the location of the manufacturing site. The following tables set forth net sales and net property and equipment, by country, based on the location of our manufacturing sites and the relative percentages:

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	Fiscal Year Ended March 31,					
Net sales:	2016		2015		2014	
	(In thousands)					
China	$8,471,036	35%	$9,550,837	37%	$10,521,169	40%
Mexico	3,645,432	15%	3,512,767	13%	3,565,803	14%
U.S.	2,767,641	11%	2,876,359	11%	2,829,807	11%
Malaysia	2,241,645	9 %	2,300,579	9 %	2,142,437	8 %
Brazil	1,839,395	8 %	2,474,291	9 %	1,699,209	6 %
Other	5,453,736	22%	5,433,083	21%	5,350,182	21%
	$24,418,885		$26,147,916		$26,108,607	

	Fiscal Year Ended March 31,			
Property and equipment, net:	2016		2015	
	(In thousands)			
China	$789,571	35%	$776,914	37%
Mexico	429,989	19%	364,435	17%
U.S.	330,778	15%	314,613	15%
Malaysia	159,787	7 %	165,779	8 %
Brazil	121,949	5 %	103,496	5 %
Other	425,559	19%	366,930	18%
	$2,257,633		$2,092,167	

We believe that the combination of our extensive open innovation platform solutions, design and engineering services, advanced supply chain management solutions and services, significant scale and global presence, and industrial campuses in low-cost geographic areas provide us with a competitive advantage and strong differentiation in the market for designing, manufacturing and servicing consumer electronics and industrial products for leading multinational and regional OEMs. Specifically, we have launched multiple product innovation centers ("PIC") focused exclusively on offering our customers the ability to simplify their global product development, manufacturing process, and after sales services, and enable them to meaningfully accelerate their time to market and cost savings.

Our operating results are affected by a number of factors, including the following:

- changes in the macro-economic environment and related changes in consumer demand;
- the mix of the manufacturing services we are providing, the number and size of new manufacturing programs, the degree to which we utilize our manufacturing capacity, seasonal demand, shortages of components and other factors;
- the effects on our business when our customers are not successful in marketing their products, or when their products do not gain widespread commercial acceptance;
- our ability to achieve commercially viable production yields and to manufacture components in commercial quantities to the performance specifications demanded by our OEM customers;
- the effects on our business due to our customers' products having short product life cycles;
- our customers' ability to cancel or delay orders or change production quantities;
- our customers' decisions to choose internal manufacturing instead of outsourcing for their product requirements;
- our exposure to financially troubled customers;
- integration of acquired businesses and facilities;

- increased labor costs due to adverse labor conditions in the markets we operate; and

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• changes in tax legislation.

We also are subject to other risks as outlined in Item 1A, "Risk Factors."

Net sales for fiscal year 2016 declined from the prior year, decreasing by 6.6% or $1.7 billion to $24.4 billion. The decrease was primarily due to a $1.9 billion decrease in our CTG segment as well as a $0.3 billion decrease in our CEC segment, partially offset by increases in our HRS segment by $0.3 billion and our IEI segment by $0.2 billion. Our fiscal year 2016 gross profit totaled $1.6 billion, representing an increase of $62.7 million, or 4.1%, which reflects a richer mix of business driven primarily from our HRS and IEI segments and improved operational execution while ramping new customers and programs during fiscal year 2016. Our net income totaled $444.1 million, representing a decrease of $156.7 million, or 26.1%, compared to fiscal year 2015. The decrease in net income during fiscal year 2016 is primarily due to an increase in stock-based compensation expense, incremental costs associated with our acquisitions of MCi and NEXTracker, and a bad debt expense charge related to the SunEdison bankruptcy announcement.

Cash provided by operations increased approximately $0.3 billion to $1.1 billion for the fiscal year 2016 compared with $0.8 billion for the fiscal year 2015 primarily due to favorable changes in operating assets and liabilities. Cash used in investing activities increased approximately $1.2 billion to $1.4 billion for fiscal year 2016 compared with $0.2 billion for fiscal year 2015 primarily from $916.5 million paid for the acquisition of eleven businesses completed during fiscal year 2016. Our average net working capital, defined as accounts receivable, including deferred purchase price receivable from our asset-backed securitization programs plus inventory less accounts payable, as a percentage of annualized sales decreased by 0.1% to 7.7%. Our free cash flow, which we define as cash from operating activities less net purchases of property and equipment, was $639.5 million for fiscal year 2016 compared to $554.3 million for fiscal year 2015. The increase in free cash flow is primarily due to higher cash flows from operations offset by higher net expenditures during fiscal year 2016 as we thoughtfully invested in capabilities and capacity in advance of revenue to reinforce our growing automotive, medical, and energy businesses, as well as support our innovation and sketch-to-scale offering. Refer to the Liquidity and Capital Resources section for the free cash flows reconciliation to our most directly comparable GAAP financial measure of cash flows from operations. Cash provided by financing activities amounted to $249.6 million during fiscal year 2016 which was primarily the result of net proceeds from bank borrowings and long-term debt of $694.5 million mainly resulting from our new debt issuance discussed further in note 7 to the consolidated financial statements, offset by the repurchases of approximately 37.9 million ordinary shares at an aggregate purchase value of $420.3 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For further discussion of our significant accounting policies, refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data."

Revenue Recognition

We recognize manufacturing revenue when we ship goods or the goods are received by our customer, title and risk of ownership have passed, the price to the buyer is fixed or determinable and recoverability is reasonably assured. Generally, there are no formal substantive customer acceptance requirements or further obligations related to manufacturing services. If such requirements or obligations exist, then we recognize the related revenues at the time when such requirements are completed and the obligations are fulfilled. Some of our customer contracts allow us to recover certain costs related to manufacturing services that are over and above the prices we charge for the related products. We determine the amount of costs that are recoverable based on historical experiences and agreements with those customers. Also, certain customer contracts may contain certain commitments and obligations that may result in additional expenses or decrease in revenue. We accrue for these commitments and obligations based on facts and circumstances and contractual terms. We also make provisions for estimated sales returns and other adjustments at the time revenue is recognized based upon contractual terms and an analysis of historical returns. Provisions for sales returns and other adjustments were not material to our consolidated financial statements for any of the periods presented.

We provide a comprehensive suite of services for our customers that range from advanced product design to manufacturing and logistics to after-sales services. We recognize service revenue when the services have been performed, and the related costs are expensed as incurred. Our net sales for services were less than 10% of our total sales for all periods presented, and accordingly, are included in net sales in the consolidated statements of operations.

Customer Credit Risk

We have an established customer credit policy through which we manage customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. We perform ongoing credit evaluations of our customers' financial condition and make provisions for doubtful accounts based on the outcome of those credit evaluations. We evaluate the collectability of accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and the age of past due receivables. To the extent we identify exposures as a result of credit or customer evaluations, we also review other customer related exposures, including but not limited to inventory and related contractual obligations. On April 21, 2016, one of our customers, SunEdison, Inc. (together with certain of its subsidiaries, "SunEdison"), filed a petition for reorganization under bankruptcy law. For the fiscal year ended March 31, 2016, we recognized approximately $61.0 million in charges for provisions of accounts receivable associated with our outstanding SunEdison receivables. The estimates underlying our recorded provisions, as well as consideration of other potential customer bankruptcy-related contingencies associated with the SunEdison bankruptcy proceedings, are based on the facts currently known to us. If these facts change, the provisions are subject to change or we could recognize additional charges, either of which could be material.

Restructuring Charges

We recognize restructuring charges related to our plans to close or consolidate excess manufacturing and administrative facilities and to realign our corporate cost structure. In connection with these activities, we recognize restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of these restructuring charges requires that we make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned exit activity. To the extent our actual results differ from our estimates and assumptions, we may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, we evaluate the remaining accrued balances to ensure that no excess accruals are retained and the utilization of the provisions are for their intended purpose in accordance with developed exit plans.

Refer to note 14 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Carrying Value of Long-Lived Assets

We review property and equipment and acquired amortizable intangible assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized when the carrying amount of these long-lived assets exceeds their fair value. Recoverability of property and equipment and acquired amortizable intangible assets are measured by comparing their carrying amount to the projected cash flows the assets are expected to generate. If such assets are determined to be impaired, the impairment loss recognized, if any, is the amount by which the carrying amount of the property and equipment and acquired amortizable intangible assets exceeds fair value. Our judgments regarding projected cash flows for an extended period of time and the fair value of assets may be impacted by changes in market conditions, general business environment and other factors. To the extent our estimates relating to cash flows and fair value of assets change adversely we may have to recognize additional impairment charges in the future.

Goodwill is tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. The Company performed its goodwill impairment assessment on January 1, 2016 and determined that no impairment existed as of the date of the impairment test because the fair value of each reporting unit exceeded its carrying value.

Inventory Valuation

Our inventories are stated at the lower of cost (on a first-in, first-out basis) or market value. Our industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand. We purchase our inventory based on forecasted demand, and we estimate write downs for excess and obsolete inventory based on our regular reviews of inventory quantities on hand, and the latest forecasts of product demand and production requirements from our customers. If

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actual market conditions or our customers' product demands are less favorable than those projected, additional write downs may be required. In addition, unanticipated changes in the liquidity or financial position of our customers and/or changes in economic conditions may require additional write downs for inventories due to our customers' inability to fulfill their contractual obligations with regard to inventory procured to fulfill customer demand.

Contingent Liabilities

We may be exposed to certain liabilities relating to our business operations, acquisitions of businesses and assets and other activities. We make provisions for such liabilities when it is probable that the settlement of the liability will result in an outflow of economic resources or the impairment of an asset. We make these assessments based on facts and circumstances that may change in the future resulting in additional expenses.

Income Taxes

Our deferred income tax assets represent temporary differences between the carrying amount and the tax basis of existing assets and liabilities, which will result in deductible amounts in future years, including net operating loss carry forwards. Based on estimates, the carrying value of our net deferred tax assets assumes that it is more likely than not that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize these deferred income tax assets. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. If these estimates and related assumptions change in the future, we may be required to increase or decrease our valuation allowance against deferred tax assets previously recognized, resulting in additional or lesser income tax expense.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax position, operating results, financial position and cash flows. Refer to note 13 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our tax position.

Translation of Foreign Currencies

The financial position and results of operations for certain of our subsidiaries are measured using a currency other than the U.S. dollar as their functional currency. Accordingly, all assets and liabilities for these subsidiaries are translated into U.S. dollars at the current exchange rates as of the respective balance sheet dates. Revenue and expense items are translated at the average exchange rates prevailing during the period. Cumulative gains and losses from the translation of these subsidiaries' financial statements are reported as other comprehensive loss, a component of shareholders' equity. Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved, and re-measurement adjustments for foreign operations where the U.S. dollar is the functional currency, are included in operating results.

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RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data expressed as a percentage of net sales. The financial information and the discussion below should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data." The data below, and discussion that follows, represents our results from operations.

	Fiscal Year Ended March 31,		
	2016	2015	2014
Net sales	100.0%	100.0 %	100.0%
Cost of sales	93.4	94.1	94.3
Restructuring charges	—	—	0.2
Gross profit	6.6	5.9	5.5
Selling, general and administrative expenses	3.9	3.2	3.4
Intangible amortization	0.3	0.1	0.1
Restructuring charges	—	—	0.1
Other charges (income), net	0.2	(0.2)	0.2
Interest and other, net	0.3	0.2	0.2
Income before income taxes	1.9	2.6	1.5
Provision for income taxes	—	0.3	0.1
Net Income	1.9 %	2.3 %	1.4 %

Net sales

Net sales during fiscal year 2016 totaled $24.4 billion, representing a decrease of $1.7 billion, or 6.6%, from $26.1 billion during fiscal year 2015. During fiscal year 2016, net sales decreased $1.2 billion in Asia, $0.6 billion in the Americas, and $14.7 million in Europe.

Net sales during fiscal year 2015 totaled $26.1 billion, representing an increase of $39.3 million, or 0.2%, from $26.1 billion during fiscal year 2014. During fiscal year 2015, net sales increased $0.7 billion in the Americas and $0.1 billion in Europe, offset by a decrease of $0.8 billion in Asia.

The following table sets forth net sales by segments and their relative percentages. Historical information has been recast to reflect realignment of customers and/or products between segments:

	Fiscal Year Ended March 31,					
Segments:	2016		2015		2014	
	(In thousands)					
Communications & Enterprise Compute	$8,841,642	36%	$9,191,211	35%	$9,688,023	37%
Consumer Technologies Group	6,997,526	29%	8,940,043	34%	9,357,635	36%
Industrial & Emerging Industries	4,680,718	19%	4,459,351	17%	3,787,838	15%
High Reliability Solutions	3,898,999	16%	3,557,311	14%	3,275,111	13%
	$24,418,885		$26,147,916		$26,108,607	

Net sales during fiscal year 2016 decreased $1.9 billion or 21.7% in the CTG segment and $349.6 million or 3.8% in the CEC segment. The drop in CTG was due to a decline in demand from our largest customer in our mobile business offset by expansion across wearables, connected home and gaming markets. The decrease in CEC is primarily attributable to lower sales within our server and storage business. These decreases were partially offset by a $341.7 million or 9.6% increase in sales from our HRS segment, and by a $221.4 million or 5.0% increase in sales from our IEI segment. These increases in HRS and IEI were attributable to an increase across multiple product categories and customers, most notably in our household, energy, automotive, and medical businesses primarily as a result of our strategic acquisitions in both segments referred to below.

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Net sales during fiscal year 2015 increased $0.7 billion or 17.7% in the IEI segment and $0.3 billion or 8.6% in the HRS segment. The increase in revenue from our IEI segment is primarily attributable to a broad increase across multiple product categories and customers, most notably in our energy and our household industrial and lifestyle businesses. The increased revenue from our HRS segment is primarily due to a higher demand from our medical customers, and greater sales to our automotive customers as a result of an increased use of electronics throughout vehicles in areas such as in-car connectivity, LED lighting, and power management. The increase in these segments was partially offset by a $0.5 billion or 5.1% decrease in sales from our CEC segment, and by a $0.4 billion or 4.5% decrease in sales from our CTG segment. The decrease in revenue in our CEC segment is primarily attributable to broad softness in our telecom businesses directly due to decreased demand for our customer products from North American carriers. The decrease in revenue in our CTG segment is primarily due to softness in our personal computing business.

Our ten largest customers during fiscal years 2016, 2015 and 2014 accounted for approximately 46%, 50% and 52% of net sales, respectively. During fiscal years 2016, 2015 and 2014, only Lenovo/Motorola (including net sales from its former parent, Google, up to the point in time when Motorola Mobility was acquired by Lenovo and including net sales from Lenovo thereafter), which is reflected in our CTG segment, accounted for greater than 10% of net sales. Going forward, we do not expect Motorola Mobility to account for greater than 10% of our net sales.

Gross profit

Gross profit is affected by a number of factors, including the number and size of new manufacturing programs, product mix, component costs and availability, product life cycles, unit volumes, pricing, competition, new product introductions, capacity utilization and the expansion and consolidation of manufacturing facilities. The flexible design of our manufacturing processes allows us to build a broad range of products in our facilities and better utilize our manufacturing capacity. In the cases of new programs, profitability normally lags revenue growth due to product start-up costs, lower manufacturing program volumes in the start-up phase, operational inefficiencies, and under-absorbed overhead. Gross margin for these programs often improves over time as manufacturing volumes increase, as our utilization rates and overhead absorption improve, and as we increase the level of manufacturing services content. As a result of these various factors, our gross margin varies from period to period.

Gross profit during fiscal year 2016 increased $62.7 million to $1.6 billion from $1.5 billion during fiscal year 2015 reflecting a richer mix of business and improved operational execution while ramping new customers and programs during fiscal year 2016. Gross margin increased to 6.6% of net sales in fiscal year 2016 as compared with 5.9% of net sales in fiscal year 2015. Gross margins improved 70 basis points in fiscal year 2016 compared to that of fiscal year 2015 due to proportionate increased share of our total revenue attributable to our HRS and IEI segments coupled with their increased profitability primarily driven by our acquisitions of Mirror Controls International ("MCi") and NEXTracker Inc. ("NEXTracker").

Gross profit during fiscal year 2015 increased $105.1 million to $1.5 billion from $1.4 billion during fiscal year 2014. Gross margin increased to 5.9% of net sales in fiscal year 2015 as compared with 5.5% of net sales in fiscal year 2014. Gross margins improved 40 basis points in fiscal year 2015 compared to that of fiscal year 2014 due to restructuring charges in fiscal year 2014 in the amount of $58.6 million, or 20 basis points included in cost of sales. There were no restructuring charges in fiscal year 2015. Further, gross margin in fiscal year 2015 improved as a result of increased revenue from our IEI and HRS segments as a percentage of our total revenues overall, which yield higher margins than our CTG and CEC segments, and better than expected execution on certain products, some of which were reaching end of life.

Segment income

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include amortization of intangibles, stock based compensation, restructuring charges, certain bad debt charges, other charges (income), net and interest and other, net. A portion of amortization and depreciation is allocated to the respective segment together with other general corporate research and development and administrative expenses.

The following table sets forth segment income and margins. Historical information has been recast to reflect realignment of customers and/or products between segments:

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	Fiscal Year Ended March 31,					
	2016		2015		2014	
	(In thousands)					
Segment income & margin:						
CEC	$265,076	3.0%	$257,323	2.8%	$259,329	2.7%
CTG	163,677	2.3%	218,251	2.4%	125,171	1.3%
IEI	157,588	3.4%	131,956	3.0%	127,085	3.4%
HRS	294,635	7.6%	227,595	6.4%	221,402	6.8%
Corporate and Other	(89,219)		(83,988)		(68,475)	
Total segment income	791,757	3.2%	751,137	2.9%	664,512	2.5%
Reconciling items:						
Intangible amortization	65,965		32,035		28,892	
Stock-based compensation	77,580		50,270		40,439	
Restructuring charges (2)	—		—		75,311	
Bad debt charge (1)	61,006		—		—	
Other charges (income), net	47,738		(53,233)		57,512	
Interest and other, net	84,793		51,410		61,904	
Income before income taxes	$454,675		$670,655		$400,454	

(1) On April 21, 2016, one of our customers, SunEdison, filed a petition for reorganization under bankruptcy law. During the fiscal year ended March 31, 2016, we recognized a bad debt reserve charge of $61.0 million associated with our outstanding SunEdison receivables. This charge is included in selling, general and administrative expenses in the consolidated statement of operations but is excluded from the measurement of the Company's operating segment's performance. Refer to note 2 to the consolidated financial statements for additional information regarding this charge.

(2) During the fiscal year ended March 31, 2014, the Company recognized restructuring charges of approximately $75.3 million. The costs associated with these restructuring activities include employee severance, other personnel costs, non-cash impairment charges on equipment no longer in use and to be disposed of, and other exit related costs due to facility closures or rationalizations. Refer to note 14 to the consolidated financial statements for additional information regarding these charges.

CEC segment margin increased 20 basis points, for fiscal year 2016, from 2.8% during fiscal year 2015. The improvements are driven by favorable product mix changes from new program offerings, higher utilization levels and strong operational execution across multiple customers and facilities, offset by incremental engineering spend as we continue to invest in expanding our capabilities. CEC segment margin increased 10 basis points, for fiscal year 2015, from 2.7% during fiscal year 2014, also as a result of favorable product mix changes during fiscal 2015.

CTG segment margin slightly decreased 10 basis points for fiscal year 2016, from 2.4% during fiscal year 2015, due primarily to the soft macro economy, notably in Brazil, which impacted consumer business, partially offset by a portfolio shift within the CTG product mix focusing on higher margin consumer electronic products. CTG segment margin increased 110 basis points for fiscal year 2015, from 1.3% during fiscal year 2014, primarily attributable to a portfolio shift within the CTG product mix coupled with better execution on certain products some of which were going end of life.

IEI segment margin increased 40 basis points to 3.4% for fiscal year 2016, from 3.0% during fiscal year 2015. This is primarily due to strong operational execution and higher utilization levels coupled with contribution from our NEXTracker acquisition that contributed higher margins for the second half of fiscal year 2016. Fiscal year 2015 also included underperformance of certain programs, delayed and inefficient ramps for new programs. IEI segment margin decreased 40 basis points to 3.0% for fiscal year 2015, from 3.4% during fiscal year 2014 due to operational challenges and underperformance of certain programs during fiscal year 2015 as mentioned above.

HRS segment margin increased 120 basis points to 7.6% for fiscal year 2016, from 6.4% during fiscal year 2015. The improvements are primarily due to additional flow through from the increase in revenue from new programs and contribution from our MCi acquisition starting in our second quarter of fiscal year 2016 in addition to greater value-added business engagements due to greater design and engineering solutions as part of our sketch to scale™ offering. HRS segment margin decreased 40 basis points to 6.4% for fiscal year 2015, from 6.8% for fiscal year 2014 primarily as a result of comparatively higher ramp costs for new programs during fiscal 2015.

Restructuring charges

In response to a challenging macroeconomic environment, we initiated certain restructuring activities in fiscal year 2014 to improve our operational efficiencies by reducing excess workforce and capacity. There were no material restructuring activities during fiscal years 2016 and 2015. The fiscal year 2014 restructuring activities were intended to realign our corporate cost structure, and rationalize our global manufacturing capacity and infrastructure which will further shift manufacturing capacity to locations with higher efficiencies.

During fiscal year 2014, we recognized $75.3 million of pre-tax restructuring charges comprised of $73.4 million of cash charges predominantly related to employee severance costs and $1.9 million of non-cash charges related to asset impairment. The restructuring charges by geographic region amounted to $34.5 million in Asia, $24.9 million in the Americas and $15.9 million in Europe. We classified $58.6 million of the charges incurred in fiscal year 2014 as a component of cost of sales and $16.7 million as a component of selling, general and administrative expenses.

As of March 31, 2014 all plans had been completed. As of March 31, 2016, accrued costs relating to restructuring charges were $13.2 million of which $2.5 million was classified as a current obligation. As of March 31, 2015, accrued costs relating to restructuring charges were $15.1 million of which $3.5 million was classified as a current obligation.

Refer to note 14 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") totaled $954.9 million or 3.9% of net sales, during fiscal year 2016, compared to $844.5 million, or 3.2% of net sales, during fiscal year 2015, increasing by $110.4 million or 13.1%. The increase in SG&A in dollars and as a percentage of net sales is primarily the result of an increase in costs associated with research, development and design activities, as we continued to deploy resources to meet the needs of our customers and explore new product innovations, increases in stock-based compensation expense, incremental costs associated with our acquisitions of MCi and NEXTracker both of which drive a higher proportional SG&A level, and a bad debt reserve charge associated with our outstanding SunEdison receivables of $61.0 million as a result of SunEdison's bankruptcy filing.

SG&A totaled $844.5 million or 3.2% of net sales, during fiscal year 2015, compared to $874.8 million, or 3.4% of net sales, during fiscal year 2014, decreasing by $30.3 million or 3.5%. The decrease in SG&A in dollars and as a percentage of net sales is primarily the result of our cost reduction measures that we undertook in fiscal year 2015 and rationalization efforts carried out in fiscal year 2014, partially offset by an approximate $8.9 million increase in non-cash stock-based compensation.

We recognized research and development costs primarily related to our design and innovations businesses of $75.5 million, $35.2 million, and $30.0 million for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

Intangible amortization

Amortization of intangible assets in fiscal year 2016 increased by $33.9 million to $66.0 million from $32.0 million in fiscal year 2015, primarily as a result of incremental amortization expense on intangibles assets relating to our acquisitions completed during the fiscal year 2016.

Amortization of intangible assets in fiscal year 2015 increased by $3.1 million to $32.0 million from $28.9 million in fiscal year 2014, primarily as a result of customer-related intangibles in connection with our acquisitions and the purchase of certain technology rights during the fiscal year 2015.

Other charges (income), net

During fiscal year 2016, we recognized other charges of $47.7 million primarily due to a $26.8 million loss on the disposition of a non-strategic Western European manufacturing facility which included a non cash foreign currency translation loss of $25.3 million, and $21.8 million from the impairment of a non-core investment. These were offset by a non-cash foreign currency translation gain of $4.2 million, as further discussed in note 15 to the consolidated financial statements.

During fiscal year 2015, we recognized other income of $53.2 million principally as a result of the reversal of a contractual obligation with a certain customer recognized during the fiscal year 2014 in the amount of $55.0 million. We executed an amendment to the customer contract during fiscal year 2015 which relieved us of commitment performance as was defined in an existing customer manufacturing agreement. We also recognized an $11.0 million loss in connection with the

disposition of a manufacturing facility in Western Europe. Further, we recognized a net gain for the sale of a certain investment, which primarily comprises the balance for other income in fiscal year 2015 net of the above items.
During fiscal year 2014, we recognized other charges of $57.5 million primarily due to the contractual obligation of $55.0 million discussed above. Additionally, we exercised warrants to purchase common shares of a supplier and sold the underlying shares for a loss of $7.1 million, offset by a gain of $4.6 million recognized in connection with the sales of certain investments.

Interest and other, net

Interest and other, net was $84.8 million during fiscal year 2016 compared to $51.4 million during fiscal year 2015. The increase in interest and other, net of $33.4 million was primarily due to a $23.5 million increase of interest expense from the 4.750% Notes issued during the current year as further discussed in note 7 to the consolidated financial statements, as well as $8.0 million of acquisition-related costs incurred during fiscal year 2016, primarily for our acquisition of MCi.

Interest and other, net was $51.4 million during fiscal year 2015 compared to $61.9 million during fiscal year 2014. The decrease in interest and other, net was primarily due to a gain associated with minority interest from an investment, an increase in foreign currency gains relating to the Chinese RMB, and a decrease in interest expense as a result of refinancing of certain debt facilities during the latter part of fiscal year 2014.

Income taxes

Certain of our subsidiaries have, at various times, been granted tax relief in their respective countries, resulting in lower income taxes than would otherwise be the case under ordinary tax rates. The consolidated effective tax rates were 2.3%, 10.4% and 8.7% for the fiscal years 2016, 2015 and 2014, respectively. The effective rate varies from the Singapore statutory rate of 17.0% in each year as a result of the following items:

	Fiscal Year Ended March 31,		
	2016	2015	2014
Income taxes based on domestic statutory rates	17.0 %	17.0 %	17.0 %
Effect of tax rate differential	(16.1)	(12.1)	(17.1)
Intangible amortization	2.4	0.8	1.2
Change in liability for uncertain tax positions	(3.0)	4.4	(0.5)
Change in valuation allowance	0.2	0.4	6.7
Other	1.8	(0.1)	1.4
Provision for income taxes	2.3 %	10.4 %	8.7 %

The variation in our effective tax rate each year is primarily a result of recognition of earnings in foreign jurisdictions which are taxed at rates lower than the Singapore statutory rate including the effect of tax holidays and tax incentives we received primarily for our subsidiaries in China, Malaysia and Israel of $6.6 million, $9.8 million and $15.2 million in fiscal years 2016, 2015 and 2014, respectively. Additionally, our effective tax rate is impacted by changes in our liabilities for uncertain tax positions of ($13.7) million, $29.7 million, and ($2.2) million and changes in our valuation allowances on deferred tax assets of $1.0 million, $2.5 million and $26.8 million in fiscal years 2016, 2015 and 2014, respectively. We generate most of our revenues and profits from operations outside of Singapore.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examinations, there could be a material adverse effect on our tax position, operating results, financial position and cash flows.

We provide a valuation allowance against deferred tax assets that in our estimation are not more likely than not to be realized. During fiscal year 2016, we released valuation allowances totaling $20.3 million primarily related to our operations in Malaysia as these amounts were deemed to be more likely than not to be realized due to the increased profitability of the Malaysian subsidiary during the past three fiscal years following a period of losses as well as continued forecasted profitability of that subsidiary. In addition, we had a $43.0 million credit to tax expense related to the partial release of valuation allowance on our US operations due to the recording of deferred tax liabilities related to intangibles acquired during fiscal year 2016. However, these valuation allowance eliminations were offset by other current period valuation allowance movements primarily related to current period valuation allowance additions due to increased deferred tax assets related to current period losses in legal entities with existing full valuation allowance positions, and to a lesser extent, current period changes in valuation allowance positions due to increased negative evidence during the period in legal entities which did not previously have valuation allowance recorded.

See note 13, "Income Taxes," to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" for further discussion.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2016, we had cash and cash equivalents of $1.6 billion and bank and other borrowings of $2.8 billion. We have a $1.5 billion revolving credit facility, under which we had no borrowings outstanding as of March 31, 2016.

Our cash balances are held in numerous locations throughout the world. As of March 31, 2016, over half of our cash and cash equivalents were held by foreign subsidiaries outside of Singapore. Although substantially all of the amounts held outside of Singapore could be repatriated, under current laws, a significant amount could be subject to income tax withholdings. We provide for tax liabilities on these amounts for financial statement purposes, except for certain of our foreign earnings that are considered indefinitely reinvested outside of Singapore (approximately $916.0 million as of March 31, 2016). Repatriation could result in an additional income tax payment; however, our intent is to permanently reinvest these funds outside of Singapore and our current plans do not demonstrate a need to repatriate them to fund our operations in jurisdictions outside of where they are held. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of Singapore and we would meet our liquidity needs through ongoing cash flows, external borrowings, or both.

Fiscal Year 2016

Cash provided by operating activities was $1.1 billion during fiscal year 2016. This resulted primarily from $444.1 million of net income for the period plus $625.4 million of non-cash charges such as depreciation, amortization, other impairment charges, provision for doubtful accounts and stock-based compensation expense that are included in the determination of net income. Depreciation expense comprised $425.7 million of those non-cash charges, which was relatively consistent with our normal annual run rate of approximately $425.0 million. We generated $66.9 million in cash as a result of changes in our operating assets and liabilities, driven primarily by a $423.6 million reduction in accounts receivable due to improved collection efforts and lower business levels, offset by a $365.1 million reduction in accounts payable. Net working capital ("NWC"), defined as net accounts receivable, including deferred purchase price receivables, plus inventory less accounts payable decreased by $37.7 million primarily due to lower business levels during the fourth quarter of fiscal year 2016 as compared to the same quarter of fiscal year 2015, which resulted in slightly lower levels of investments in NWC.

Cash used in investing activities was $1.4 billion during fiscal year 2016. This resulted primarily from $916.5 million for the acquisition of eleven businesses completed during fiscal year 2016, including approximately $555.2 million, net of cash acquired, related to the acquisition of MCi, $240.8 million, net of cash acquired, related to the acquisition of NEXTracker, and approximately $67.5 million to acquire an optical transport facility from Alcatel-Lucent. We also paid $510.6 million in gross capital expenditures for property and equipment to support certain programs, offset by $13.7 million of proceeds from the sale of certain buildings and machinery and equipment. Other investing activities also includes $44.7 million paid for the purchase of certain investments, offset by $54.3 million of proceeds from the sale of certain assets that were purchased on behalf of a customer and financed by a third party banking institution, as further discussed in note 17 to the consolidated financial statements.

Cash provided by financing activities was $249.6 million during fiscal year 2016, which was primarily the result of net proceeds from bank borrowings and long-term debt of $694.5 million mainly resulting from our new debt issuance discussed further in note 7 to the consolidated financial statements, and $61.3 million from the issuance of our shares for option exercises. These cash inflows were partially offset by $420.3 million of cash paid for the repurchase of our ordinary shares, and $75.8 million of cash paid to a third party banking institution for certain assets that were financed by the third party banking institution on behalf of a customer, which is included in other financing activities.

Fiscal Year 2015

Cash provided by operating activities was $794.0 million during fiscal year 2015. This resulted primarily from $600.8 million of net income for the period plus $510.9 million of non-cash charges such as depreciation, amortization, other impairment charges and stock-based compensation expense that are included in the determination of net income. Depreciation expense comprised $496.8 million of those non-cash charges, which was higher than our normal annual run rate of approximately $425.0 million due to accelerated depreciation recognized for fixed assets directly associated with certain product exits during the year. These were offset by $317.6 million from changes in our operating assets and liabilities, driven primarily by a $565.1 million reduction in customer deposits that were received in prior periods to support increased working capital requirements in those periods. NWC decreased by $212.5 million primarily due to lower business levels during the fourth quarter of fiscal year 2015 as compared to the same quarter of fiscal year 2014, which resulted in lower levels of investments in NWC.

Cash used in investing activities amounted to $242.2 million during fiscal year 2015. This resulted primarily from $347.4 million in gross capital expenditures for property and equipment to support certain programs, offset by $107.7 million of proceeds from the sale of certain buildings and machinery and equipment. We also paid $52.7 million for the acquisition of four businesses completed during fiscal year 2015. Other investing activities also includes $79.7 million of proceeds from the sale of manufacturing equipment originally purchased on behalf of a customer and financed by a third party banking institution, as further discussed in note 17 to the consolidated financial statements, partially offset by $15.7 million paid for the purchase of certain technology rights as further discussed in note 2 to the consolidated financial statements.

Cash used in financing activities was $516.0 million during fiscal year 2015, which was primarily the result of cash paid for the repurchase of our ordinary shares in the amount of $415.9 million and net repayment of debt in the amount of $24.6 million. Included in other financing activities is $88.8 million of cash paid to a third party banking institution for certain manufacturing equipment that was financed by the third party banking institution on behalf of a customer and $11.3 million of cash paid for contingent consideration related to our acquisition of Saturn Electronics and Engineering Inc. The aforementioned cash outflows were partially offset by proceeds from the issuance of our shares for option exercises amounting to $23.5 million.

Fiscal Year 2014

Cash provided by operating activities was $1.2 billion during fiscal year 2014, which resulted primarily from $365.6 million of net income for the period plus $450.0 million of non-cash charges such as depreciation, amortization, impairment charges and stock-based compensation expense that are included in the determination of net income. We generated $400.9 million in cash as a result of decreases in net operating assets. NWC increased by $233.7 million primarily to support the increase in our customers' forecasted business levels. The increases in accounts receivable and inventory are primarily as a result of the increase in sales in our CTG business, which generally carry higher volumes than our other complex segments. The cash outflows to support NWC were offset by $540.6 million of cash received from certain customers as advances during the period. In certain instances, the level of inventory reduction or consumption was lower than expected causing an increase to inventory and usage of cash. In response, we worked with these customers to fund the elevated inventory balances we held on their behalf. We have recorded these advances as other current liabilities in the consolidated balance sheet as of March 31, 2014 and expect these amounts to decrease as we produce or sell the associated inventory in the future.

Cash used in investing activities during fiscal year 2014 was $783.9 million. This resulted primarily from $515.0 million in capital expenditures for equipment, net of proceeds on sales. Our capital expenditures were related to investments to support innovation, expanding design capabilities, and improving our mechanicals and automation capabilities. Additionally, we paid $238.0 million for the acquisition of four businesses during the fiscal year, of which the majority relates to the acquisition of certain manufacturing operations from Google's Motorola Mobility LLC for $178.9 million and the acquisition of all outstanding shares of Riwisa AG for a total cash consideration of $44.0 million, net of cash acquired amounting to $9.4 million. Refer to note 17 to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data".

Cash used in financing activities amounted to $410.8 million during fiscal year 2014, which was primarily attributable to the repurchase of approximately 60.7 million shares for an aggregate purchase value of approximately $475.3 million. Other financing cash inflows of $52.1 million includes $38.6 million received from certain third parties for the noncontrolling interest in one of our subsidiaries as further discussed in note 5 to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data." Additionally, we entered into a $600.0 million term loan agreement due August 30, 2018 and used all of the proceeds to repay the outstanding balances of our term loan due October 2014 and other term loans in full amounting to $170.3 million and $374.5 million, respectively, and part of the term loan due March 2019.

Key Liquidity Metrics

Free Cash flow

We believe free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our free cash flow, which is calculated as cash provided by operations less net purchases of property and equipment, was $639.5 million, $554.3 million and $701.5 million for fiscal years 2016, 2015 and 2014, respectively.

Free cash flow is not a measure of liquidity under generally accepted accounting principles in the United States, and may not be defined and calculated by other companies in the same manner. Free cash flow should not be considered in isolation or as an alternative to net cash provided by operating activities. Free cash flows reconcile to the most directly comparable GAAP financial measure of cash flows from operations as follows:

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	Fiscal Year Ended March 31,		
	2016	2015	2014
	(In thousands)		
Net cash provided by operating activities	$1,136,445	$794,034	$1,216,460
Purchases of property and equipment	(510,634)	(347,413)	(609,643)
Proceeds from the disposition of property and equipment	13,676	107,689	94,640
Free cash flow	$639,487	$554,310	$701,457

Cash Conversion Cycle

	Fiscal Year Ended March 31,		
	2016	2015	2014
Days in trade accounts receivable	45 days	46 days	42 days
Days in inventory	59 days	58 days	54 days
Days in accounts payable	77 days	77 days	70 days
Cash conversion cycle	27 days	27 days	26 days

Days in trade accounts receivable was calculated as average accounts receivable for the current and prior quarter, adding back the reduction in accounts receivable resulting from non-cash accounts receivable sales, divided by annualized sales for the current quarter by day. During the fiscal year ended March 31, 2016, days in trade accounts receivable decreased by 1 day to 45 days compared to the fiscal year ended March 31, 2015 primarily due to some improvements in collection efforts, and to a lesser extent, due to the decline in net sales. Non-cash accounts receivable sales or deferred purchase price receivables included for the purposes of the calculation were $501.1 million, $600.7 million and $470.9 million for the years ended March 31, 2016, 2015 and 2014, respectively. Deferred purchase price receivables were recorded in other current assets in the consolidated balance sheets.

Days in inventory was calculated as average inventory for the current and prior quarter divided by annualized cost of sales for the current quarter by day. During the fiscal year ended March 31, 2016, days in inventory increased by 1 day to 59 days as compared to the fiscal year ended March 31, 2015. The increase was primarily due to timing of demand from certain customers which was pushed out thus resulting in prepositioned raw materials and higher levels of stalled finished goods.

Days in accounts payable was calculated as average accounts payable for the current and prior quarter divided by annualized cost of sales for the current quarter by day. During the fiscal year ended March 31, 2016, days in accounts payable remained consistent at 77 days compared to the fiscal year ended March 31, 2015.

Our cash conversion cycle was calculated as days in trade receivables plus days in inventory, minus days in accounts payable and is a measure of how efficient we are at managing our working capital. Our cash conversion cycle remained consistent at 27 days for the fiscal year ended March 31, 2016 compared to that of fiscal year 2015 due to the factors affecting each of the components in the calculation discussed above.

Liquidity is affected by many factors, some of which are based on normal ongoing operations of the business and some of which arise from fluctuations related to global economics and markets. Cash balances are generated and held in many locations throughout the world. Local government regulations may restrict our ability to move cash balances to meet cash needs under certain circumstances; however, any current restrictions are not material. We do not currently expect such regulations and restrictions to impact our ability to pay vendors and conduct operations throughout the global organization. We believe that our existing cash balances, together with anticipated cash flows from operations and borrowings available under our credit facilities, will be sufficient to fund our operations through at least the next twelve months.

Future liquidity needs will depend on fluctuations in levels of inventory, accounts receivable and accounts payable, the timing of capital expenditures for new equipment, the extent to which we utilize operating leases for new facilities and equipment, and the levels of shipments and changes in the volumes of customer orders.

Historically, we have funded operations from cash and cash equivalents generated from operations, proceeds from public offerings of equity and debt securities, bank debt and lease financings. We also sell a designated pool of trade receivables under asset-backed securitization ("ABS") programs and sell certain trade receivables, which are in addition to the trade receivables sold in connection with these securitization agreements. During fiscal years 2016, 2015 and 2014 we received approximately $5.2 billion, $4.3 billion and $4.2 billion, respectively from sales of receivables under our ABS programs, and $2.3 billion, $4.2

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billion and $3.4 billion, respectively from other sales of receivables. As of March 31, 2016 and 2015, the outstanding balance on receivables sold for cash was $1.2 billion, under all our accounts receivable sales programs, which are removed from accounts receivable balances in our consolidated balance sheets.

We anticipate that we will enter into debt and equity financings, sales of accounts receivable and lease transactions to fund acquisitions and anticipated growth.

The sale or issuance of equity or convertible debt securities could result in dilution to current shareholders. Further, we may issue debt securities that have rights and privileges senior to those of holders of ordinary shares, and the terms of this debt could impose restrictions on operations and could increase debt service obligations. This increased indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, potentially affect our credit ratings, and may limit our ability to access additional capital or execute our business strategy. Any downgrades in credit ratings could adversely affect our ability to borrow as a result of more restrictive borrowing terms. We continue to assess our capital structure and evaluate the merits of redeploying available cash to reduce existing debt or repurchase ordinary shares.

Historically we have been successful in refinancing and extending the maturity dates on our term loans and credit facilities. On June 8, 2015, we issued $600 million of 4.750% Notes ("Notes") due June 15, 2025 in a private offering pursuant to Rule 144A and Regulation S under the Securities Act, at 99.213% of face value, and an effective yield of approximately 4.850%. We received net proceeds of approximately $595.3 million from the issuance which was used for general corporate purposes. During January 2016, we exchanged these notes for new notes with substantially similar terms and completed the registration of these notes with the Securities and Exchange Commission. Further on March 31, 2014, the maturity date of our former $2.0 billion credit facility ("Credit Facility") which was due to expire in October 2016, was extended to March 2019. We also extended the balance of our term loan associated to the Credit Facility as further described in our Contractual Obligations and Commitments section.

Under our current share repurchase program, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to $500 million in accordance with the share repurchase mandate approved by our shareholders at the date of the most recent Extraordinary General Meeting which was held on August 20, 2015. During fiscal year 2016, we paid $420.3 million to repurchase shares (under the current and prior repurchase plans) at an average price of $11.09 per share. As of March 31, 2016, shares in the aggregate amount of $242.1 million were available to be repurchased under the current plan.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

On September 30, 2015, we amended our former $2.0 billion credit facility ("Credit Facility") to increase the $500.0 million term loan maturing in March 2019 by $100.0 million. Quarterly repayments of principal under this term loan were amended to $7.5 million through March 31, 2016, and will be increased to $11.3 million thereafter with the remainder due upon maturity. As of March 31, 2016, the amended Credit Facility consists of a $1.5 billion revolving credit facility, for which there were no borrowings outstanding, and a $600.0 million term loan, which is due to expire in March 2019.

The credit facility requires that we maintain a maximum ratio of total indebtedness to earnings before interest expense, taxes, depreciation and amortization ("EBITDA"), and a minimum interest coverage ratio, as defined therein, during its term. As of March 31, 2016, we were in compliance with these covenants. Borrowings under this credit facility bear interest, at the Company's option, either at (i) LIBOR plus the applicable margin for LIBOR loans ranging between 1.125% and 2.125%, based on the Company's credit ratings or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin ranging between 0.125% and 1.125%, based on the Company's credit rating. The Company is required to pay a quarterly commitment fee ranging between 0.15% and 0.40% per annum on the daily unused amount of the $1.5 billion Revolving Credit Facility based on the Company's credit rating.

In addition, on June 8, 2015, we issued $600 million of 4.750% Notes (the "4.750% Notes") due June 15, 2025 in a private offering pursuant to Rule 144A and Regulation S under the Securities Act, at 99.213%, of face value, and an effective yield of approximately 4.850%. We received net proceeds of approximately $595.3 million from the issuance which has been used for general corporate purposes. During January 2016, we exchanged these 4.750% Notes for new notes with substantially similar terms and completed the registration of these 4.750% Notes with the

Securities and Exchange Commission. These 4.750% Notes are governed by the same terms and covenants as for the $1.0 billion notes, consisting of a $500 million 4.625% note and an additional $500 million 5.000% note (the "Previously Issued Notes"), which are described below.

Further, we have a $600 million term loan agreement which matures in August 2018. This loan is repayable in quarterly installments of $3.75 million, which commenced in December 2014 through August 2018, with the remaining amount due at maturity. This term loan agreement also requires that we maintain a maximum ratio of total indebtedness to EBITDA, and a minimum interest coverage ratio, as defined therein, during its term. As of March 31, 2016, we were in compliance with the

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covenants under this term loan agreement. Borrowings under this term loan bear interest, at the Company's option, either at (i) LIBOR plus the applicable margin for LIBOR loans ranging between 1.00% and 2.00%, based on the Company's credit ratings or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin ranging between 0.00% and 1.00%, based on the Company's credit rating.

Further, during fiscal year 2013, we issued an aggregate amount of $1.0 billion in the Previously Issued Notes which are senior unsecured obligations, rank equally with all of our other existing and future senior and unsecured debt obligations, and are guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by each of our 100% owned subsidiaries that guarantees indebtedness under, or is a borrower under, our Credit Facility or our $600.0 million term loan facility due August 30, 2018. In July 2013, we exchanged these Previously Issued Notes for new notes with substantially similar terms and completed the registration of these notes with the Securities and Exchange Commission. As of March 31, 2016, we were in compliance with the covenants under these credit facilities. Interest on the these Previously Issued Notes is payable semi-annually, which commenced on August 15, 2013.

On October 1, 2015, we borrowed €50 million (approximately $56.6 million as of March 31, 2016), under a 5-year, unsecured, term-loan agreement due September 30, 2020. Borrowings under this term loan bear interest at EURIBOR plus the applicable margin ranging between 0.80% and 2.00%, based on our credit ratings. The loan is repayable beginning December 30, 2016 in quarterly payments of €312,500 through June 30, 2020 with the remainder due upon maturity. This term loan agreement is unsecured, and is guaranteed by the Company. This term contains customary restrictions on the Company's and its subsidiaries' ability to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. This term loan agreement also requires that we maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio, as defined therein, during its term. As of March 31, 2016, we were in compliance with the covenants under this term loan agreement.

As of March 31, 2016, we and certain of our subsidiaries had various uncommitted revolving credit facilities, lines of credit and other loans in the amount of $166.0 million in the aggregate under which there were no borrowings outstanding as of that date.

Refer to the discussion in note 7, "Bank Borrowings and Long-Term Debt" to the consolidated financial statements for further details of our debt obligations.

We have purchase obligations that arise in the normal course of business, primarily consisting of binding purchase orders for inventory related items and capital expenditures. Additionally, we have leased certain of our property and equipment under capital lease commitments, and certain of our facilities and equipment under operating lease commitments.

Future payments due under our purchase obligations, debt including capital leases and related interest obligations and operating lease:

	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	Greater Than 5 Years
	(In thousands)				
Contractual Obligations:					
Purchase obligations	$3,213,500	$3,213,500	$—	$—	$—
Long-term debt and capital lease obligations					
Long-term debt	2,791,906	65,166	1,068,617	547,440	1,110,683
Capital lease	25,054	6,640	10,302	8,112	—
Interest on long-term debt obligations	673,622	101,460	207,519	191,982	172,661
Operating leases, net of subleases	579,201	125,021	191,203	116,974	146,003
Restructuring costs	13,240	2,460	10,780	—	—
Total contractual obligations	$7,296,523	$3,514,247	$1,488,421	$864,508	$1,429,347

We have excluded $212.3 million of liabilities for unrecognized tax benefits from the contractual obligations table as we cannot make a reasonably reliable estimate of the periodic settlements with the respective taxing authorities. See note 13, "Income Taxes" to the consolidated financial statements for further details.

Our purchase obligations can fluctuate significantly from period to period and can materially impact our future operating asset and liability balances, and our future working capital requirements. We intend to use our existing cash balances, together with anticipated cash flows from operations to fund our existing and future contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

We sell designated pools of trade receivables to unaffiliated financial institutions under our ABS programs, and in addition to cash, we receive a deferred purchase price receivable for each pool of the receivables sold. Each of these deferred purchase price receivables serves as additional credit support to the financial institutions and is recorded at its estimated fair value. As of March 31, 2016 and 2015, the fair value of our deferred purchase price receivable was approximately $501.1 million and $600.7 million, respectively. As of March 31, 2016 and 2015, the outstanding balance on receivables sold for cash was $1.2 billion, under all our accounts receivable sales programs, which were removed from accounts receivable balances in our consolidated balance sheets. For further information, see note 10 to the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to note 2 to the consolidated financial statements for recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

A portion of our exposure to market risk for changes in interest rates relates to our investment portfolio, which consists of highly liquid investments or bank deposits with maturities of three months or less from original dates of purchase and are classified as cash equivalents on our consolidated balance sheet. We do not use derivative financial instruments in our investment portfolio. We place cash and cash equivalents with various major financial institutions and highly rated money market accounts. Our investment policy has strict guidelines focusing on preservation of capital. The portfolio is comprised of various instruments including term deposits with banks, marketable securities and money market accounts. Our cash is principally invested in the U.S. dollar and China RMB serving as a natural hedge of our RMB denominated costs. As of March 31, 2016, the outstanding amount in the investment portfolio was $1.1 billion, the largest components of which were USD and RMB denominated money market accounts with an average return of 1.22%. A hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

We had variable rate debt outstanding of approximately $1.1 billion as of March 31, 2016. Variable rate debt obligations consisted of borrowings under our term loans. Interest on these obligations is discussed above.

Our variable rate debt instruments create exposures for us related to interest rate risk. Primarily due to the current low interest rates a hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

As of March 31, 2016, the approximate average fair value of our debt outstanding under our term loan facilities that matures in March 2019 and August 2018, and Notes due February 2020, February 2023 and June 2025 was 101.0% of the face value of the debt obligations based on broker trading prices.

FOREIGN CURRENCY EXCHANGE RISK

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We have established a foreign currency risk management policy to manage this risk. To the extent possible, we manage our foreign currency exposure by evaluating and using non-financial techniques, such as currency of invoice, leading and lagging payments and receivables management. In addition, we may borrow in various foreign currencies and enter into short-term foreign currency forward, swap, and option contracts to hedge only those currency exposures associated with certain assets and liabilities, mainly accounts receivable and accounts payable, and cash flows denominated in non-functional currencies.

We endeavor to maintain a partial or fully hedged position for certain transaction exposures. These exposures are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency unit of the operating entity. The credit risk of our foreign currency forward and swap contracts is minimized since all contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counter-party financial institution were not material. The gains and losses on forward and swap contracts generally offset the losses and gains on the assets, liabilities and transactions hedged. The fair value of currency forward and swap contracts is reported on the balance sheet. The aggregate notional amount of outstanding contracts as of March 31, 2016

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amounted to $4.3 billion and the recorded fair values of the associated assets and liabilities were not material. The majority of these foreign exchange contracts expire in less than three months and all expire within one year. They will settle primarily in Brazilian real, British pound, Canadian dollar, China renminbi, Danish krone, the Euro, Hungarian forint, Israeli shekel, Japanese yen, Malaysian ringgit, Mexican peso, Singapore dollar, Indian rupee, Swiss franc and the U.S. dollar.

Based on our overall currency rate exposures as of March 31, 2016, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets, liabilities and cash flows, a near-term 10% appreciation or depreciation of the U.S. dollar from its cross-functional rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Flextronics International Ltd.
Singapore

We have audited the accompanying consolidated balance sheets of Flextronics International Ltd. and subsidiaries (the "Company") as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Flextronics International Ltd. and subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2016, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 20, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
San Jose, California
May 20, 2016

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FLEXTRONICS INTERNATIONAL LTD.
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2016	2015
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$1,607,570	$1,628,408
Accounts receivable, net of allowance for doubtful accounts (Note 2)	2,044,757	2,337,515
Inventories	3,491,656	3,488,752
Other current assets	1,171,143	1,286,225
Total current assets	8,315,126	8,740,900
Property and equipment, net	2,257,633	2,092,167
Goodwill and other intangible assets, net	1,345,820	415,175
Other assets	466,402	404,649
Total assets	$12,384,981	$11,652,891
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank borrowings and current portion of long-term debt	$65,166	$45,030
Accounts payable	4,248,292	4,561,194
Accrued payroll	353,547	339,739
Other current liabilities	1,905,200	1,809,128
Total current liabilities	6,572,205	6,755,091
Long-term debt, net of current portion	2,709,389	2,025,970
Other liabilities	497,857	475,580
Commitments and contingencies (Note 12)		
Shareholders' equity		
Flextronics International Ltd. Shareholders' equity		
Ordinary shares, no par value; 595,062,966 and 613,562,761 issued, and 544,823,611 and 563,323,406 outstanding as of March 31, 2016 and 2015, respectively	6,987,214	7,265,827
Treasury stock, at cost; 50,239,355 shares as of March 31, 2016 and 2015, respectively	(388,215)	(388,215)
Accumulated deficit	(3,892,212)	(4,336,293)
Accumulated other comprehensive loss	(135,915)	(180,505)
Total Flextronics International Ltd. shareholders' equity	2,570,872	2,360,814
Noncontrolling interests	34,658	35,436
Total shareholders' equity	2,605,530	2,396,250
Total liabilities and shareholders' equity	$12,384,981	$11,652,891

The accompanying notes are an integral part of these consolidated financial statements.

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FLEXTRONICS INTERNATIONAL LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended March 31,		
	2016	2015	2014
	(In thousands, except per share amounts)		
Net sales	$24,418,885	$26,147,916	$26,108,607
Cost of sales	22,810,824	24,602,576	24,609,738
Restructuring charges	—	—	58,648
Gross profit	1,608,061	1,545,340	1,440,221
Selling, general and administrative expenses	954,890	844,473	874,796
Intangible amortization	65,965	32,035	28,892
Restructuring charges	—	—	16,663
Other charges (income), net	47,738	(53,233)	57,512
Interest and other, net	84,793	51,410	61,904
Income before income taxes	454,675	670,655	