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EDITED TRANSCRIPT

JBL - Jabil Inc Annual Shareholders Meeting

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CORPORATE PARTICIPANTS

Adam Berry *Jabil Inc. - Vice President, Investor Relations*

Mark T. Mondello *Jabil Inc. - CEO & Director*

Michael Dastoor *Jabil Inc. - Executive VP & CFO*

Susan Wagner-Fleming *Jabil Inc. - VP, Deputy General Counsel & Corporate Secretary*

CONFERENCE CALL PARTICIPANTS

Douglas Ives

PRESENTATION

Adam Berry - *Jabil Inc. - Vice President, Investor Relations*

Good morning, and welcome to Jabil's 2019 Annual Shareholder Meeting. My name is Adam Berry, I'm Vice President of Investor Relations.

I'd like to begin by introducing the Jabil officers who will be participating in today's meeting: Mark Mondello, Chief Executive Officer and member of the board; Mike Dastoor, Chief Financial Officer; Susan Wagner-Fleming, Vice President, Deputy General Counsel and Corporate Secretary. Additionally, all of our board members are in attendance today. We will introduce each of them during today's election of directors.

Also with us today are Randall Duncan and Travis Elrod of Ernst & Young, Jabil's independent registered public accounting firm. Both will be available to answer any questions.

During the course of today's presentation and during Q&A, we may use non-GAAP financial metrics. We may also make forward-looking statements regarding future events or other future -- or the future financial performance of Jabil. We remind you that such statements are merely predictions and actual events or results may differ materially. Please refer to documents we file with the SEC, specifically our most recent 10-K for the year ending August 31, 2018, which identifies important factors that may cause our actual results to differ materially from those contained in the projections or forward-looking statements that we make.

We are webcasting this meeting live on Jabil's website at jabil.com. Following the event, an archived replay of this webcast will be posted on Jabil's website in the Investor Relations section.

Moving on to today's agenda. (inaudible) opening remarks, I'll hand it over to Susan Wagner-Fleming, who will lead the formal business portion of today's meeting. We will then transition to a question-and-answer session with Mark Mondello and Mike Dastoor.

As you may know, on September 25, 2018, Jabil management presented an in-depth update and outlook for our company, where we highlighted our diversification strategy and our -- and detailed our new business awards. For that reason, we are not providing a business update today. However, I encourage you to visit our Investor Relations website. You can view the materials from this event and others. I'd also like to invite anyone with further questions to contact me directly. You can find my contact info listed on today's presentation.

With that, it's now my pleasure to hand the meeting over to Susan Wagner-Fleming.

Susan Wagner-Fleming - *Jabil Inc. - VP, Deputy General Counsel & Corporate Secretary*

Thank you, Adam. Good morning, everybody, and thank you for being here today. The meeting is now called to order. We have appointed Doug Ives of Computershare Trust Company, Jabil's stock transfer agent, to act as our Inspector of Election today. Mr. Ives has taken his inspector's oath and will confirm that we have a quorum for the meeting. He will also count the votes on each item of business.



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Computershare has certified that notice of this meeting was duly given and that on or about December 11, 2018, a proxy statement, a proxy card and the 2018 annual report were furnished to all shareholders of record as of November 30, 2018. Copies of these proxy materials, the Affidavit of Mailing and the oath signed by Mr. Ives will be filed with the minutes of today's meeting.

Mr. Ives, would you please confirm a quorum of the shares entitled to vote at this meeting is represented either in person or by proxy?

Douglas Ives

I so confirm.

Susan Wagner-Fleming - Jabil Inc. - VP, Deputy General Counsel & Corporate Secretary

Thank you. I therefore declare this meeting to be duly constituted. Following the meeting, Mr. Ives will deliver a report that includes the final count of shares eligible to vote at today's meeting, which will be filed in the company's records.

We'll begin with the approval of the minutes of last year's Annual Meeting of Shareholders held on January 25, 2018. These minutes were available to all shareholders as they registered for this meeting. Are there any objections to waiving the reading of the minutes from last year's meeting or any questions on the minutes? Hearing none, the minutes of last year's meeting are approved.

The formal business of this meeting is stated in the notice of annual meeting in the proxy statement. We will now consider each of the proposals included in the proxy materials. Voting on the proposals will be by both proxy and ballot. If there are any shareholders who want to vote today, either because you've not previously submitted a proxy or because you want to change your vote, we ask that you please complete or revise a ballot or proxy card at this time. If you need a ballot, please raise your hand now and we'll provide you with one.

Voting is now open and will be closed immediately after review of the matters to be voted on. If you're voting today, please prepare to mark your ballot or proxy now.

The first proposal is to elect 9 directors to serve until the next Annual Meeting of Shareholders or until their respective successors are duly elected and qualified. The nominees for director are all current members of our board. I'd like to introduce them now: Timothy Main, Chairman of the Board since his retirement from Jabil in 2013 and a Director since 1999; Tom Sansone, Vice President of the Board since his retirement from Jabil in 1999 and a Director since 1983; Mark Mondello, Jabil's CEO and a Director since 2013; Steve Raymund, our Director since 1996; David Stout, our Director since 2009; Martha Brooks, our Director since 2011; Anousheh Ansari, our Director since 2016; John Plant, our Director since 2016; and finally, Chris Holland, our Director since 2018. No other director nominations were received prior to the deadline specified in our bylaws and noted in last year's proxy statement. Nominations for director therefore have already been closed.

Our second item of business today is to ratify the appointment of Ernst & Young LLP as Jabil's independent registered public accounting firm for the fiscal year ending August 31, 2019.

And finally, our third item of business today is to approve Jabil's executive compensation on an advisory basis.

No notices or proposals for new business to be considered at this annual meeting were received by the deadline established in Jabil's bylaws. Accordingly, the floor is now closed to any additional motions or proposals. For anyone voting today, please mark your ballots and raise your hand so we may collect any ballot or proxy. Seeing that all ballots or proxies have been collected and counted, voting is now closed.

Mr. Ives, as the Inspector of Election, would you please provide the preliminary voting results?

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Douglas Ives

Certainly, Ms. Wagner-Fleming. Based upon a preliminary tabulation of the proxies and ballots received, I can report that each of the nominees for director has been elected by a majority of the votes actually cast with respect to the directors' election.

The proposal to ratify the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the fiscal year ending August 31, 2019, has been ratified by a majority of the shares present or represented by proxy and actually cast on this proposal.

The proposal to approve on an advisory basis Jabil's executive compensation has been approved by a majority of the shares present or represented by proxy and actually cast on this item.

Susan Wagner-Fleming - Jabil Inc. - VP, Deputy General Counsel & Corporate Secretary

Thank you, Mr. Ives. A final tabulation of the votes will be included in the certificate of Inspector of Election to be filed with the minutes of this meeting and will also be reported in a current report on Form 8-K.

That concludes the formal portion of the meeting and I move for adjournment.

Unidentified Company Representative

Seconded.

Susan Wagner-Fleming - Jabil Inc. - VP, Deputy General Counsel & Corporate Secretary

The formal portion of this meeting is now adjourned. At this time, we'd like to give you the opportunity to ask questions of Mark Mondello, our CEO; and Mike Dastoor, our CFO. We want everyone in attendance, both live and joining via our webcast, to be able to hear the questions, so please step up to microphones, state your name and ask your question.

Mark T. Mondello - Jabil Inc. - CEO & Director

Thanks, Susan. Before we get into Q&A, I made a new friend this morning and I'd like to acknowledge that. So [John], who's sitting in the audience today, he and I were talking earlier and I think he might be our oldest shareholder. So John is 99 years old. Raise your hand, John. And John, I hope you're back next year at 100. So thank you.

All right. So anybody who's [mining] any questions?

QUESTIONS AND ANSWERS

Mark T. Mondello - Jabil Inc. - CEO & Director

As usual.

Unidentified Shareholder

I really admire this gentleman, 99 years old.



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Unidentified Shareholder

(inaudible)

Unidentified Shareholder

A long time, I thought I was old until I see him, I feel young. I have a couple of questions if it's okay. Is that possible for more than one?

Mark T. Mondello - Jabil Inc. - CEO & Director

Yes, yes, of course.

Unidentified Shareholder

Okay. My first one has to do with tariffs. And recently, several tariffs have been enacted against China, 25% on \$50 billion worth of Chinese industrial goods and then a 10% on another \$200 billion of Chinese consumer goods. So with Jabil having some 22.7 million square feet, some 50%, actually, of all your manufacturing square footage in Japan, my question goes to what impact does this have on your products and services sold into China, so your company that is (inaudible) there, and then sending it out or sold back to the United States? And as a second part of that question, does the new tariffs being applied have any effect on the 700 facilities you have around the globe, like Mexico would be another big one that you have a large square footage here? And how does that play with (inaudible)?

Mark T. Mondello - Jabil Inc. - CEO & Director

So we like your questions because you're always very well versed in the company, and thanks again for continuing to be a shareholder. The topic of tariffs and taxes is coming up constantly. We're -- Mike and I with other management, we're on the road a lot talking to investors, talking to customers, and certainly, in the last 9 months or so, it's been a topic in every conversation. I will say that we can't control. If tariffs and taxes get really bad, meaning if Xi and Trump, China and the U.S. can't seem to get along, it will be bad for everybody, including Jabil. The one thing about our company, though, in good times, the team executes really, really well. When times get tough, whether it be the financial crisis, the tech wreck, this team executes really, really well. So when you're raised in a company with an ecosystem of (inaudible) and operating margins, we have to watch every penny. So if things get bad for everybody, I'll bet on the company, I'll bet on Jabil. If things got moderately bad to modestly bad, that's also really good for us. If you think about it, we've got about 48 million square feet of manufacturing space all around the world. Those factories are connected by largely a single incidence of IT systems. And we move product around every day. One of the things our customers love about us is the company is very agile, very flexible. And so if things continued to escalate, we'll be moving products around, and I don't think anybody's any better than we are in doing that. You referenced Mexico. Mexico would be a geography where some of those products may go as well as other parts of Asia. So again, we focus on what we can control. We think a lot about what could be out of our control. I wouldn't want to see the tariffs and the taxation issues get worse or much worse, but if they occur, I think we're in a really, really good shape largely around our geographic footprint and being a U.S. domicile company.

Unidentified Shareholder

The question is since you're supplying to Chinese companies who are making products that can be shipped all over the world locally into the China market but also any place, electronic goods and so on, for them to compensate if there's tariffs put on, like there already has been, that should trickle down for price increases to Jabil, cutting the margin. So that's the question, have you already seen some of that since they already have been put in place on some of the goods and they're talking about putting more in place moving forward. They don't get together with it.

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Mark T. Mondello - Jabil Inc. - CEO & Director

Yes. So about 90% of what we do in Mainland China is for export all around the world. About 10% -- 5% to 10% is for indigenous China. In terms of pricing, we've seen some of that, but I think the way we have our commercial terms, our relationships with our customers, the way we manage our productivity with the way we manage our costs, I think that's also very manageable. So that's not a huge concern for me.

Unidentified Shareholder

Okay. So you haven't really seen any really...

Mark T. Mondello - Jabil Inc. - CEO & Director

We've seen some of it, but we've reacted quite well to it.

Unidentified Shareholder

Good. It's (inaudible) then. Thank you.

Mark T. Mondello - Jabil Inc. - CEO & Director

Yes. Said differently, unless things got -- how things would affect us financially would be if demand got really, really bad, if the situation escalated to a really bad spot. Anything in between where we're at today and where this could go if it got really bad, I think we'd be fine financially.

Unidentified Shareholder

That's good to know. Okay. My second point is that recently, Jabil has made 2 agreements or negotiations. One was J&J to expand your relationships with them and more recently with Amazon. Now I'm familiar with J&J, of course, surgical equipment and supplies and whatnot. But Amazon is a new one for me. I mean, Amazon is a new retailer on the net and they used to supply finished product, you're a manufacturer of building product. So how do those 2 made up and make a relationship moving forward?

Mark T. Mondello - Jabil Inc. - CEO & Director

Let me take J&J first. We -- in mid-2013, our health care business was about \$400 million, \$420 million in sales per year. This year, our health care business will be over \$3 billion. Next year, it will be closer to \$4.5 billion or \$5 billion. So it's a super important end market for us. It's an end market where I think we have a great right to play, if you will, based on our technology, our supply chain solutions, et cetera. The J&J deal is a transformational deal. With my time in the company, which has been a long time, it's one of the better transformational deals relationships I think we've ever done. With that said, we've put a lot of hard work into the front end of that deal, but we haven't really done anything yet. We'll be taking over 10-plus factory sites from J&J. We'll be supporting them in the areas of endosurgical trauma, instrumentation and spine, so some really cutting-edge technologies and some very important products. The factories will be transitioning over to us starting late February, early March and continue through the July, August time frame. So really excited, somewhat cautious, but has potential to be hugely transformational. We think the -- that deal alone will add about \$1 billion to top line revenue of the company starting in fiscal year '20. So really glad that we're able to put the deal together.

Unidentified Shareholder

Also possible it's pretty much different than your electronic components, right?



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Mark T. Mondello - Jabil Inc. - CEO & Director

Okay.

Unidentified Shareholder

I would think so. I mean, [4%] medical and (inaudible) are going to the hospital.

Mark T. Mondello - Jabil Inc. - CEO & Director

Yes. Can you say that one or 2 more times?

Unidentified Participant

No, they are listening out there, right? Yes, margins have got to go up, so it's a good thing to invest in Jabil.

Mark T. Mondello - Jabil Inc. - CEO & Director

I don't think I need to say any more. We should end on that note. In terms of Amazon, you might be referring to a press release we did where we're doing something with Amazon in our...

Unidentified Shareholder

(inaudible)?

Mark T. Mondello - Jabil Inc. - CEO & Director

Yes. Yes, so it's really adding technology to consumer packaging. And that's one node, if you will, of Amazon, and that's what we've kind of talked about publicly, so we're super excited there. If you stood back and you looked at Amazon, it's one of the more recognizable, respected brands out there, both on the retail side as well as cloud computing and AWS. So to the extent that Amazon sees our solutions with great value, we embrace them as a really good brand to partner with.

Unidentified Shareholder

So what do you actually provide to them? Is it product?

Mark T. Mondello - Jabil Inc. - CEO & Director

We haven't gotten into...

Unidentified Shareholder

Or [business]?



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Mark T. Mondello - Jabil Inc. - CEO & Director

It'll be a combination of everything, but I think as time goes on, I think that will be more evident to you.

Michael Dastoor - Jabil Inc. - Executive VP & CFO

If I can just add, a couple of weeks ago, Jabil was showcased at the Amazon booth in CES. In there, it was all about auto replenishment. (inaudible) you've seen the Amazon dash buttons where you actually click and it reorders the product for you. The technology we're working with them on is auto replenishment. You bypass the click completely. So that's the product we're working with.

Unidentified Shareholder

Product you make for automotive. If somebody goes on the Internet, they pull up Amazon, they want this part for their car, it fabricated and originated at Jabil and then delivered to the customer.

Michael Dastoor - Jabil Inc. - Executive VP & CFO

Yes. In the simplest way, if you have a (inaudible) of washing detergent and it gets down to a particular level, the sensors will sense that it's coming, it's emptying out, so it will reorder with Amazon directly.

Unidentified Shareholder

I see. That seems like a pretty good thing Amazon has used. Has the relationship been going on for a long time with Amazon? You've already been dealing with them for a long time or...

Mark T. Mondello - Jabil Inc. - CEO & Director

We've been in discussions with Amazon in many different things for a period of time.

Unidentified Shareholder

Yes. [First ever] I've asked that. There have been some public announcement.

Mark T. Mondello - Jabil Inc. - CEO & Director

I think if things were to be favorable on both sides, you'll probably hear more about that.

Unidentified Shareholder

Okay. And my last question is just one about overall Jabil. There was an article last year, April 2018, in regards to Jabil expanding this location. There was supposed to be some \$67-plus million that Jabil was going to be investing in real estate and property around this general area. I don't see any real visible signs outside of the (inaudible) back there and a building that's maybe down the street. So are we talking about (inaudible)? So it was just curiosity, what's happening on that front?



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Mark T. Mondello - Jabil Inc. - CEO & Director

So I'd start with the fact that starting all the way with Tom and then followed by Tim, we've always been -- we started in Michigan, but we've largely been a Saint Pete company. So the Tampa Bay Area is really home for us. As the company has grown, if you think about it, in the last 4.5, 5 years alone, we've taken the company from \$14 billion, \$15 billion in size and this year went to about \$25 billion. So it's quite big, and we've got 200-and-some thousand employees. We get quoted all the time from different geographies, different states about giving us money, tax breaks and things like that, but we love this area. We're committed to the area. It's home to us in terms of kind of our worldwide campus. As we've grown in the area, we've taken on 9 or 10 leases, very inefficient. We just haven't slowed down long enough to really do a thoughtful plan in terms of expansion and having all of our people in a campus environment. And having everybody in a campus environment, productivity goes up, our costs go down. We get out of some leases that are not so favorable. So starting 2 years ago, 2.5 years ago, we started thinking about where the really cool (inaudible) like campus would look like, and that's kind of come all the way to completion now in terms of the thought, the architecture. We looked downtown, we got quoted in different areas and when you look out at the (inaudible) and (inaudible) do for this property. So I think you'll see more activity in the next 6 months. So if you're out and about, drive by and I think you'll see some construction equipment.

Unidentified Shareholder

(inaudible)

Mark T. Mondello - Jabil Inc. - CEO & Director

Yes, it is. And if you look over here, this building is nearly complete. That's Phase 1, there'll be 3 phases. That phase is for engineering labs and engineering sciences, so we're really excited. And I think not only is there an economic benefit for us as a productivity in having everybody in one campus, but also in terms of recruiting and retention of people, it's going to be a great space for us to conduct our day-to-day activities.

Anybody else? Right, thank you very much.

Adam Berry - Jabil Inc. - Vice President, Investor Relations

That looks like all the questions we have today. Thank you for your attendance. Thank you for your participation. This now concludes our meeting.

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