

Q4
2024

EMS

Quarterly Review

Lincoln Perspective

In Q4 2024, the EMS industry concluded the year with steady momentum, underscoring its adaptability in navigating persistent global challenges. Normalized inventories, improved supply chain reliability and targeted investments in high-reliability end-markets enabled the sector to deliver a steady year-end performance. Mergers and acquisitions (M&A) activity remained soft, with seven recorded transactions in the quarter, further consolidating capabilities and expanding geographic reach. With the supply chain crisis of the last two years now beginning to be part of history, we expect M&A activity to increase during 2025.

Publicly listed EMS companies significantly outperformed the S&P 500 in Q4, reflecting increased investor confidence in the sector's resilience and growth prospects. Key trends observed within the market include continued supply chain diversification and investments in digital tools to enhance procurement visibility, enabling providers to better address customer requirements. High-reliability industries such as aerospace, defense and medical remained a cornerstone of growth. This was supported by stable demand and a focus on operational efficiency. These efforts allowed EMS companies to navigate lingering macroeconomic headwinds, including global supply chain challenges and elevated costs from shifting trade policies.

In this publication, we observe that 2024 marked a year of resilience and strategic transformation for the EMS sector. M&A activity in Q4 2024 saw a slight decline compared to the prior year, though there continues to be an underlying trend of consolidation and movement towards high-value markets. As the EMS industry enters 2025, it is poised to build on foundational growth trends such as enhanced operational capabilities, geographic diversity and growing demand across key end markets. With sustained investment in innovation and advanced technologies, the sector remains well-positioned to capture new growth opportunities and create long-term value.

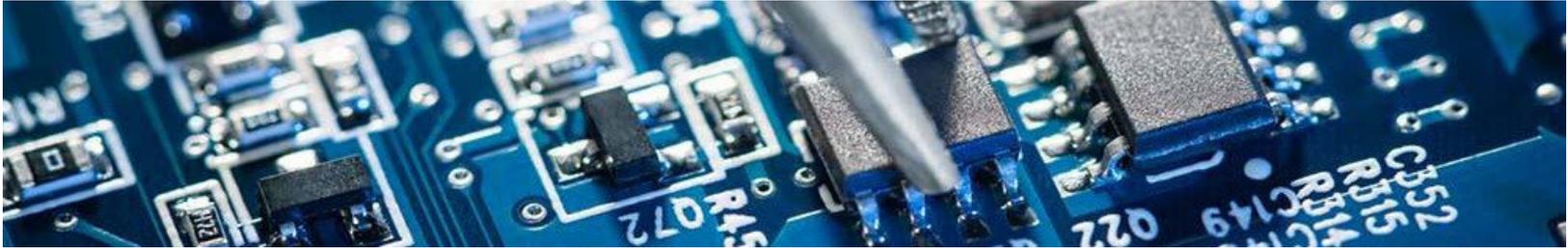
NOTABLE ANNOUNCEMENTS

October 18, 2024

Sverica Capital Management has acquired Electronic Source Company

INSIDE THIS ISSUE

- Deal Activity
- EMS Stock Performance



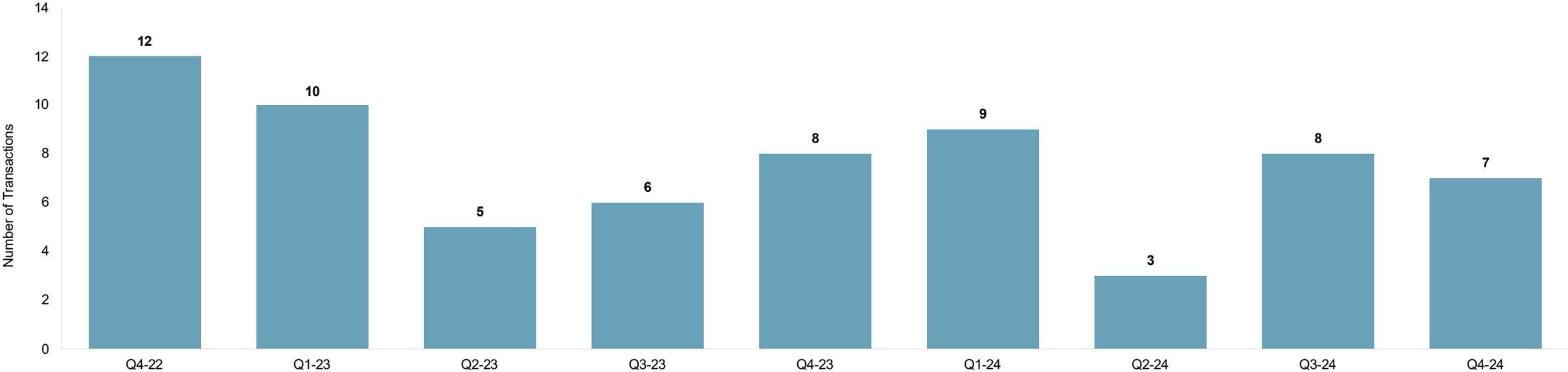
EMS Quarterly Review Q4 2024

Seven EMS transactions were recorded in Q4 2024, reflecting a decrease from eight in Q4 2023 and twelve in Q4 2022. Vertical and horizontal convergence accounted for four transactions in Q4 2024, representing approximately 57% of total activity and tying the highest number of such transactions in the past four years. EMS consolidations made up two transactions, or roughly 29% of total activity, marking a decline relative to the Q4 results from each of the preceding four years. Private equity investments comprised one transaction, while diversification into EMS, EMS divestitures and original equipment manufacturer divestitures did not contribute to Q4 2024 transaction activity.

By geography, the U.S. accounted for five transactions, representing approximately 71% of total Q4 2024 EMS activity. Europe recorded two transactions, making up 29% of total activity. Asia, cross-border (High/High) and cross-border (High/Low) did not report any closed transactions during the quarter.

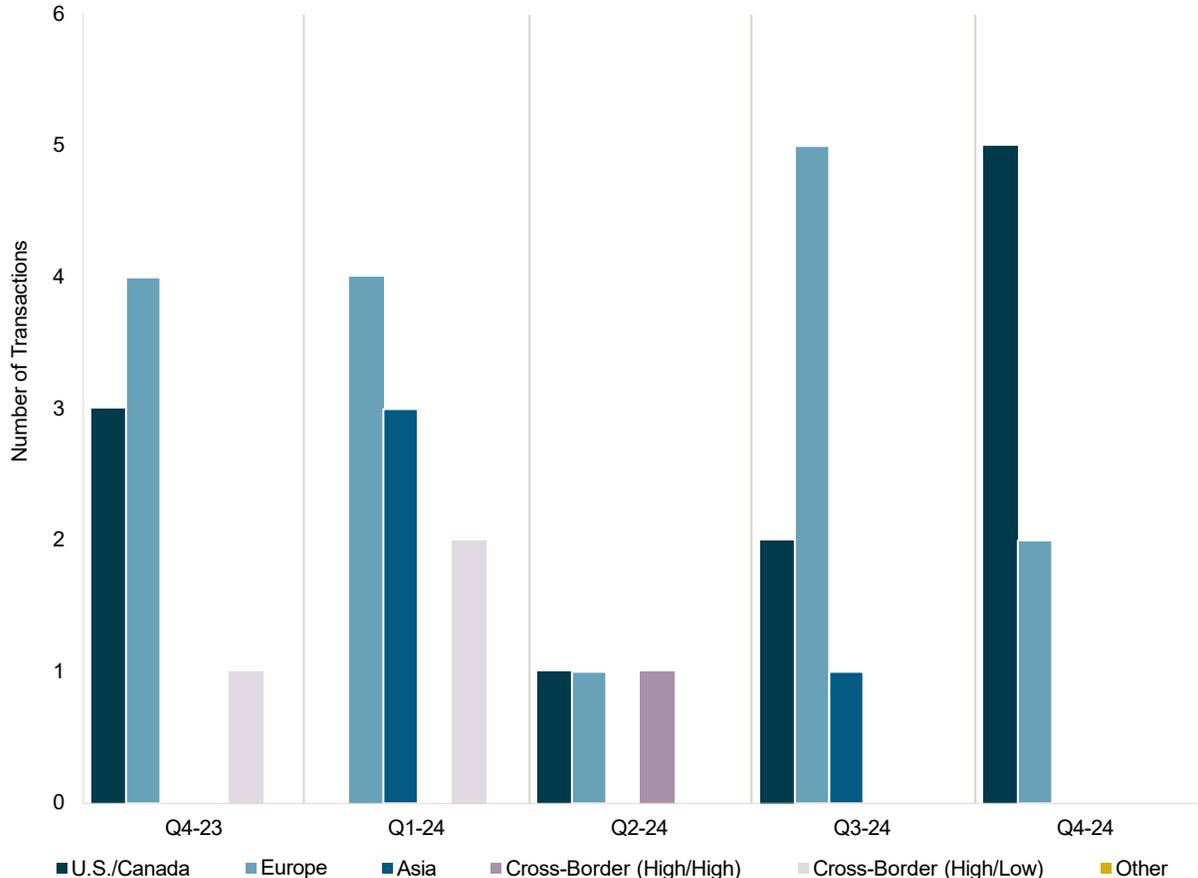
In terms of acquirers, large-tier EMS providers led activity with four transactions, representing approximately 57% of total Q4 2024 deals. Mid-tier EMS providers completed one transaction, accounting for roughly 14% of the quarter's activity, while small-tier EMS providers contributed two transactions, comprising approximately 29% of total activity.

QUARTER-OVER-QUARTER COMPLETED EMS TRANSACTIONS

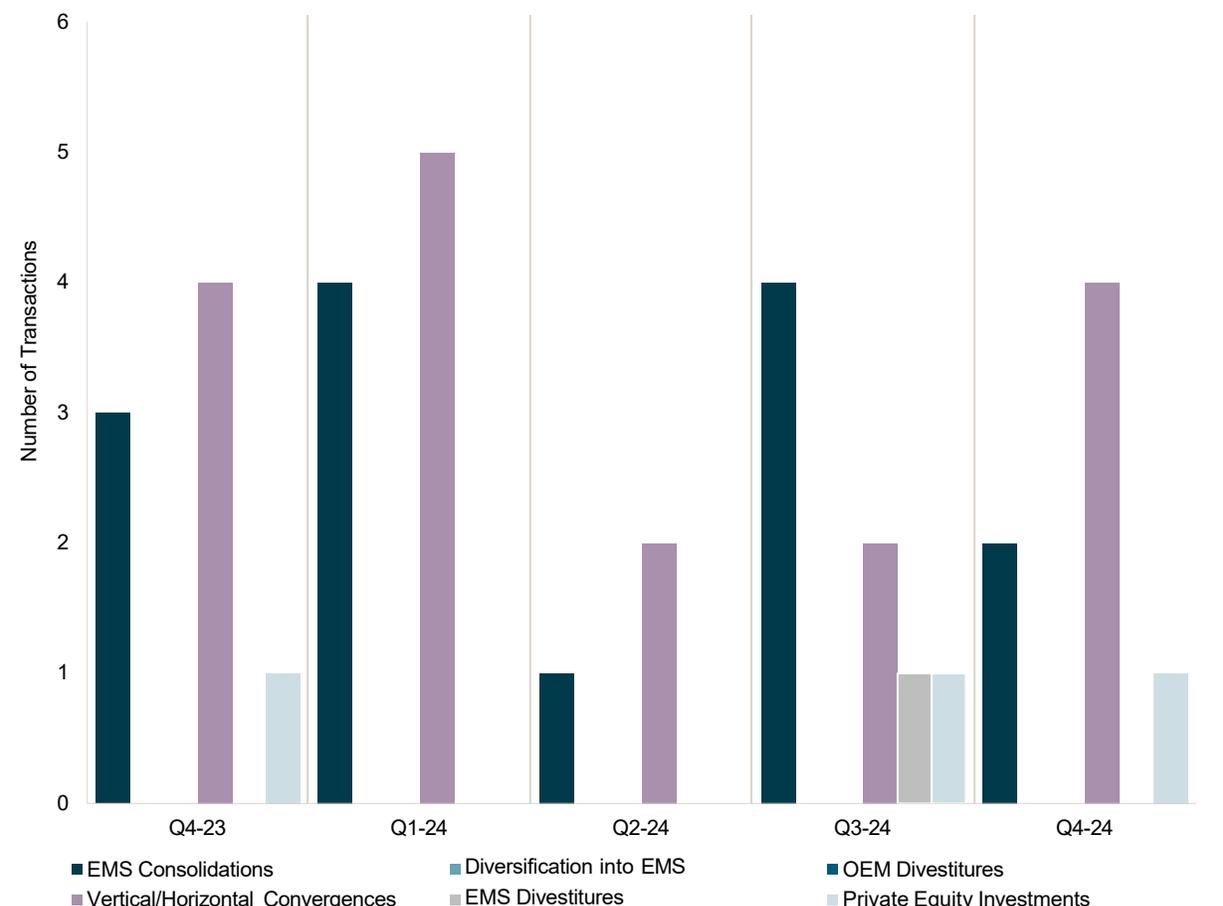


EMS Quarterly Review Q4 2024 (cont.)

QUARTERLY COMPARISON – EMS M&A BY GEOGRAPHY



QUARTERLY COMPARISON – EMS M&A BY DEAL TYPE



Sources: All information contained in this newsletter, including the charts, was obtained from company websites, Custer Reports, Lincoln International's internal data, Manufacturing Market Insider and Capital IQ

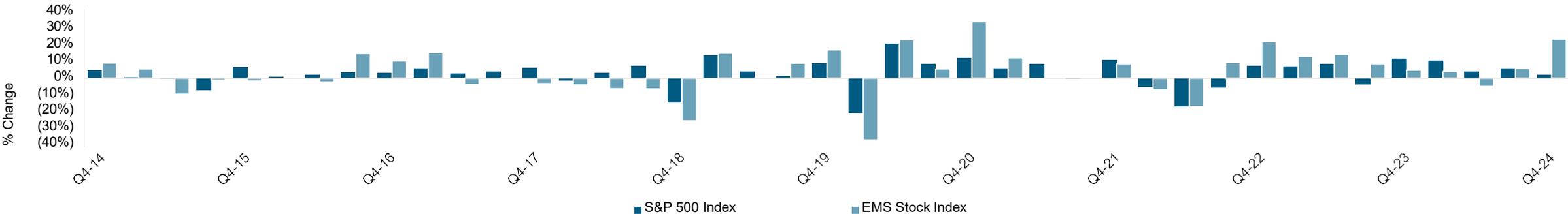
EMS Stock Index Outperforms S&P

QUARTERLY UPDATE TABLES

Winner's Circle		Tier	Worst Performers		Tier	EBITDA Margins		Year-over-Year Last 12 Months Revenue Growth	
Celestica Inc.	80.6%	I	Sanmina Corporation	10.5%	I	Large	7.0%	Large	(2.3%)
Plexus Corp.	14.5%	II	Key Tronic Corporation	(27.1%)	II	Mid	5.8%	Mid	(8.6%)
Nortech Systems Incorporated	(12.1%)	III	SigmaTron International, Inc.	(37.5%)	III	Small	3.3%	Small	(9.1%)

Similar to the S&P 500 Index, the EMS Stock Index is a market cap-weighted composite index. The index is prepared by first selecting a base period, in this case, Q1 2003, and totaling the market caps of the companies for each tier in this period. This period and total market cap is set to a base index, in this case, 1,000. Next, for each tier, the current period's total market cap is calculated, divided by the base period's total market cap and then multiplied by the base index (1,000). The result is the index value used for plotting in the graph on the next page.

S&P INDEX VS. EMS STOCK INDEX QUARTER CHANGE



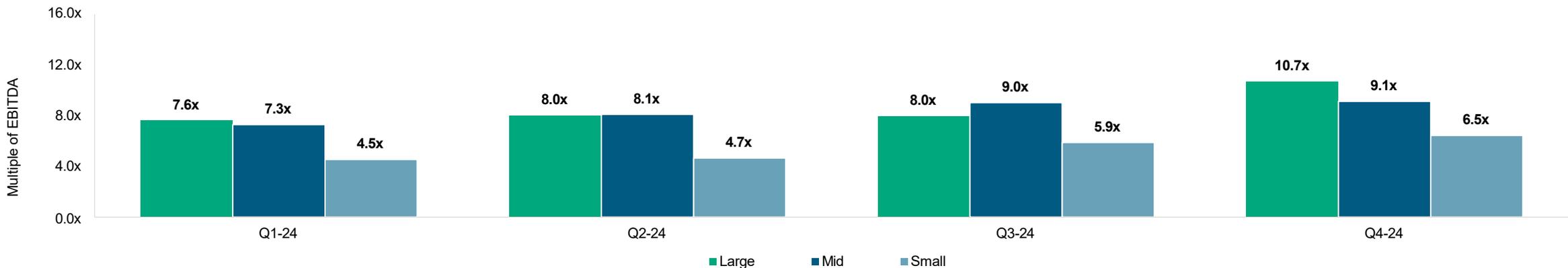
CURRENT EMS MARKET HIGHLIGHTS

The overall Lincoln EMS Stock Index increased 22.7% from last quarter, primarily driven by an increase of 25.0% and 9.2% in the large and mid-indices, respectively. Inversely, the small index decreased by (21.1%).

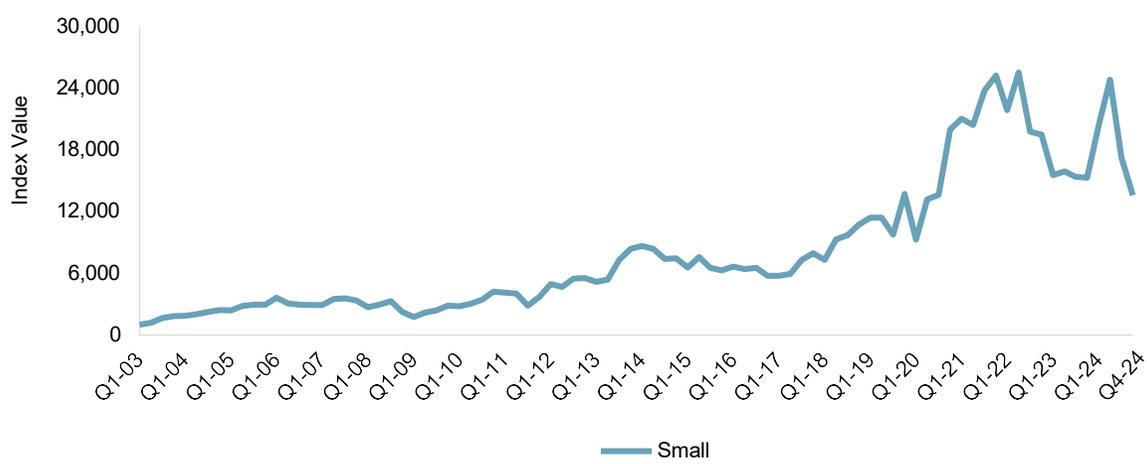
Source: Capital IQ as of December 31, 2024
 Note: Based on quarter-over-quarter share price performance as of December 31, 2024
 Note: Average for each index; YOY stands for year-over-year

EMS Market Trends – Public Companies Valuation Trend

SELECT PUBLIC COMPANIES – TRENDING AVERAGE EV / EBITDA



EMS STOCK INDEX TRENDING DATA



Sources: Bloomberg, Capital IQ and company filings as of December 31, 2024
 Note: Enterprise value is calculated as market cap on December 31, 2024, plus debt, preferred equity and minority interest less cash
 Note: Index Value as of December 31, 2024

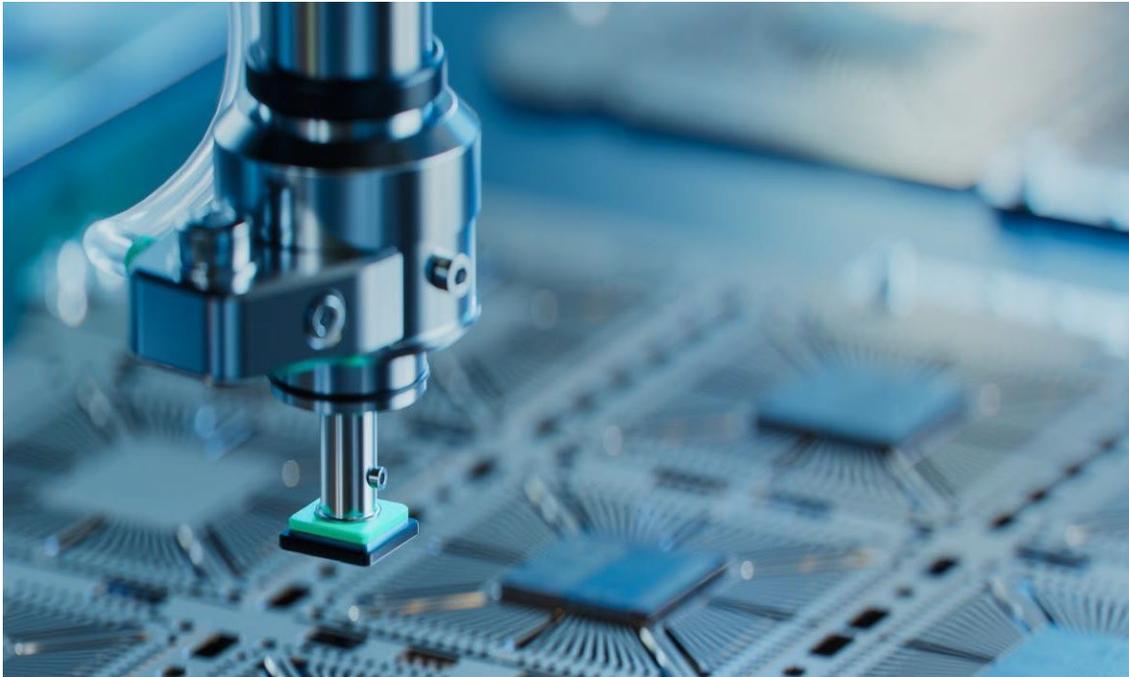
EMS Stock Index Company Data

	Stock Price	LTM Sales (\$ in mm)	Diluted EPS	Avg. Cash Conversion Cycle (days)	Current Ratio	EV / EBITDA	EV / Sales	Market Cap (\$ in mm)	Net Debt (\$ in mm)
Large									
Celestica Inc.	\$ 92.30	\$ 9,646	\$ 3.61	98.1	1.5x	17.3x	1.3x	\$ 10,728	\$ 373
Flex Ltd.	38.39	25,584	2.48	66.9	1.4x	9.2x	0.6x	14,887	1,841
Jabil Inc.	143.90	27,490	10.81	38.5	1.1x	8.4x	0.6x	16,073	1,195
Sanmina Corporation	75.67	7,700	4.09	78.1	2.1x	8.0x	0.5x	4,081	(268)
Mid									
Benchmark Electronics, Inc.	\$ 45.40	\$ 2,656	\$ 1.72	119.3	2.3x	9.3x	0.6x	\$ 1,634	\$ 51
Key Tronic Corporation	4.17	548	(0.19)	119.2	2.6x	6.6x	0.3x	45	121
Kimball Electronics, Inc.	18.73	1,651	0.50	104.3	2.3x	5.9x	0.4x	462	169
Plexus Corp.	156.48	3,954	4.31	143.1	1.5x	14.8x	1.1x	4,239	(56)
Small									
Nortech Systems Incorporated	\$ 10.29	\$ 136	\$ 1.55	109.7	2.6x	5.7x	0.3x	\$ 28	\$ 18
SigmaTron International, Inc.	1.78	337	(2.54)	116.5	1.2x	7.3x	0.2x	11	73

Sources: Bloomberg, Capital IQ and company filings as of December 31, 2024

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