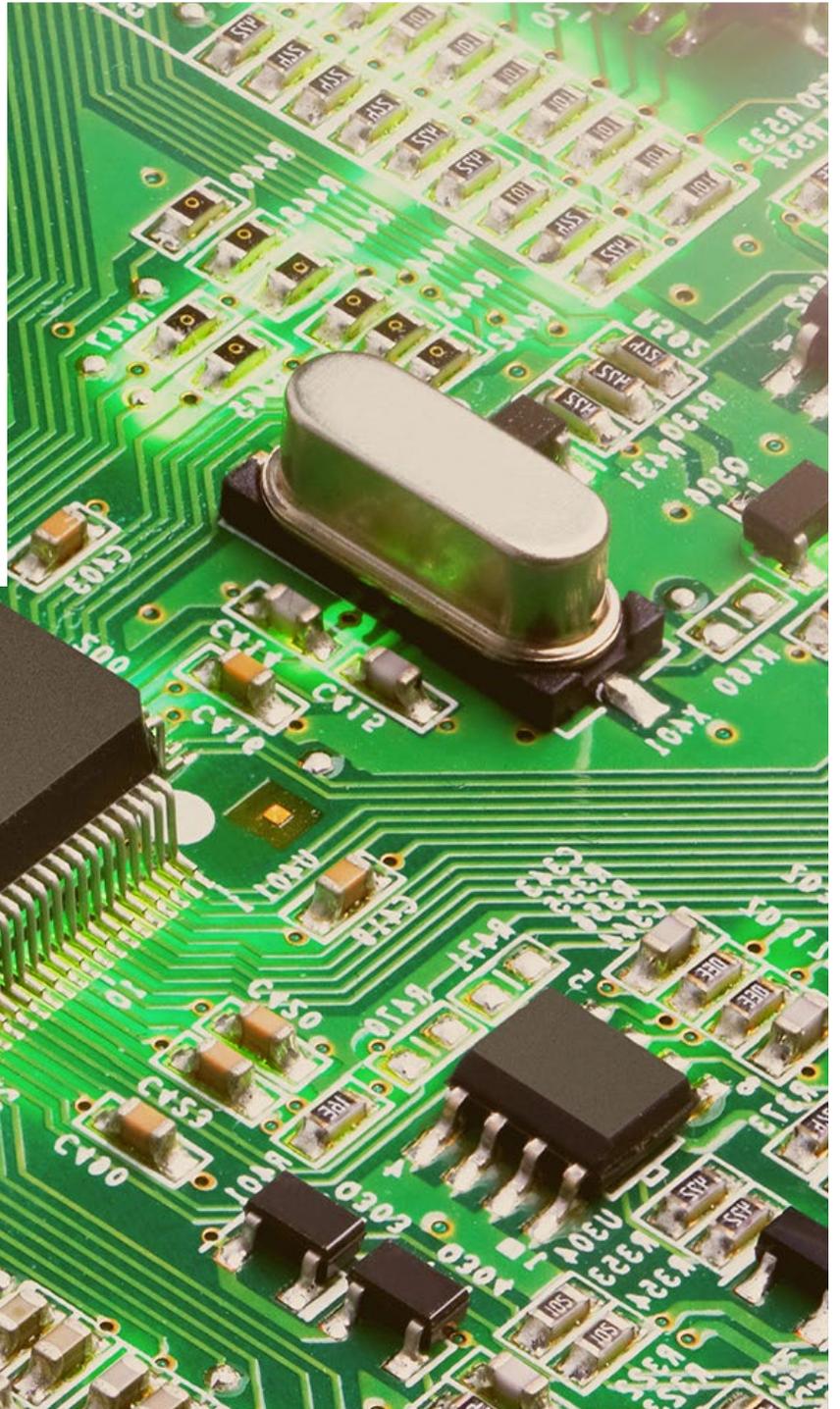


EMS
Quarterly
Review
Q3 2020



Announcements

September 3, 2020:
East West Manufacturing, LLC has acquired Universal Electronics, Inc.

July 21, 2020:
One Equity Partners has acquired Sparton Corporation's Manufacturing and Design Services Unit

July 1, 2020:
Sensata Technologies, Inc. has acquired PRECO Electronics, LLC

Lincoln Perspective

COVID-19 has slowed many industries, but the EMS industry has shown resiliency in the current market conditions. EMS organizations are continuing operations and adapting, as necessary. Despite the challenging economic and public health landscape, EMS players have been delivering promising results. This has especially been exhibited by the small-tier EMS companies and those that are more focused on high reliability and critical industries.

EMS companies are essential to the global economy and are integral in delivering the underlying electronics that support critical infrastructure, medical devices, defense platforms as well as the everyday devices that we rely on. In particular, the underlying driver of the "Electronics Super-Cycle" (the demand for connectivity), has not stopped and has arguably accelerated. Since the onset of the COVID-19 pandemic, electronics have been deployed to find treatments, care for patients,

work and study from home, order groceries and other essential products and enable countless other systems that underpin the modern economic environment. Industries like telecommunications have driven a surge in demand for electronic manufacturing services. Remote working, video conferencing and an increase in demand for telecommunication technology during the pandemic have shown a positive impact on EMS companies.

You will see in this publication that these fundamentals have driven better results in public company stock prices relative. Even some performance metrics are better than last year. While mergers and acquisitions (M&A) activity was lower for the last quarter as compared to Q3 2019, we see significant opportunity for further investment in this space providing for additional M&A later this year.

EMS Quarterly Review Q3 2020

There were five EMS transactions recorded in Q3 2020, consistent with the six recorded in Q3 2019 and an increase from the three transactions recorded in Q2 2020. EMS consolidations accounted for three transactions in Q3 2020, or 60% of total activity, a slight increase in the number of EMS consolidations from Q2 2020. Private equity investments accounted for two transactions, representing 40% of total activity, an increase from the previous quarter with the overall number of transactions also increasing.

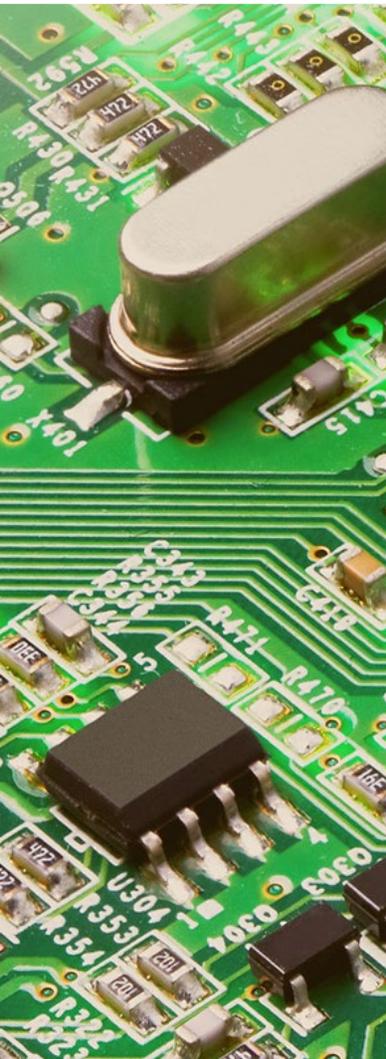
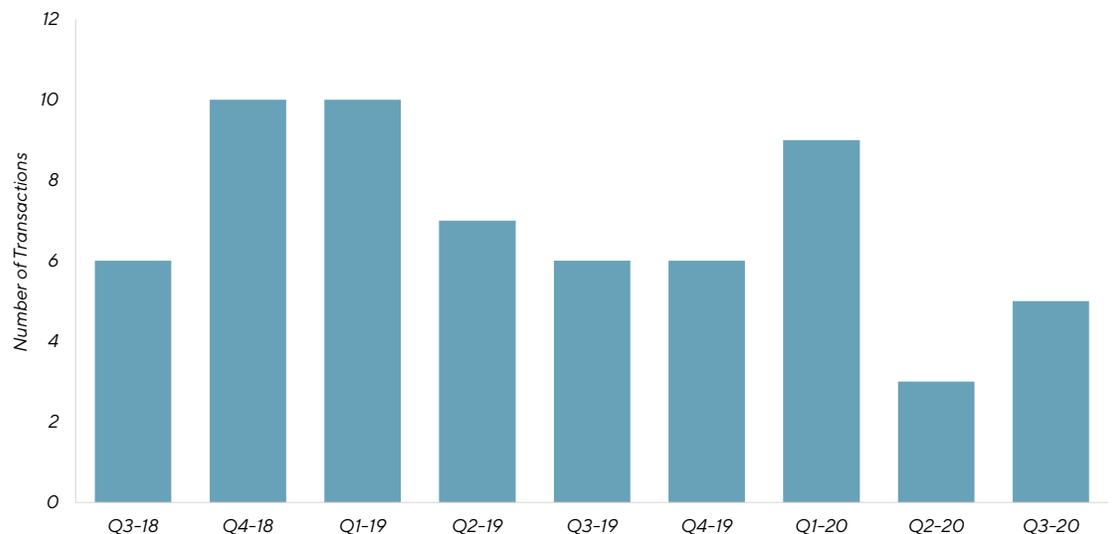
In Q3 2020, there were no transactions categorized as vertical/horizontal convergence. There were no original

equipment manufacturer or EMS divestitures in Q3 2020, nor were there any transactions categorized as diversification into EMS this quarter.

In terms of geography, the United States / Canada had three transactions, and Europe had two transactions completed, representing 60% and 40% of total transaction activity in Q3 2020, respectively.

In terms of transaction size, small-tier EMS providers accounted for 100% of the Q3 2020 transaction volume.

Quarter-over-Quarter Completed EMS Transactions

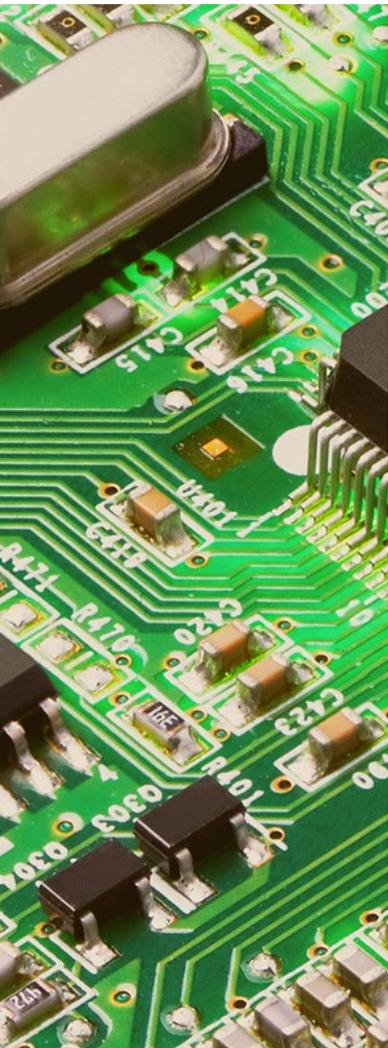


EMS Size Guide (Sales Dollars)

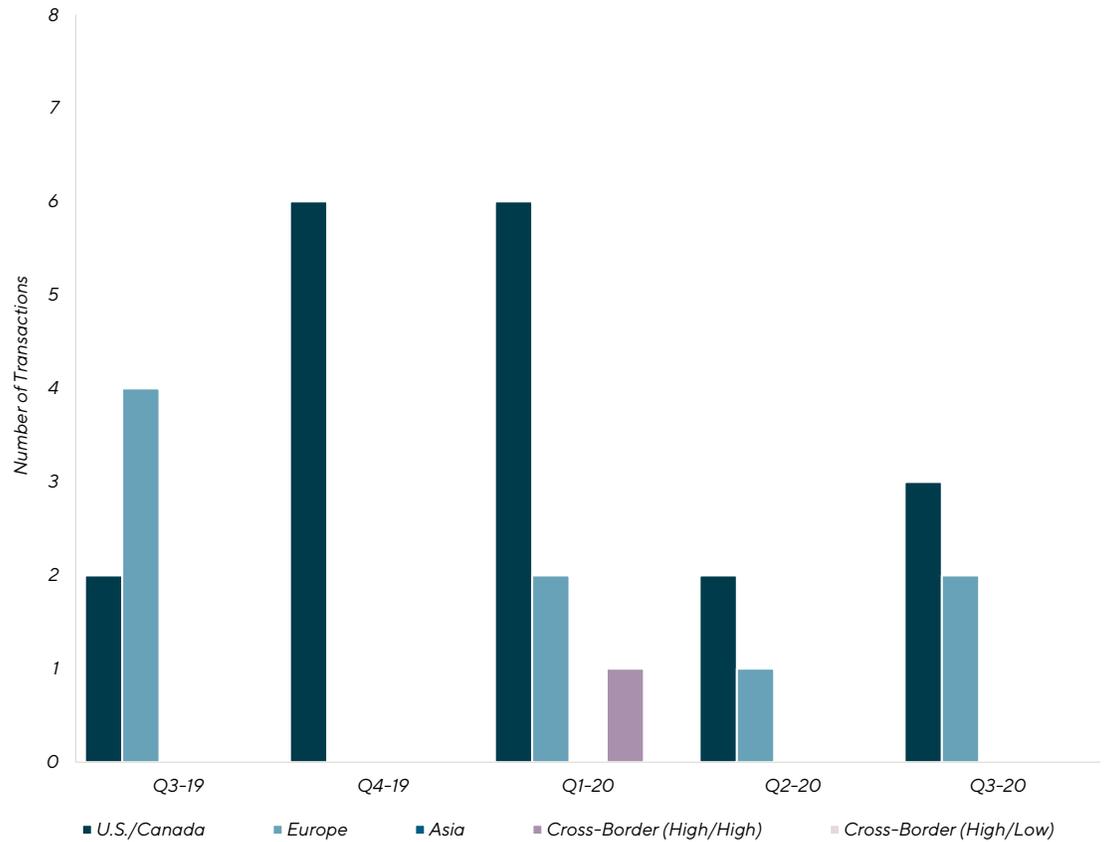
- Large (Tier I)
Greater than \$3 billion
- Mid (Tier II)
\$300 million to \$3 billion
- Small (Tier III)
Below \$300 million

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.

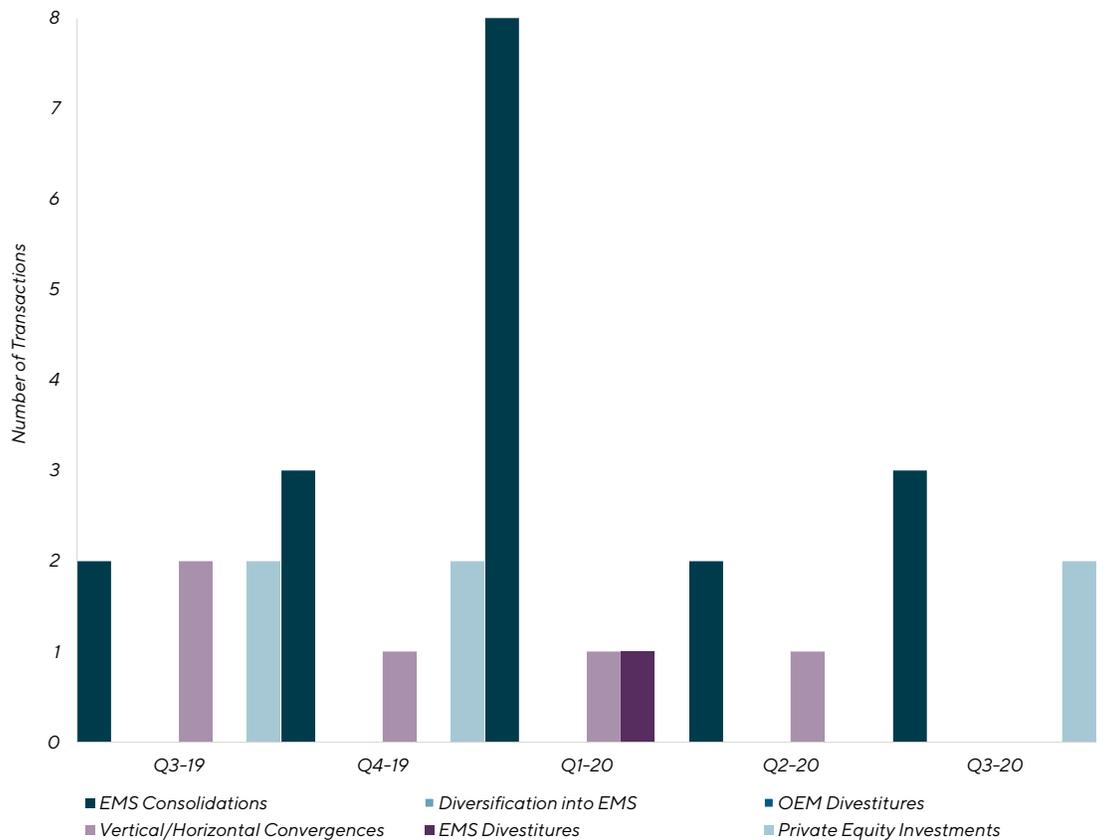
Note: Companies are included in a given tier by falling within the threshold for two consecutive quarters



Quarterly Comparison—EMS M&A by Geography



Quarterly Comparison—EMS M&A by Deal Type

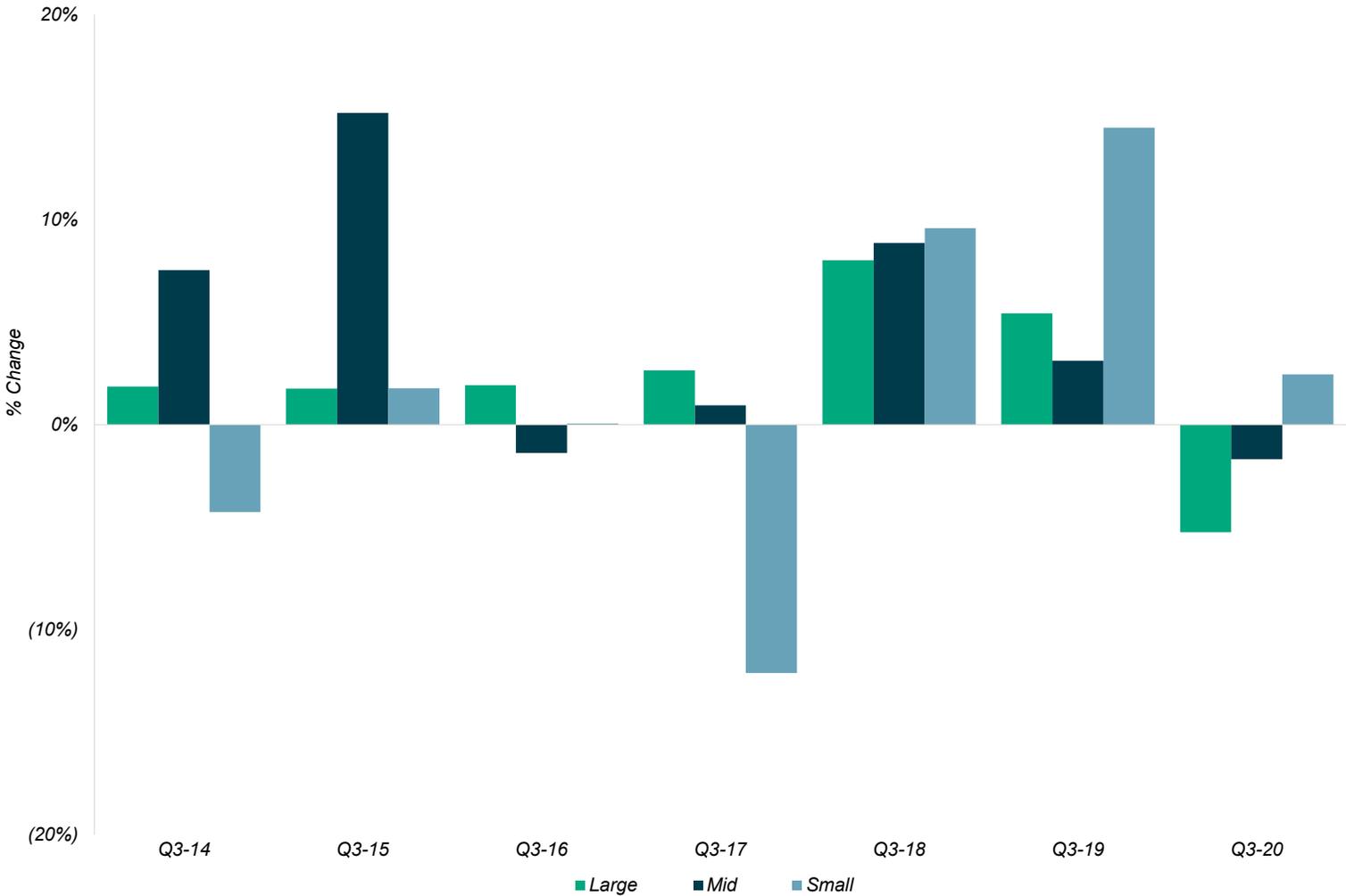


An Analysis of Growth Trends Affecting the EMS Industry

As shown in the chart on the following page, overall last twelve months (LTM) Q3 2020 revenue decreased across large and mid-tier EMS providers, while increasing across small-tier EMS providers. Large-tier EMS providers' revenue decreased 5.2% on an LTM Q3 2020 basis versus an increase of 5.4% in LTM Q3 2019. The mid-tier experienced decline as well, with LTM Q3 2020 revenue decreasing 1.7% year-over-year from an increase of 3.1% in LTM Q3 2019. Small-tier EMS providers experienced an increase of 1.7% LTM Q3 2020, versus an increase of 14.5% in LTM Q3 2019.

In the most recent industry forecast, the communications segment is expected to exhibit the most significant growth within the EMS industry over the next five years, with a compound annual growth rate (CAGR) of 6.9% from 2019 to 2024. The computer and medical segments are also expected to show strong growth, with CAGRs of 6.5% and 6.4% respectively, over the next five years. Also anticipating substantial growth is the industrial segment with an expected CAGR of 4.6% through 2024. Overall, the global EMS market is expected to grow 5.6% annually from a \$444 billion market in 2019 to a \$580+ billion market in 2024.

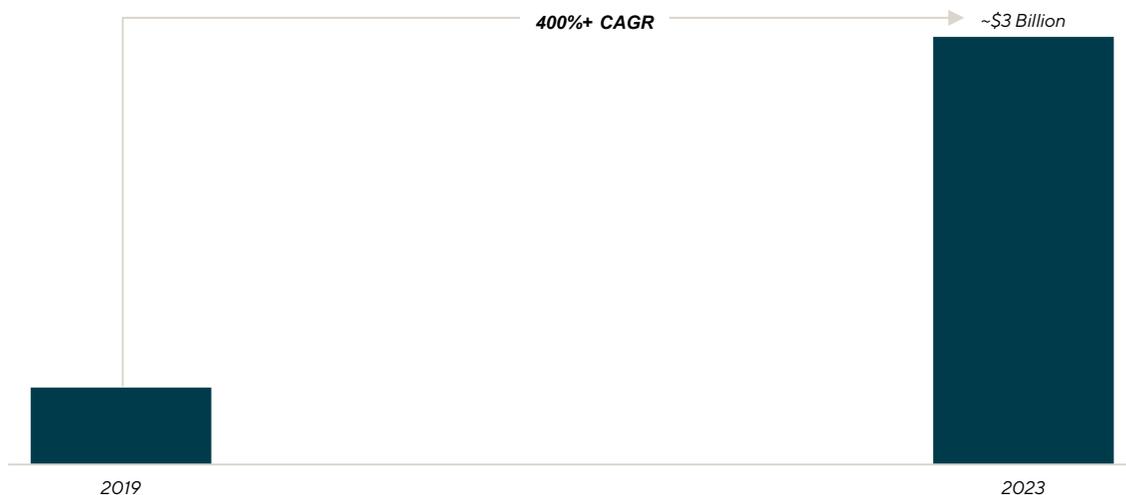
Year-over-Year Revenue Growth by Tier



Global EMS Market by Industry Segment

	2019		2024		CAGR
	Revenue (\$ in mm)	%	Revenue (\$ in mm)	%	
Automotive	\$15,876	3.6%	\$18,633	3.2%	3.3%
Communications	\$168,812	38.1%	\$235,885	40.6%	6.9%
Computer	\$123,764	27.9%	\$169,720	29.2%	6.5%
Consumer	\$63,280	14.3%	\$66,176	11.4%	0.9%
Industrial	\$34,263	7.7%	\$42,920	7.4%	4.6%
Medical	\$22,605	5.1%	\$30,872	5.3%	6.4%
Commercial Aviation	\$7,656	1.7%	\$8,230	1.4%	1.5%
Defense/Other	\$7,355	1.7%	\$8,862	1.5%	3.8%
Total	\$443,613	100.0%	\$581,298	100.0%	5.6%

EMS Internet of Things (IoT) Market 2019F - 2023



EMS IoT market expecting **400% CAGR** from end of 2019 to 2023

Source EMS Market Study conducted by New Venture Research Corp.



Current EMS Market Highlights

The overall Lincoln EMS Stock Index increased 5.4% from last quarter primarily driven by an increase in the Large Index, which grew 7.1%. The Mid Index decreased by 1.4%, and the Small Index increased by 3.3%.



EMS Stock Index Underperforms S&P

Current EMS Market Highlights

The overall Lincoln EMS Stock Index increased 5.4% from last quarter primarily driven by an increase in the large and small-index, which grew 7.1% and 3.3%, respectively. The mid-index decreased by 1.4%.

Winner's Circle	Tier
NYSE:JBL (5.6%)	I
NasdaqGS:KE (15.1%)	II
NasdaqNM:SMTX (115.8%)	III

EBITDA Margins	
large-tier	4.5%
mid-tier	5.0%
small-tier	2.8%

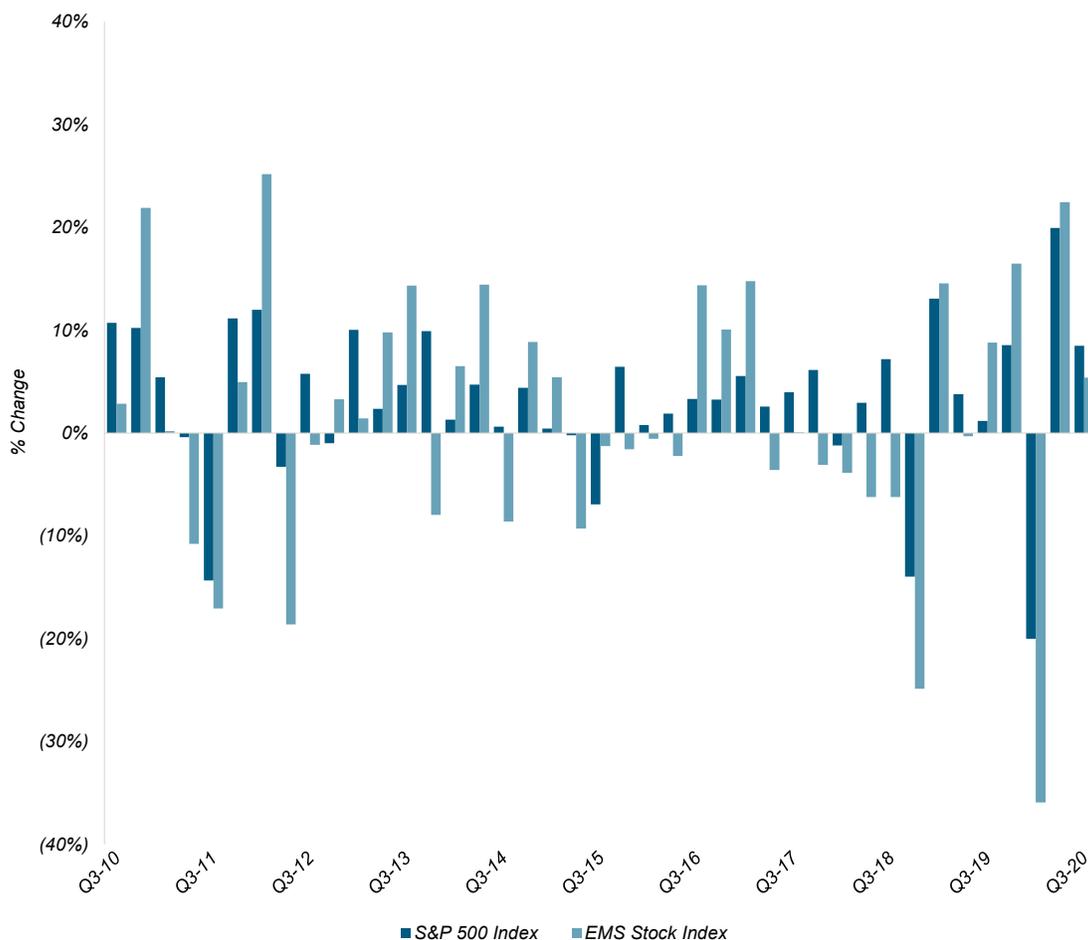
Worst Performers	Tier
NasdaqGS:FLEX (57.7%)	I
NYSE:BHE (27.2%)	II
NasdaqCM:SGMA (76.8%)	III

YOY LTM Revenue Growth	
large-tier	10.3%
mid-tier	9.4%
small-tier	23.9%

Note: Based on quarter-over-quarter share price performance

Source: Capital IQ as of September 30, 2020
Note: Average for each sector; YOY stands for year-over-year

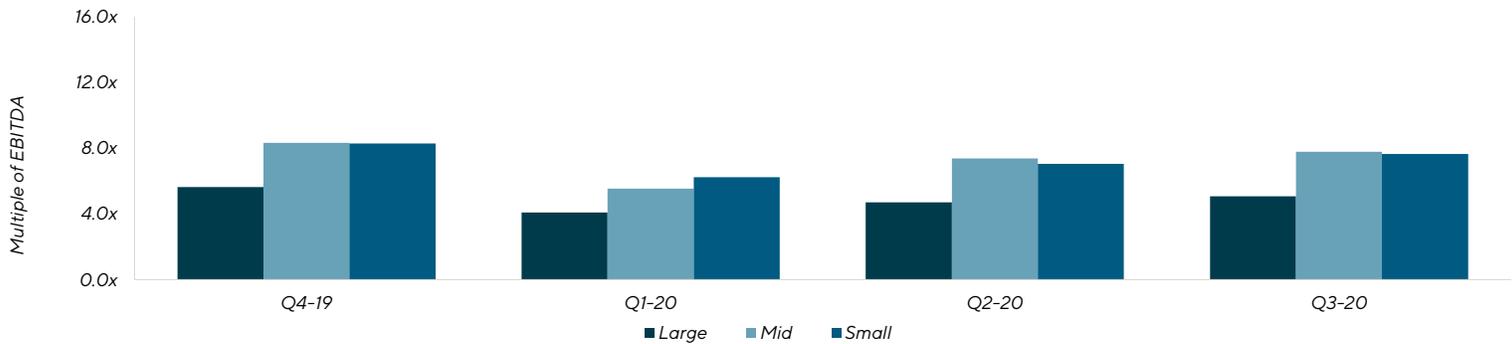
S&P Index vs. EMS Stock Index Quarter Change



EMS Stock Index by Size



Enterprise Value⁽¹⁾ / EBITDA

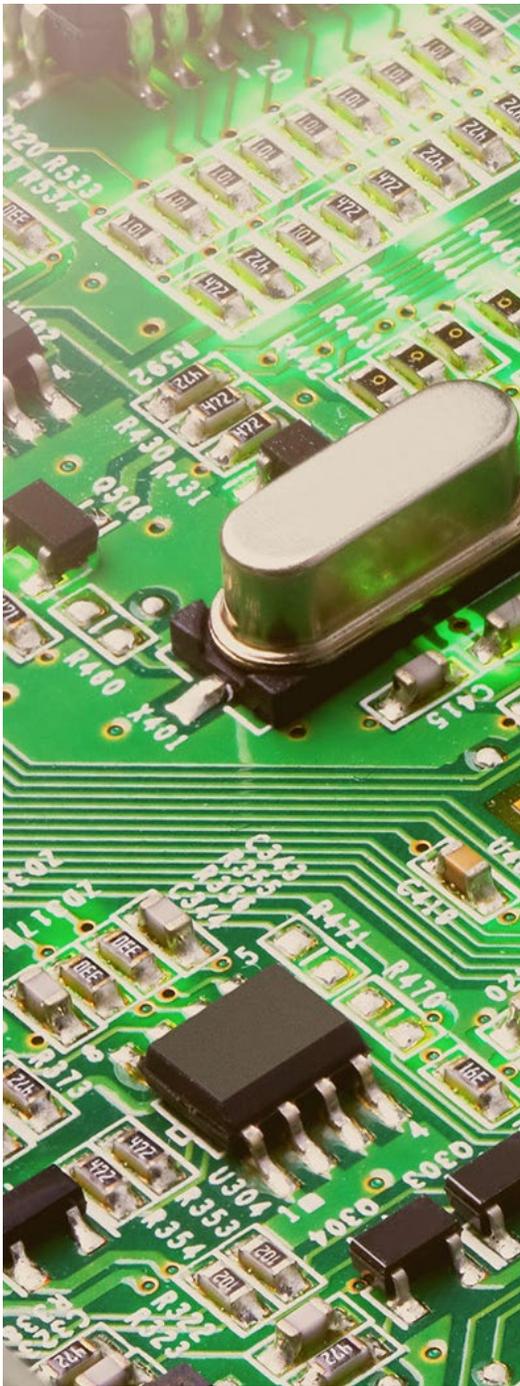


(1) Enterprise Value is calculated as market cap on September 30, 2020 plus debt, preferred equity and minority interest less cash

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.	\$11.96	\$6,633	\$0.70	59.6	1.74	5.0x	0.2x	\$1,628	\$340
Flex Ltd.	7.61	26,395	0.26	24.4	1.26	4.8x	0.2x	4,007	1,446
Jabil Inc.	24.79	23,016	0.86	7.6	1.02	4.0x	0.2x	3,916	1,709
Sanmina Corporation	24.06	7,553	1.40	52.3	1.27	6.2x	0.3x	1,642	313
Mid									
Benchmark Electronics, Inc.	\$21.18	\$2,566	\$0.49	69.7	2.61	4.9x	0.2x	\$926	\$(304)
Key Tronic Corporation	5.65	476	0.15	81.9	2.15	6.4x	0.2x	61	40
Kimball Electronics, Inc.	15.49	1,110	1.08	71.5	1.56	5.7x	0.4x	407	53
Plexus Corp.	51.08	2,962	3.97	90.9	1.97	8.3x	0.5x	1,595	7
Small									
IEC Electronics Corp.	\$5.72	\$131	\$1.15	90.5	1.60	NM	0.7x	\$59	\$28
Nortech Systems Incorporated	3.55	113	0.06	80.3	1.84	8.7x	0.2x	9	14
SigmaTron International, Inc.	2.35	282	(1.33)	92.6	2.04	7.9x	0.2x	10	48
SMTC Corporation	4.08	216	(0.02)	90.9	1.25	NM	0.6x	94	92

Sources: Bloomberg, Capital IQ and company filings, as of September 30, 2020



Lincoln's Global Technology, Media & Telecom Group

Connected to Clients' Ambitions

Encompassing both physical assets and intellectual property, the TMT industry has expansive opportunities for investors and entrepreneurs. Our global network of professionals, our strong relationships with industry leaders and our deep expertise in a variety of TMT verticals combine to serve the unique needs of clients capitalizing on change within a sector that is highly integrated into nearly every service and product. Our connections, along with our track record of exceptional results, give us the edge to provide our clients with creative and innovative financial solutions.

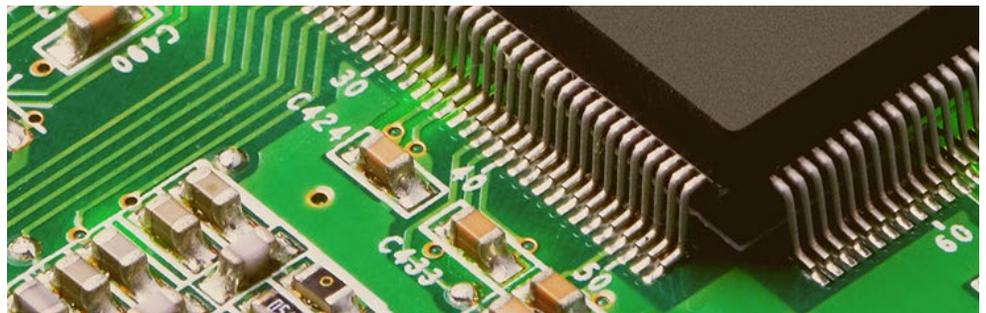
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