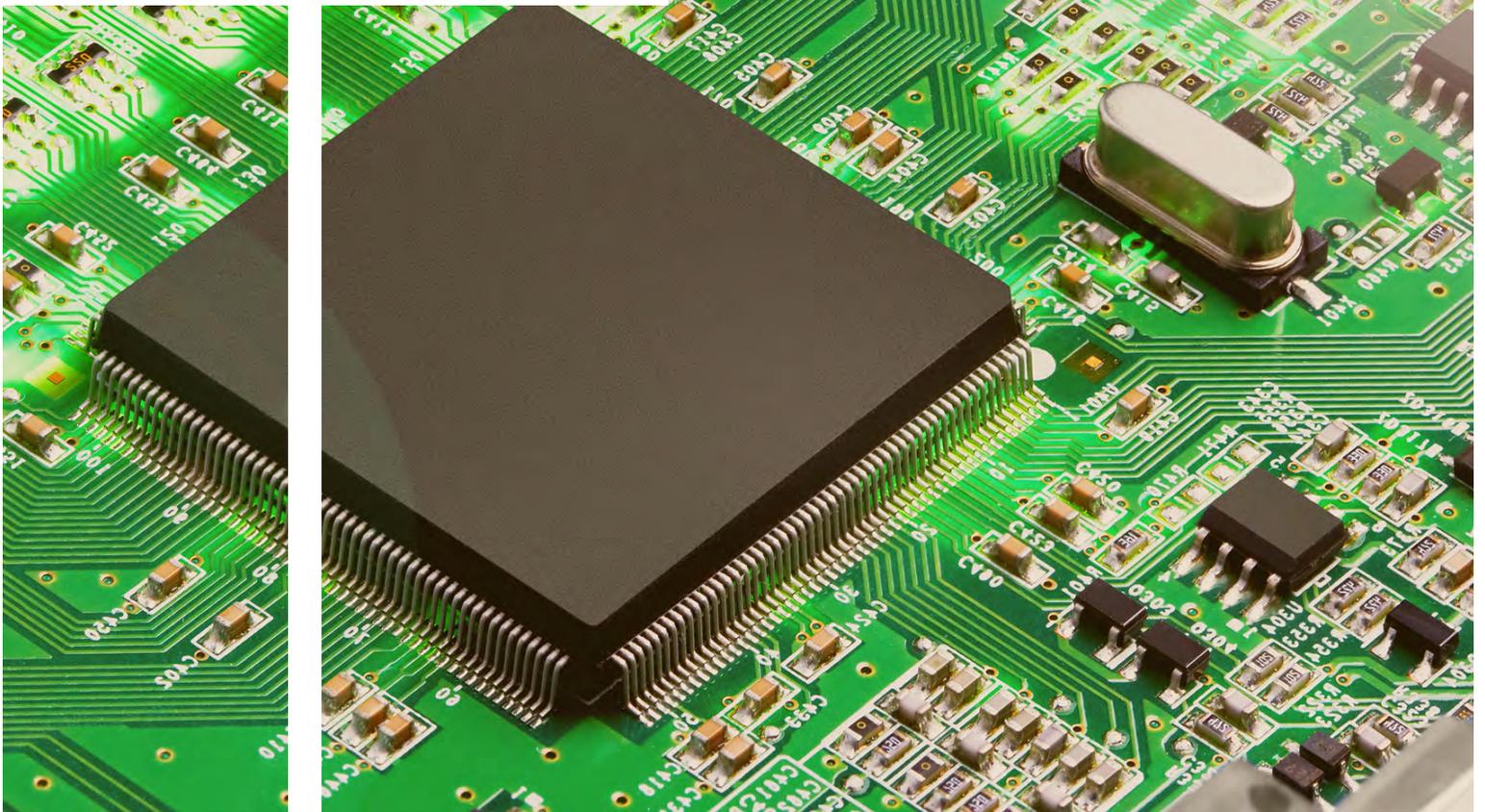


EMS
Quarterly
Review
Q3 2021



Announcements

July 2, 2021:

American Computer Development has acquired Enhanced Manufacturing Solutions

September 1, 2021:

Spartronics has acquired Inovar, Inc.

September 9, 2021:

Creation Technologies has acquired Computrol, Inc.

September 24, 2021:

FC Group Invest has acquired Prism Electronics



Lincoln Perspective

Due to the continued combined effects of the global COVID-19 pandemic and the resulting supply chain effects, electronics manufacturing services (EMS) companies of all sizes are continuing to adapt in this ever changing landscape to be able to meet the continued unprecedented demand for electronics.

While the global semiconductor shortage has not yet diminished, companies in every tier continue to find resourceful and creative ways of working closely with both customers and suppliers to manage around extended lead times and critical components. Companies that are succeeding continue to be those that can better manage and capture supply chain efficiencies as well as exhibit positive operational key performance indicators.

As you will see from this publication, despite these global challenges, revenue growth across all tiers has improved significantly, relative to Q3 2020. Further, healthy growth across all segments within the EMS industry is expected, with an overall compound annual growth rate (CAGR) of 7.1% over the next five years (2020 - 2025). This only serves to further validate the continued global demand for electronics amidst the current "Electronics Super-Cycle" (the demand for connectivity). Resultantly, there also continues to be significant mergers and acquisitions (M&A) activity within the EMS space. In Q3 2021, there was a 40% increase in transactions from Q3 2020.

EMS Quarterly Review Q3 2021

There were seven EMS transactions recorded in Q3 2021, representing an increase from the five recorded in Q3 2020 and a decrease from the nine recorded in Q2 2021. EMS consolidations accounted for 100% of total activity, representing an increase from Q2 2021.

Similar to Q3 2020, Q3 2021 had no transactions categorized as vertical / horizontal convergence. Likewise, there were no EMS or original equipment manufacturer (OEM) divestitures in Q3 2021 nor any transactions categorized as diversification into EMS.

There were no transactions categorized as private equity investments in Q3 2021.

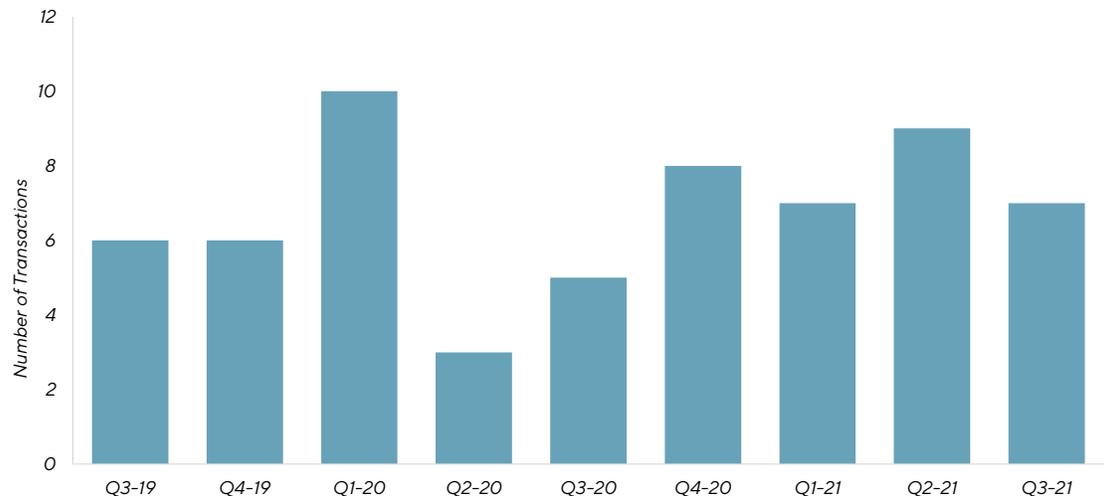
By geography, Europe had three transactions, representing 43% of the total number of closed EMS transactions in Q3 2021. This was the same proportion as Q2 2021.

The U.S. / Canada had four transactions, representing 57% of total transaction activity in Q3 2021, an increase from 22% in Q2 2021.

There was no transaction activity categorized as Asia or cross border for this quarter.

In terms of transaction size, small tier EMS providers accounted for all of Q3 2021 transaction volume with seven acquisitions.

Quarter-over-Quarter Completed EMS Transactions



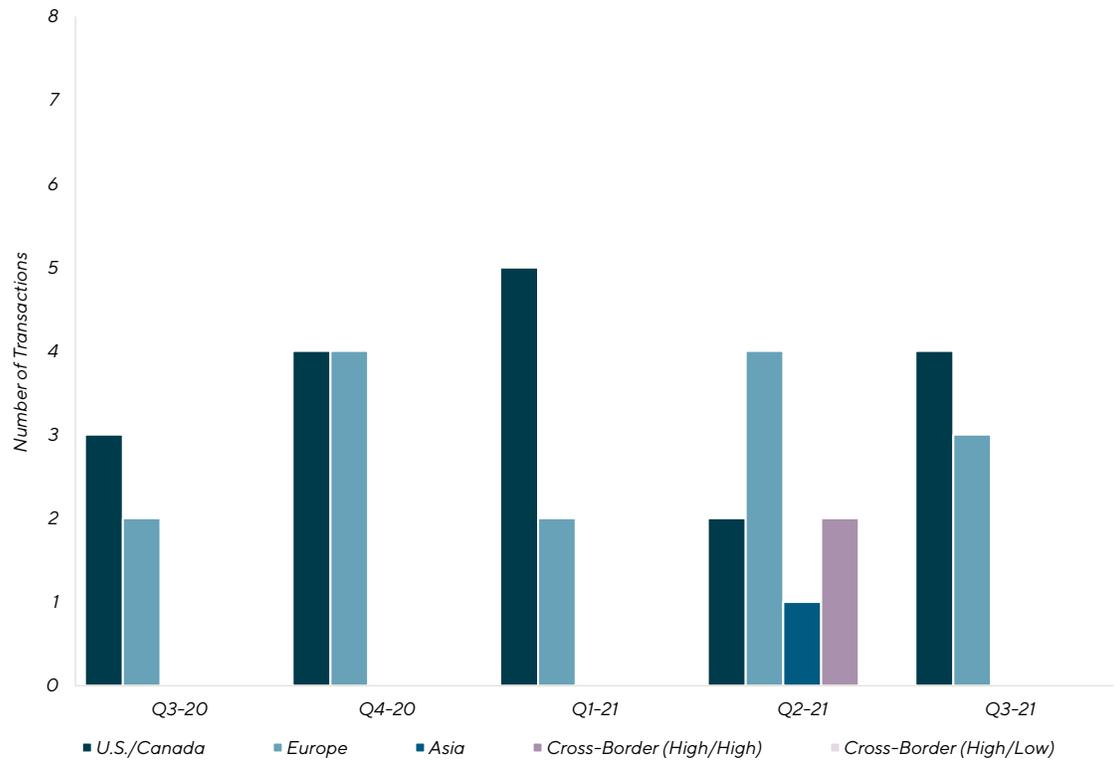
EMS Size Guide (Sales Dollars)

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

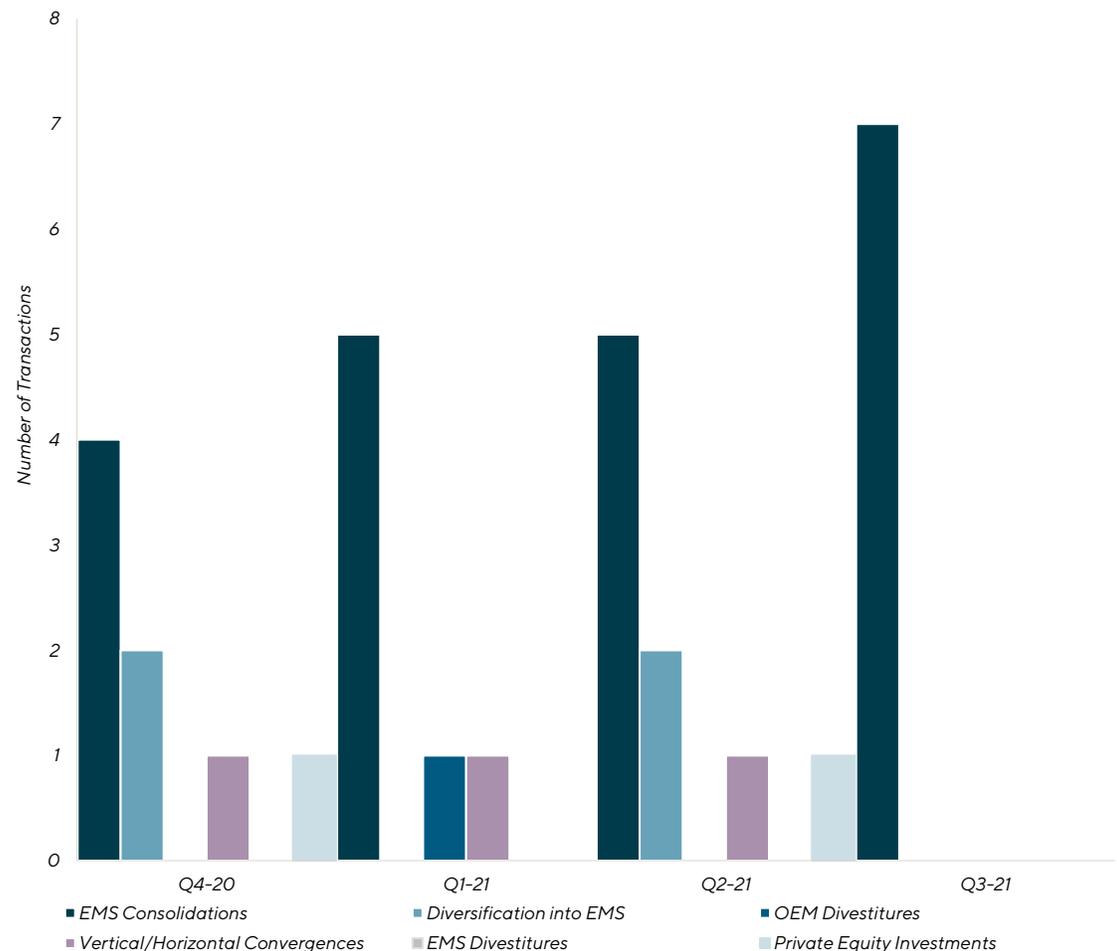
Sources: All information contained in this newsletter, including the charts was obtained from company websites, Custer Reports, Lincoln's internal data, Manufacturing Market Insider and Capital IQ

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

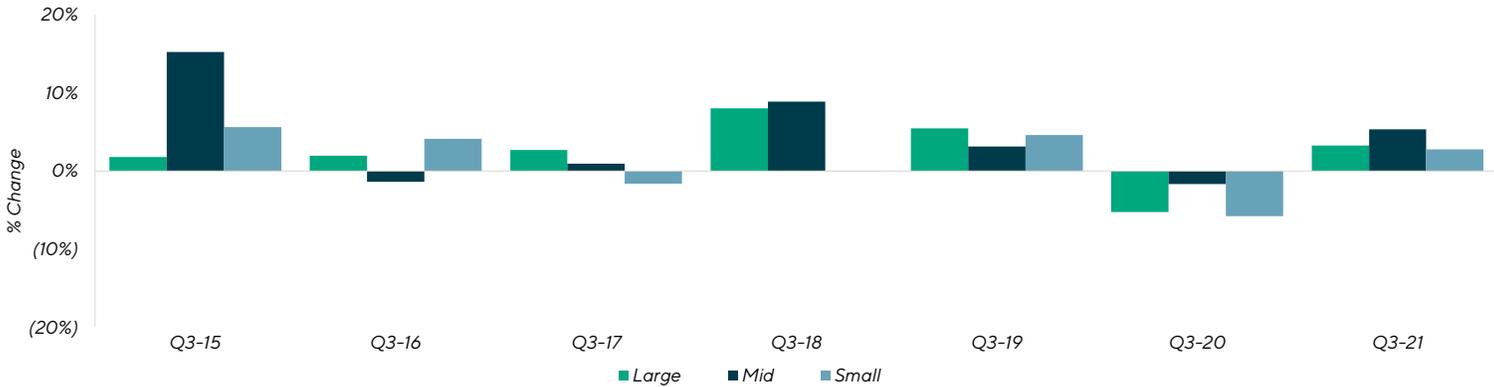


An Analysis of Growth Trends Affecting the EMS Industry

As shown in the revenue growth chart below, overall last twelve months (LTM) Q3 2021 revenue increased across all tiers: large, mid and small EMS providers. Large tier EMS providers' revenue increased 3.2% on an LTM Q3 2021 basis versus a decrease of 5.2% in Q3 2020. Mid tier providers' revenue increased 5.3% versus a decrease of 1.7% in Q3 2020. Small tier providers experienced an increase of 2.7% versus a decrease of 5.8% in Q3 2020.

According to the most recent worldwide industry forecast, the computer segment is expected to exhibit the most significant growth within the EMS industry over the next five years, with a CAGR of 9.5% from 2020 to 2025. The communications segment is also expected to show strong growth, with a CAGR of 7.3% over the next five years. Overall, the global EMS market is expected to grow 7.1% annually from a \$478 billion in 2020 to a \$674+ billion in 2025.

Year-over-Year Revenue Growth by Tier



Global EMS Market by Industry Segment

	2020		2025		CAGR
	Revenue (\$ in mm)	%	Revenue (\$ in mm)	%	
Automotive	\$18,106	3.8%	\$23,351	3.5%	5.2%
Communications	\$174,741	36.6%	\$248,306	36.8%	7.3%
Computer	\$132,333	27.7%	\$208,429	30.9%	9.5%
Consumer	\$78,290	16.4%	\$96,893	14.4%	4.4%
Industrial	\$35,775	7.5%	\$46,572	6.9%	5.4%
Medical	\$22,845	4.8%	\$31,199	4.6%	6.4%
Commercial Aviation	\$7,972	1.7%	\$10,097	1.5%	4.8%
Defense/Other	\$7,660	1.6%	\$9,409	1.4%	4.2%
Total	\$477,721	100.0%	\$674,256	100.0%	7.1%

Current EMS Market Highlights

The overall Lincoln EMS Stock Index increased 4.2% from last quarter, primarily driven by an increase in the Mid Index, which increased by 6.6%. The Large Index grew by 3.7% and the Small index increased by 6.2%.

EMS Stock Index Outperforms S&P

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 (i.e., 1,000). The result is the index value used for plotting in the graph on the next page.

Winner's Circle		Tier
Jabil Inc.	18.9%	I
Kimball Electronics, Inc.	9.1%	II
Nortech Systems Incorporated	88.7%	III

EBITDA Margins	
Large	5.7%
Mid	5.7%
Small	1.2%

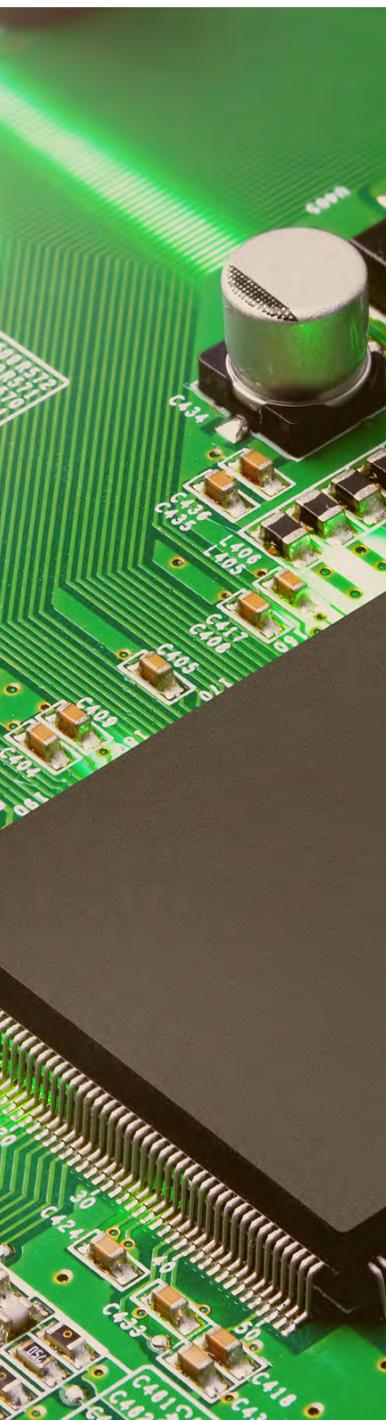
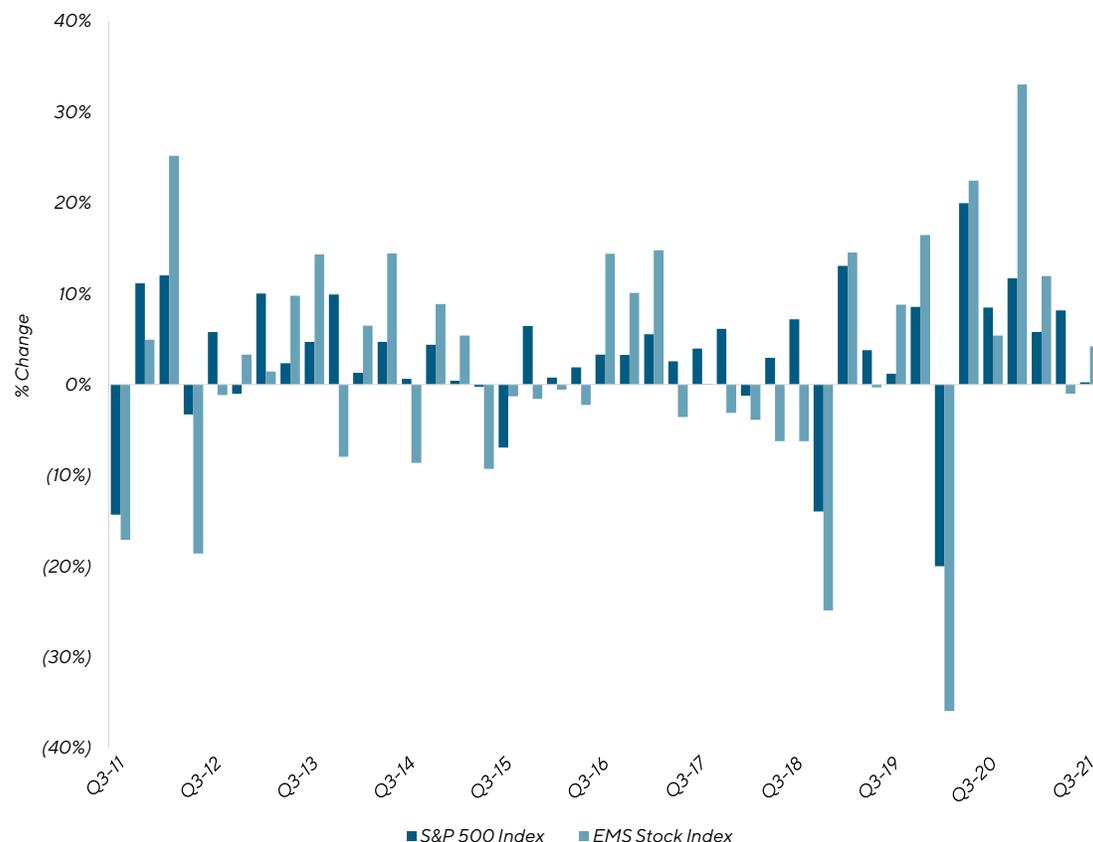
Worst Performers		Tier
Sanmina Corporation	(5.7%)	I
Key Tronic Corporation	(16.3%)	II
SigmaTron International, Inc.	66.3%	III

YOY LTM Revenue Growth	
Large	3.2%
Mid	5.3%
Small	2.7%

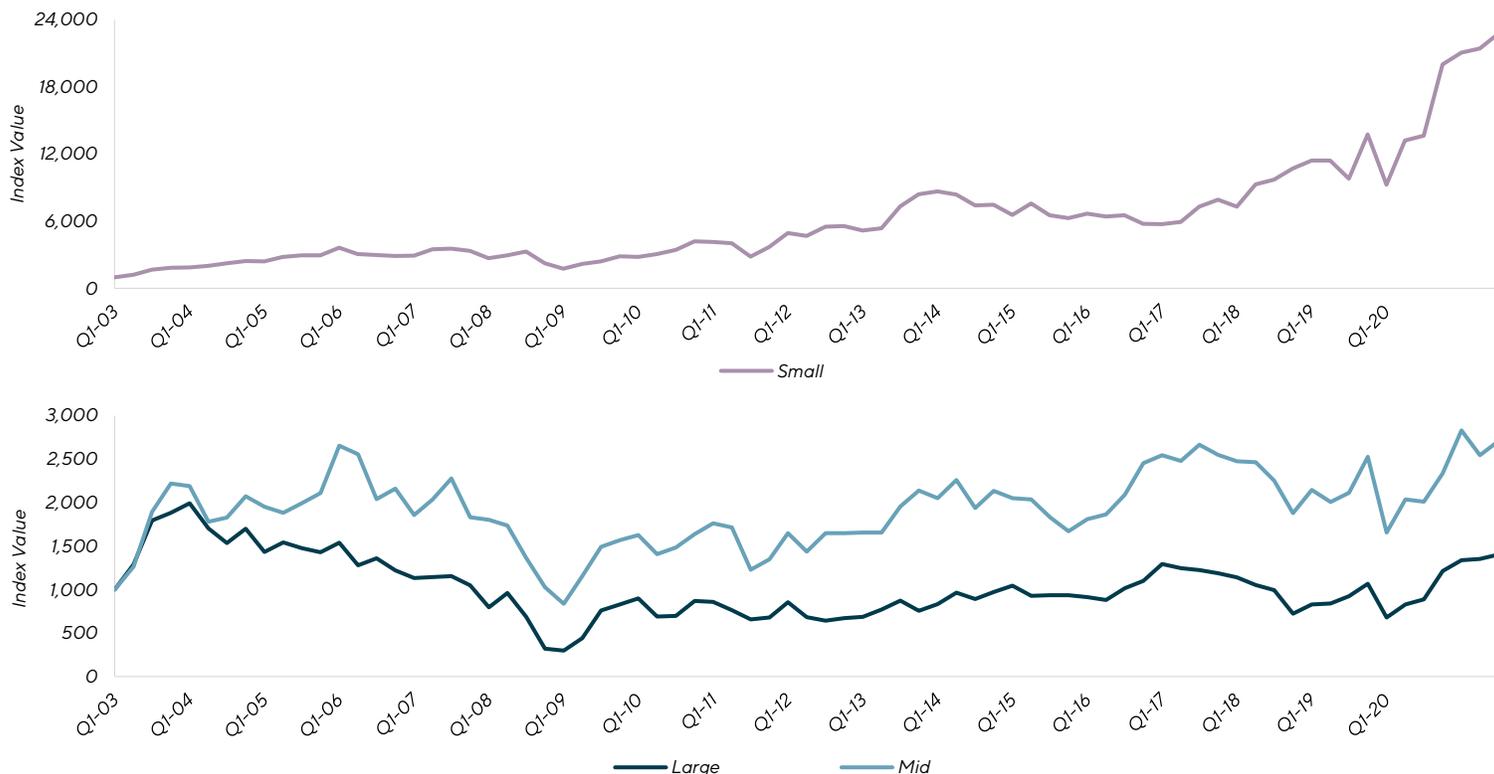
Note: Based on quarter-over-quarter share price performance, as of October 12th, 2021

Source: Capital IQ as of October 12th, 2021
Note: Average for each sector; YOY stands for year-over-year

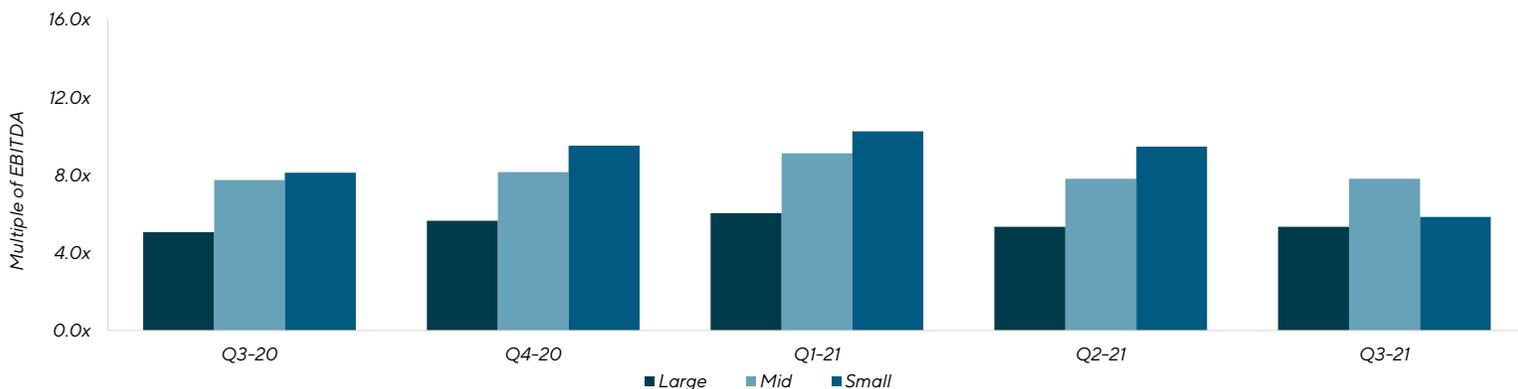
S&P Index versus EMS Stock Index Quarter Change



EMS Stock Index by Size



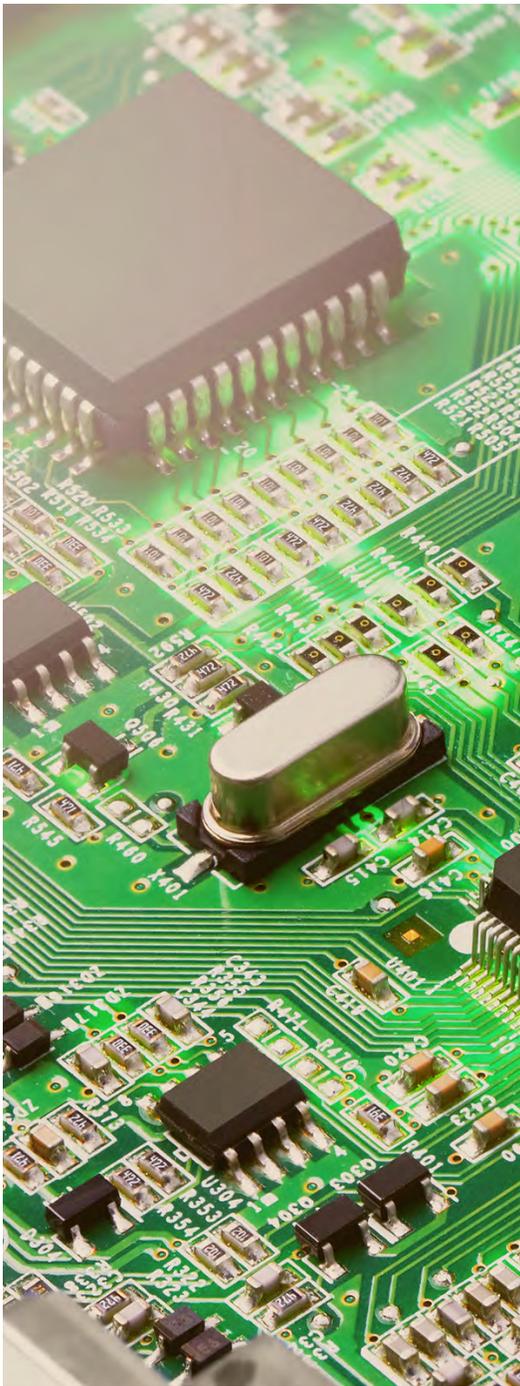
Enterprise Value / EBITDA



EMS Stock Index Company Data

	Stock Price	LTM Sales (\$ in mm)	Diluted EPS	Avg. Cash Conversion Cycle (days)	Current Ratio	EV / EBITDA	EV / Sales	MarketCap (\$ in mm)	Net Debt (\$ in mm)
Large									
Celestica Inc.	\$9.20	\$5,592	\$0.68	85.2	1.71x	4.9x	0.2x	\$1,148	\$100
Flex Ltd.	18.39	25,313	1.52	42.0	1.4x	6.2x	0.4x	8,978	1,766
Jabil Inc.	62.00	29,285	4.58	20.5	1.0x	5.3x	0.4x	9,041	1,752
Sanmina Corporation	39.03	6,988	3.91	55.4	1.9x	5.2x	0.3x	2,541	(211)
Mid									
Benchmark Electronics, Inc.	\$26.14	\$2,098	\$0.79	89.1	2.2x	6.9x	0.4x	\$930	(\$134)
Key Tronic Corporation	6.45	519	0.39	121.5	2.4x	8.1x	0.4x	69	113
Kimball Electronics, Inc.	28.14	1,292	2.24	69.4	1.9x	6.5x	0.5x	706	(39)
Plexus Corp.	92.20	3,439	4.87	98.6	1.8x	9.9x	0.8x	2,605	(13)
Small									
Nortech Systems Incorporated	11.85	102	(1.11)	103.5	1.5x	nmf	0.6x	32	25
SigmaTron International, Inc.	8.93	303	2.60	96.0	1.7x	5.9x	0.3x	38	52

Sources: Bloomberg, Capital IQ and company filings, as of October 12th, 2021



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.

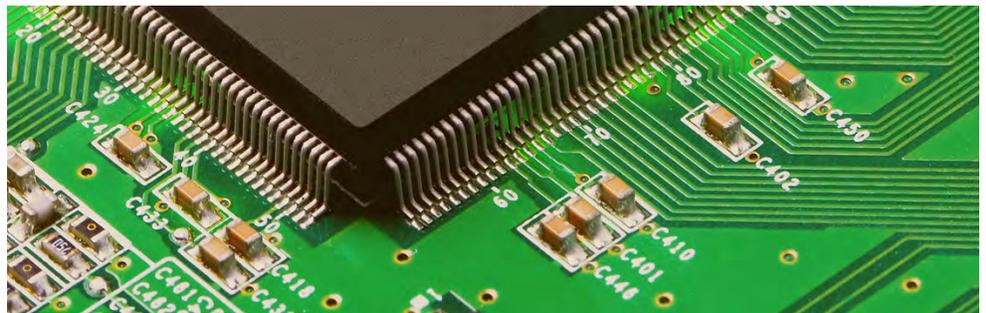
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