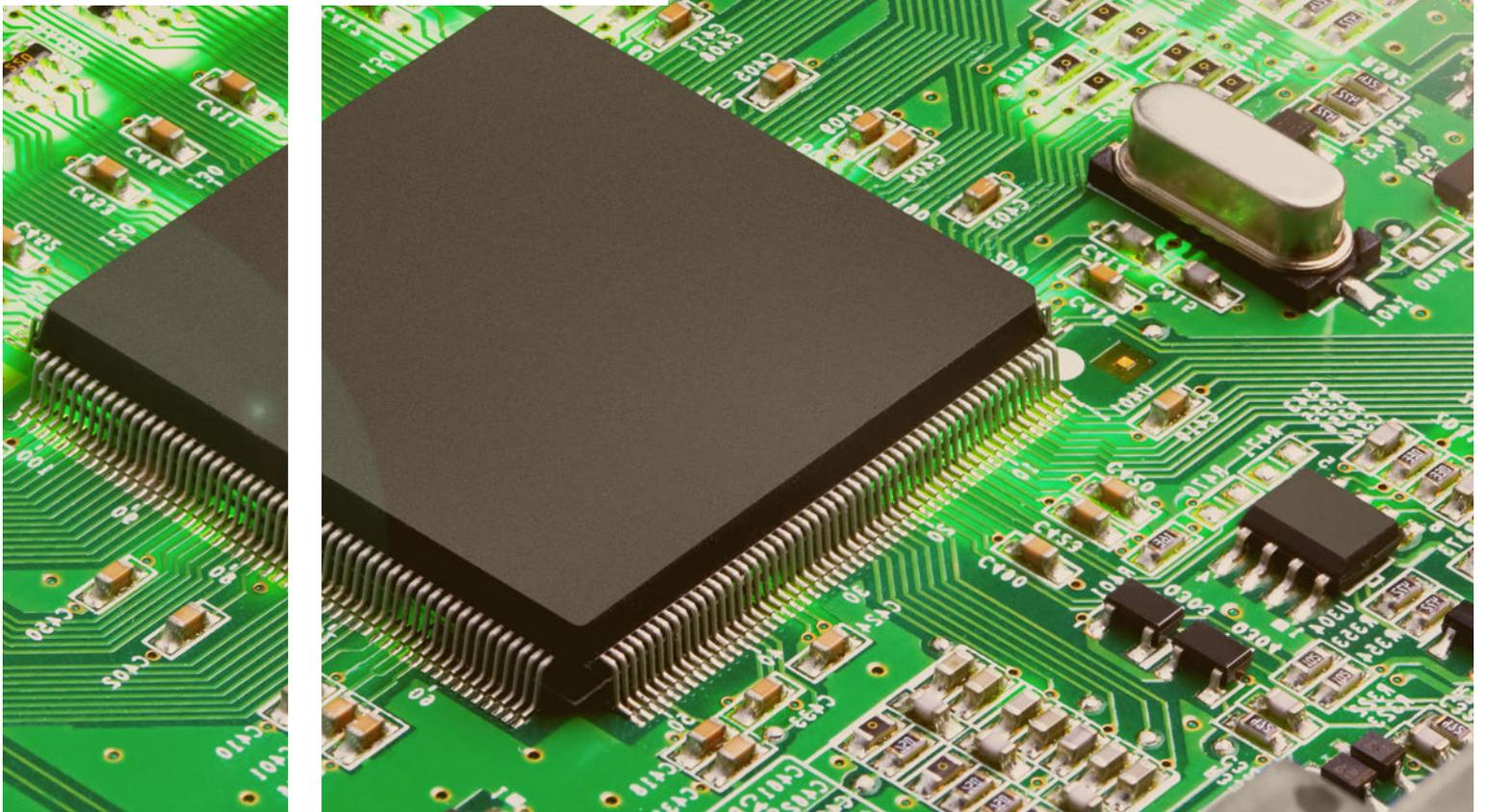


EMS
Quarterly
Review
Q3 2022



Announcements

October 3, 2022:

GPV International has acquired Enics AG

August 16, 2022:

Katek SE has acquired Sigmappoint Technologies Inc.

August 9, 2022:

American Pacific Group has acquired Concisys, Inc.

July 12, 2022:

Zollner Elektronik AG has acquired the EMS division of EIT, LLC

July 8, 2022:

NOTE AB has acquired DP Solutions AB



Lincoln Perspective

Over the past few months, the EMS industry demonstrated increased deal activity and positive performance, despite the macroeconomic challenges and the current recessionary pressures stemming from supply chain delays, inflationary pressures, rising material and labor costs and global conflict. Mergers and acquisitions (M&A) activity has largely been driven by EMS companies continuously looking to expand and gain increased market share and footprint expansion, and there are many players well-equipped to continue to take advantage of this opportunity, given the still fragmented nature of this market.

As seen in this publication, despite the broader macroenvironmental challenges, year-over-year revenue performance across all tiers has improved significantly this quarter, relative to Q3 2021 and has shown cumulatively the highest percentage growth over the past six years at an average of 16.5% year-over-year for Q3 2022. Further, healthy future growth across all segments within the EMS industry is expected, with an overall compound annual growth rate (CAGR) of 6.8% over the next five years (2021-2026). This only serves to further validate the continued global demand for electronics amidst the current “Electronics Super-Cycle” (the demand for connectivity). Resultantly, we expect there to be continued strong transaction activity globally within the EMS Space.

EMS Quarterly Review Q3 2022

There were nine EMS transactions recorded in Q3 2022, representing an increase from the eight recorded in Q3 2021 and from the four transactions recorded last quarter in Q2 2022. EMS consolidations accounted for three transactions in Q3 2022, or 33% of total activity, representing a decrease in the number of EMS consolidation transactions from Q2 2022.

Unlike Q3 2021, Q3 2022 had a greater variety in transaction types with two transactions categorized as vertical/horizontal convergence. Likewise, there was one EMS divestiture in Q3 2022 and two transactions categorized as Diversification into EMS this quarter. Similar to Q3 2021, there were no Original Equipment Manufacturer (OEM) Divestitures recorded in Q3 2022.

There was one transaction categorized as a Private Equity Investment in Q3 2022.

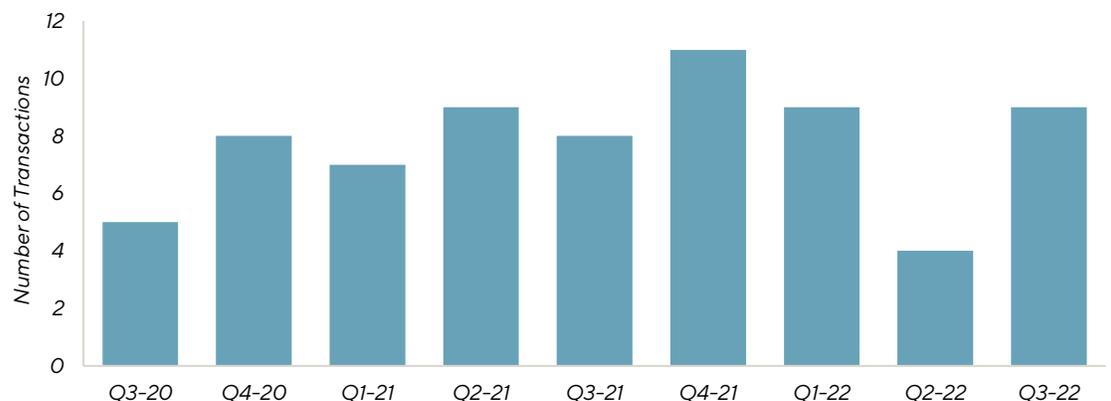
By geography, Europe had five transactions, representing 56% of the total number of closed EMS transactions in Q3 2022. This was a lower proportion of Europe-based EMS transactions from Q2 2022.

The United States / Canada had two transactions, representing 22% of total transaction activity in Q3 2022, a slight decrease from the 25% representation by these countries in Q2 2022. The final 22% of transactions were categorized as high / high cross-border activity, given the countries involved were both highly-developed parties.

There was no transaction activity categorized as Asia or high / low cross-border for this quarter.

In terms of transaction size, small tier EMS providers accounted for five of the nine Q3 2022 transaction volume and the mid tier represented the remaining four transactions.

Quarter-over-Quarter Completed EMS Transactions

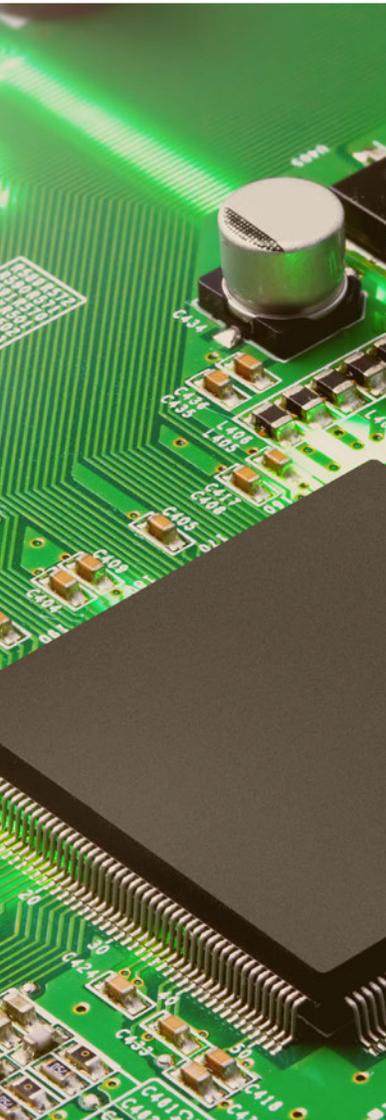


EMS Size Guide (Sales Dollars)

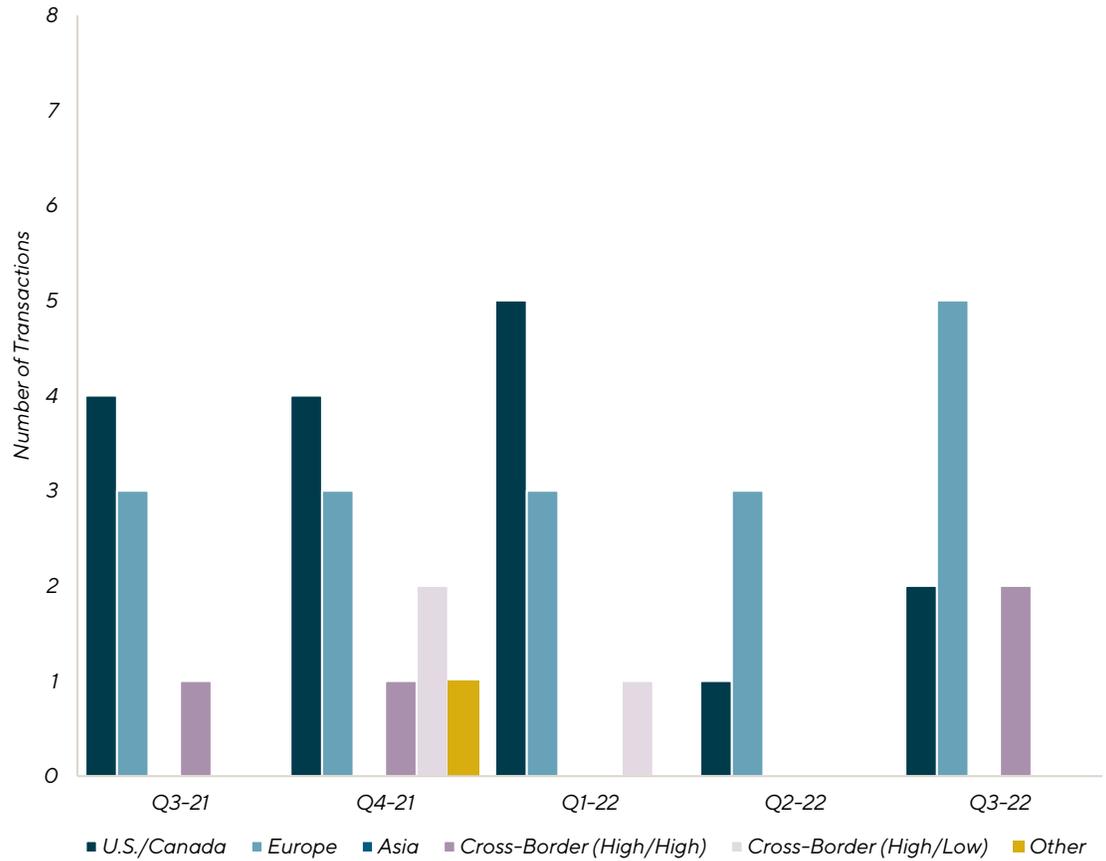
- Large (Tier I) greater than \$3 billion
- Mid (Tier II) \$300 million to \$3 billion
- Small (Tier III) below \$300 million

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.

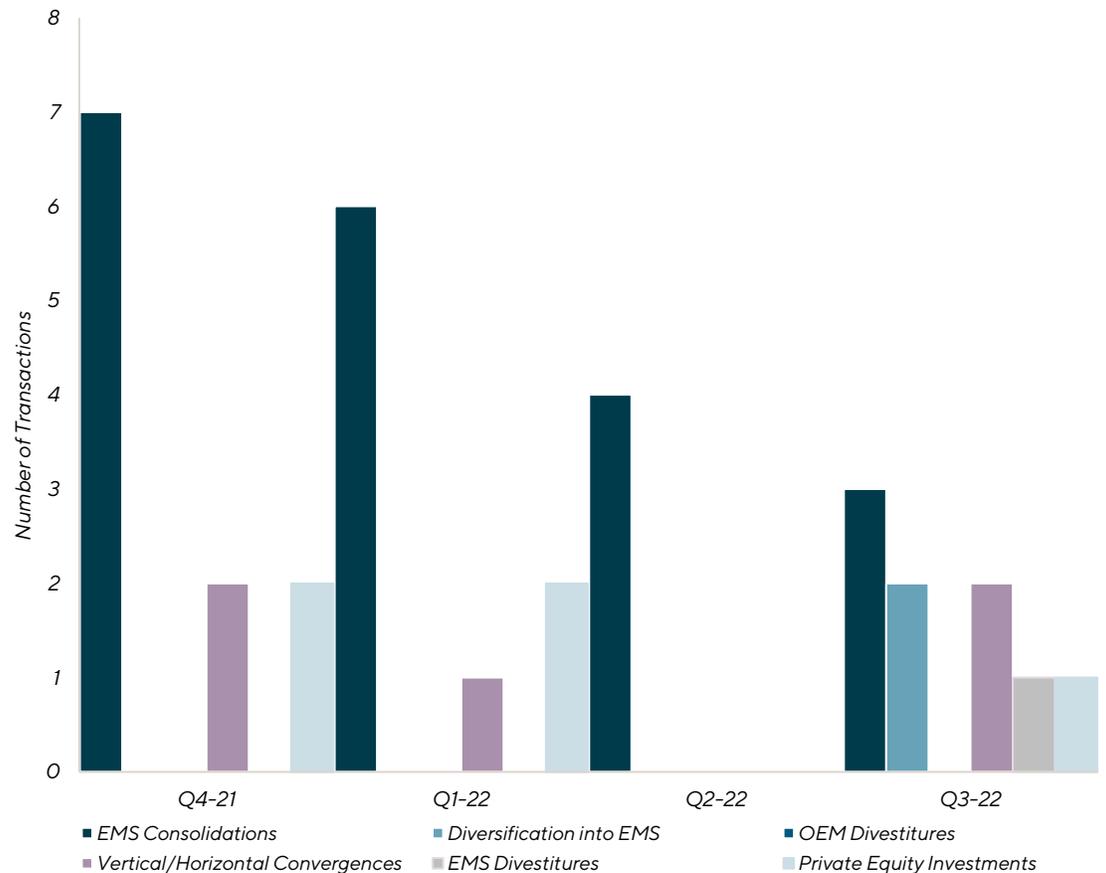
Note: Companies are included in a given tier by falling within the threshold for two consecutive quarters



Quarterly Comparison—EMS M&A by Geography



Quarterly Comparison—EMS M&A by Deal Type

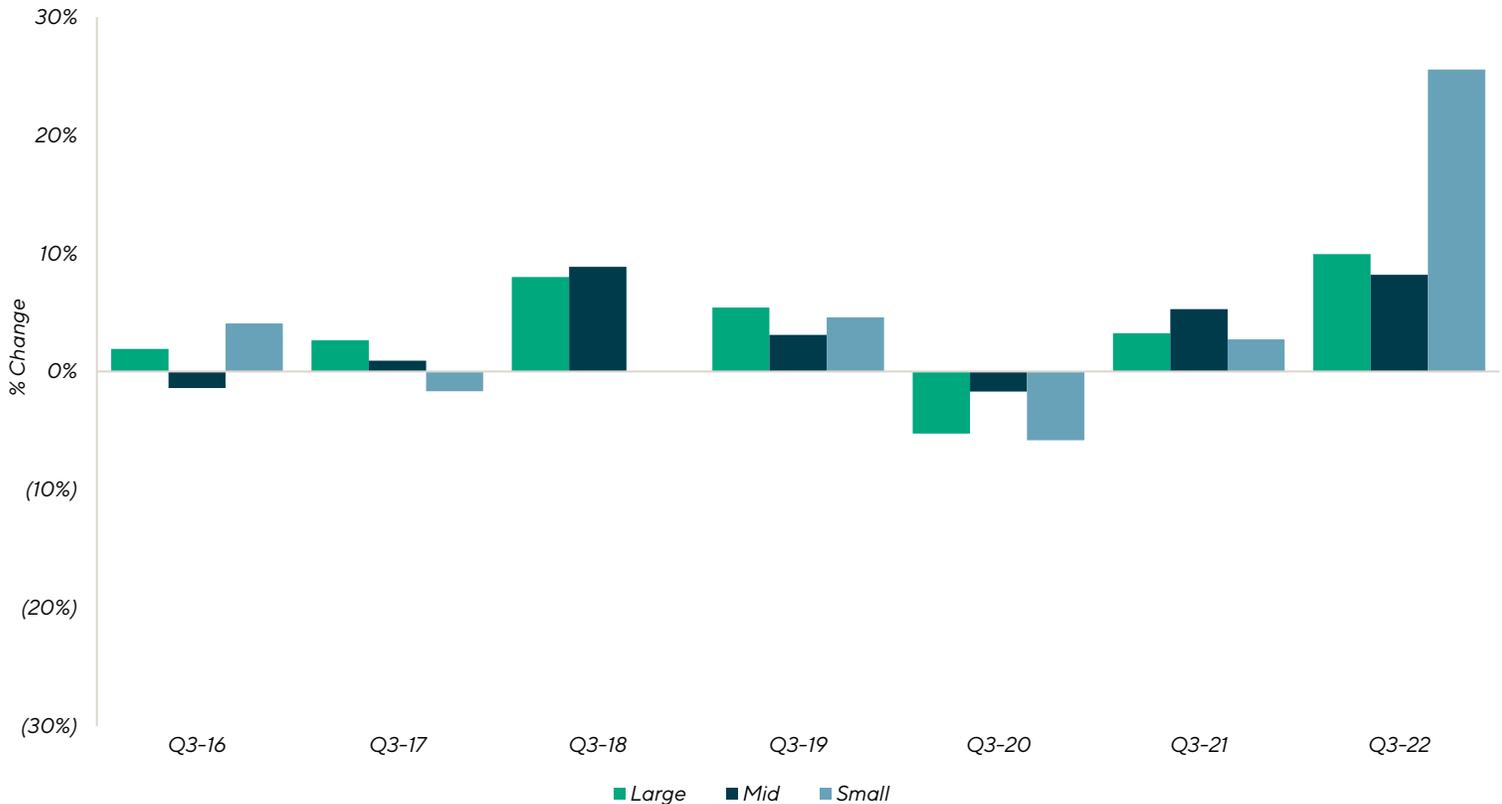


An Analysis of Growth Trends Affecting the EMS Industry

As shown in the revenue growth chart below, overall last twelve months (LTM) Q3 2022 revenue increased across all tiers. Large tier EMS providers' revenue increased 9.9% on a LTM Q3 2022 basis versus an increase of 3.2% in LTM Q3 2021. The mid tier experienced an increase as well, with LTM Q3 2022 revenue increasing 8.2% year-over-year from an increase of 5.3% in LTM Q3 2021. Small tier EMS providers experienced the largest increase of 25.6% in LTM Q3 2022, versus an increase of 2.7% in LTM Q3 2021.

In the most recent worldwide industry forecast, the communications segment is expected to exhibit the most significant growth within the EMS industry over the next five years, with a CAGR of 8.3% from 2021 to 2026. The computer segment is also expected to show strong growth, with a CAGR of 7.3% from 2021 to 2026. Overall, the global EMS market is expected to grow 6.8% annually from a \$544 billion market in 2021 to more than \$754 billion in 2026.

Year-over-Year Revenue Growth by Tier



Global EMS Market by Industry Segment

	2021		2026		CAGR
	Revenue (\$ in mm)	%	Revenue (\$ in mm)	%	
Automotive	\$21,936	4.0%	\$27,231	3.6%	4.4%
Communications	209,731	38.6%	312,073	41.4%	8.3%
Computer	122,762	22.6%	174,451	23.1%	7.3%
Consumer	103,717	19.1%	128,362	17.0%	4.4%
Industrial	43,087	7.9%	56,092	7.4%	5.4%
Medical	25,074	4.6%	34,244	4.5%	6.4%
Commercial Aviation	8,839	1.6%	11,194	1.5%	4.8%
Defense / Other	8,492	1.6%	10,432	1.4%	4.2%
Total	\$543,638	100.0%	\$754,078	100.0%	6.8%

Sources: The Worldwide Electronics Manufacturing Services Market - 2022 Edition

Current EMS Market Highlights

The Overall Lincoln EMS Stock Index increased 9.2% from last quarter primarily driven by an increase in the large index, which increased by 9.7% and the mid index, which grew by 7.0%. The small index declined by 22.5%

EMS Stock Index Outperforms S&P

About the EMS Stock Index

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.

Quarterly Update Tables

Winners Circle		Tier
Nasdaq: Flex Ltd.	15.1%	I
Nasdaq: Plexus Corporation	11.5%	II
Nasdaq: Nortech Systems Incorporated	(24.7%)	III

EBITDA Margins	
Large Tier	5.9%
Mid Tier	5.0%
Small Tier	5.7%

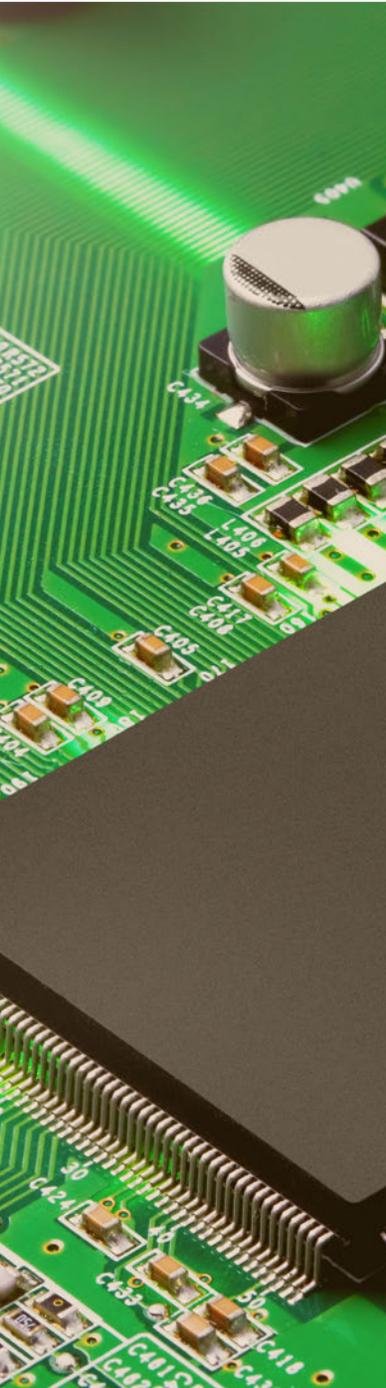
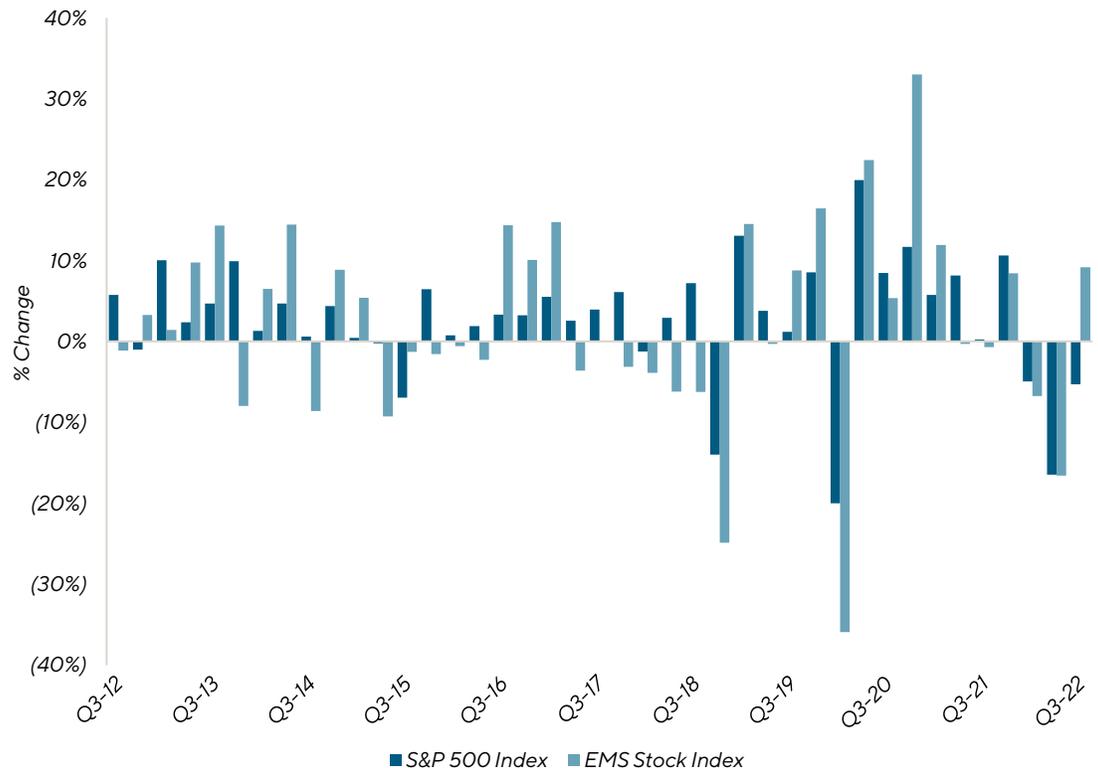
Worst Performers		Tier
NYSE: Celestica Inc.	(13.5%)	I
Nasdaq: Kimball Electronics, Inc.	(14.7%)	II
Nasdaq: SigmaTron International, Inc.	(32.7%)	III

Year-over-Year Last Twelve Months Revenue Growth	
Large Tier	9.9%
Mid Tier	8.2%
Small Tier	25.6%

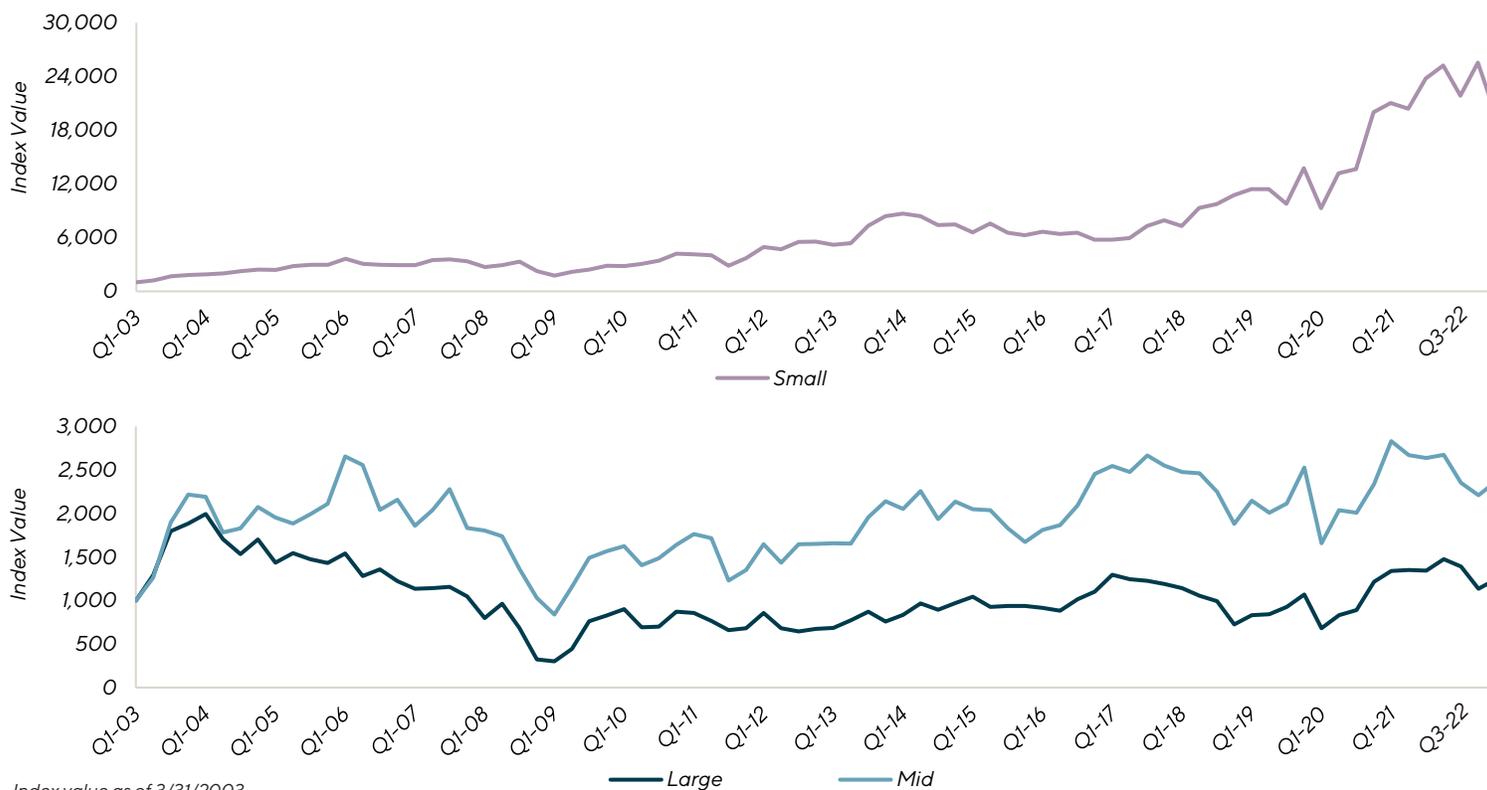
Note: Based on quarter-over-quarter share price performance, as of September 30th, 2022

Source: Capital IQ as of September 30th, 2022
Note: Average for each sector; YOY stands for year-over-year

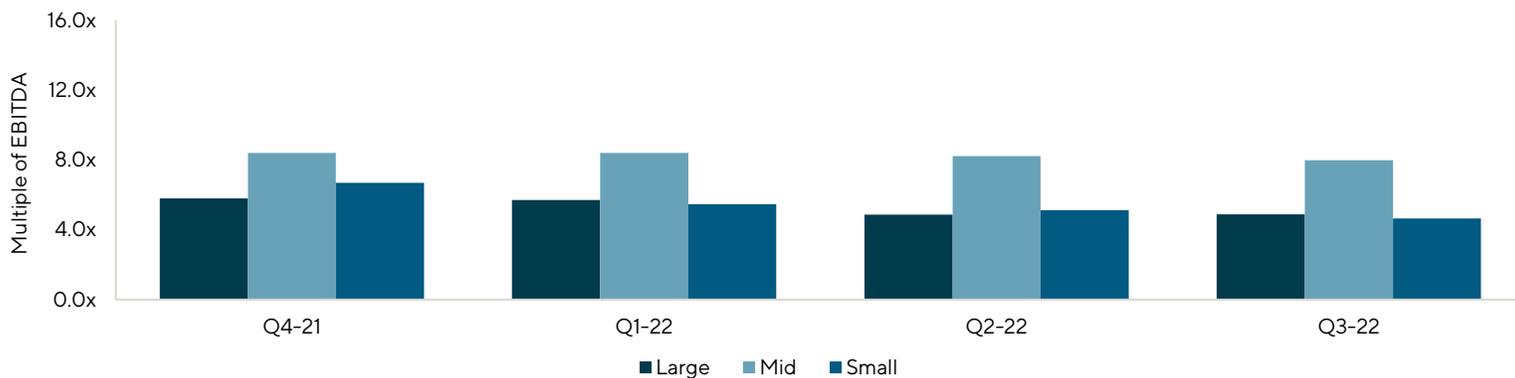
S&P Index vs. EMS Stock Index Quarter Change



EMS Stock Index by Size



Enterprise Value / 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	Market Cap (\$ in mm)	Net Debt (\$ in mm)
Large									
Celestica Inc.	\$8.41	\$6,264	\$0.99	105.1	1.5x	4.4x	0.2x	\$1,044	\$439
Flex Ltd.	16.66	27,046	1.94	61.4	1.3x	5.6x	0.4x	7,598	1,948
Jabil Inc.	57.71	33,478	6.90	30.0	1.0x	4.0x	0.3x	7,938	1,933
Sanmina Corporation	46.08	7,332	3.82	66.1	1.6x	5.5x	0.3x	2,664	(122)
Mid									
Benchmark Electronics, Inc.	\$24.78	\$2,569	\$1.36	98.4	2.0x	6.9x	0.4x	\$871	\$106
Key Tronic Corporation	4.04	532	0.31	132.5	2.1x	7.3x	0.3x	43	129
Kimball Electronics, Inc.	17.15	1,350	1.24	93.3	1.9x	6.7x	0.4x	422	131
Plexus Corp.	87.56	3,531	4.25	139.4	1.4x	11.0x	0.7x	2,426	199
Small									
Nortech Systems Incorporated	\$10.54	\$126	\$3.21	97.6	2.3x	4.9x	0.4x	\$28	\$21
SigmaTron International, Inc.	4.75	399	0.43	113.5	1.9x	4.4x	0.3x	29	98

Sources: Bloomberg, Capital IQ and company filings, as of September 30th, 2022



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.

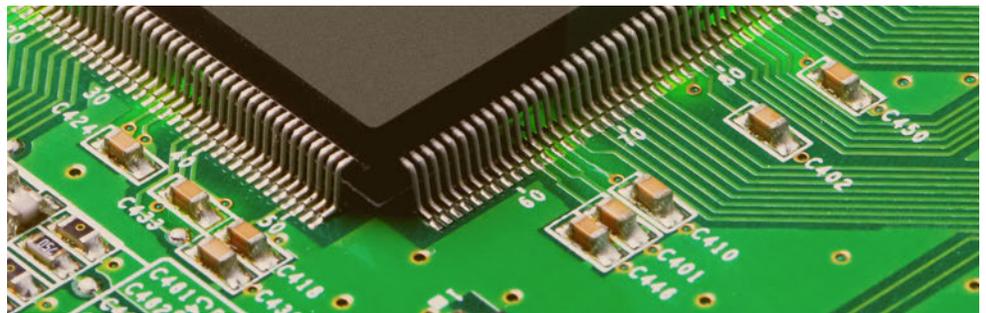
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Valuations & Opinions

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 800 professionals in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at: www.lincolninternational.com.