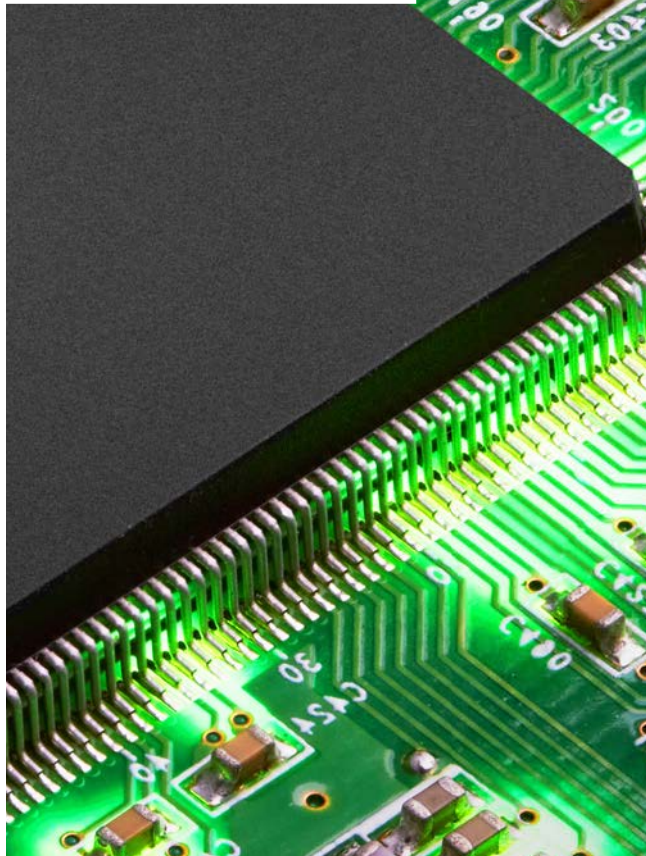
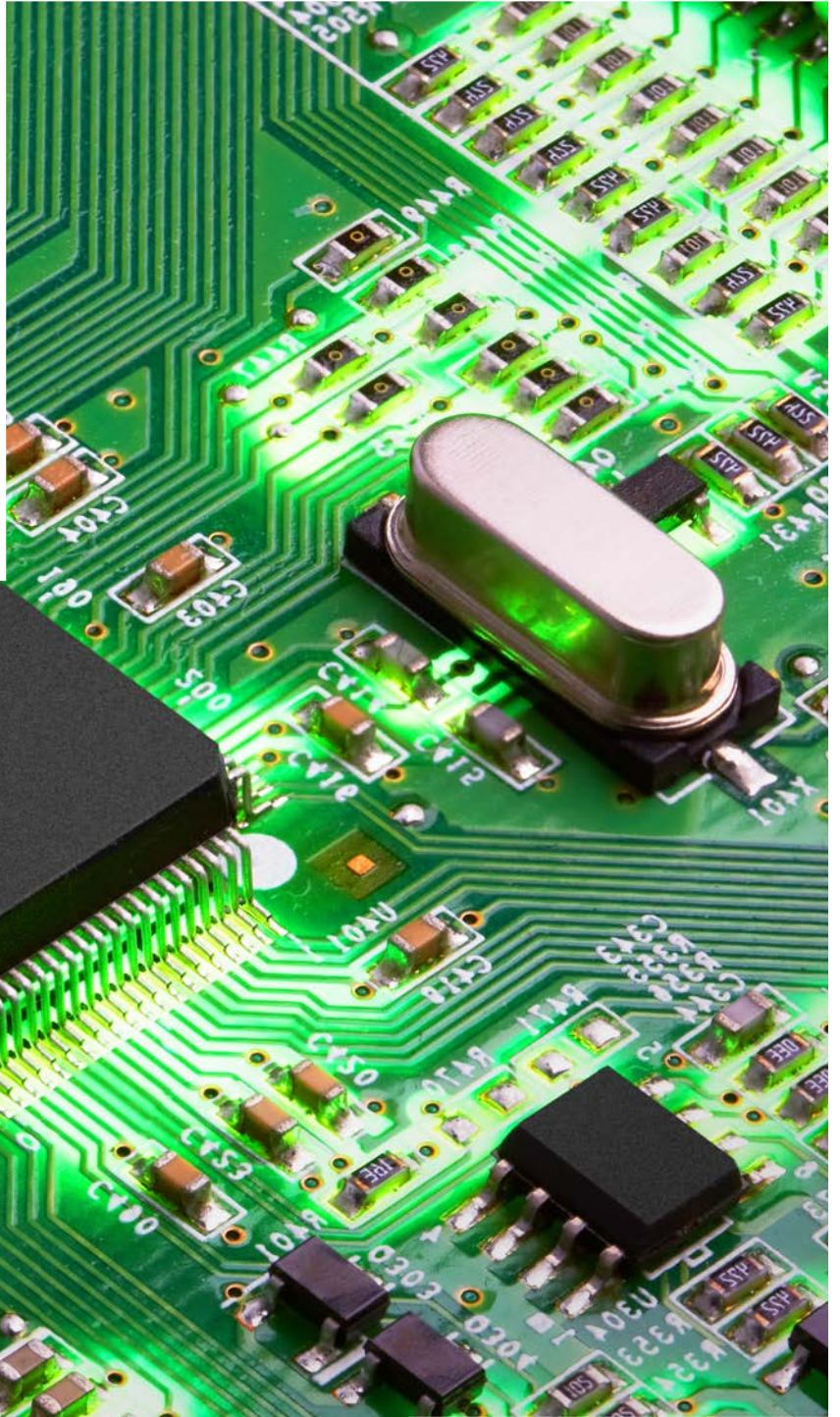


EMS
Quarterly
Review
Q4 2019



Announcements

December 3, 2019:

Alpha Assembly Solutions, Inc. has acquired Kester Inc.

November 15, 2019:

East West Manufacturing has acquired Adcotron EMS Inc.

November 11, 2019:

New Water Capital has acquired Bestronics Incorporated.



EMS Quarterly Review Q4 2019

There were 29 EMS transactions recorded in 2019, slightly down from the 31 recorded in 2018. The primary driver of the consistent transaction activity was due to the favorable M&A market conditions in 2019. In addition, M&A opportunities have remained strong as companies are performing well due to the electronics “supercycle”. EMS consolidations were the most common type of transaction with 14 transactions in 2019, or 48% of total activity, compared to 16 transactions in 2018 which represented 52% of activity last year.

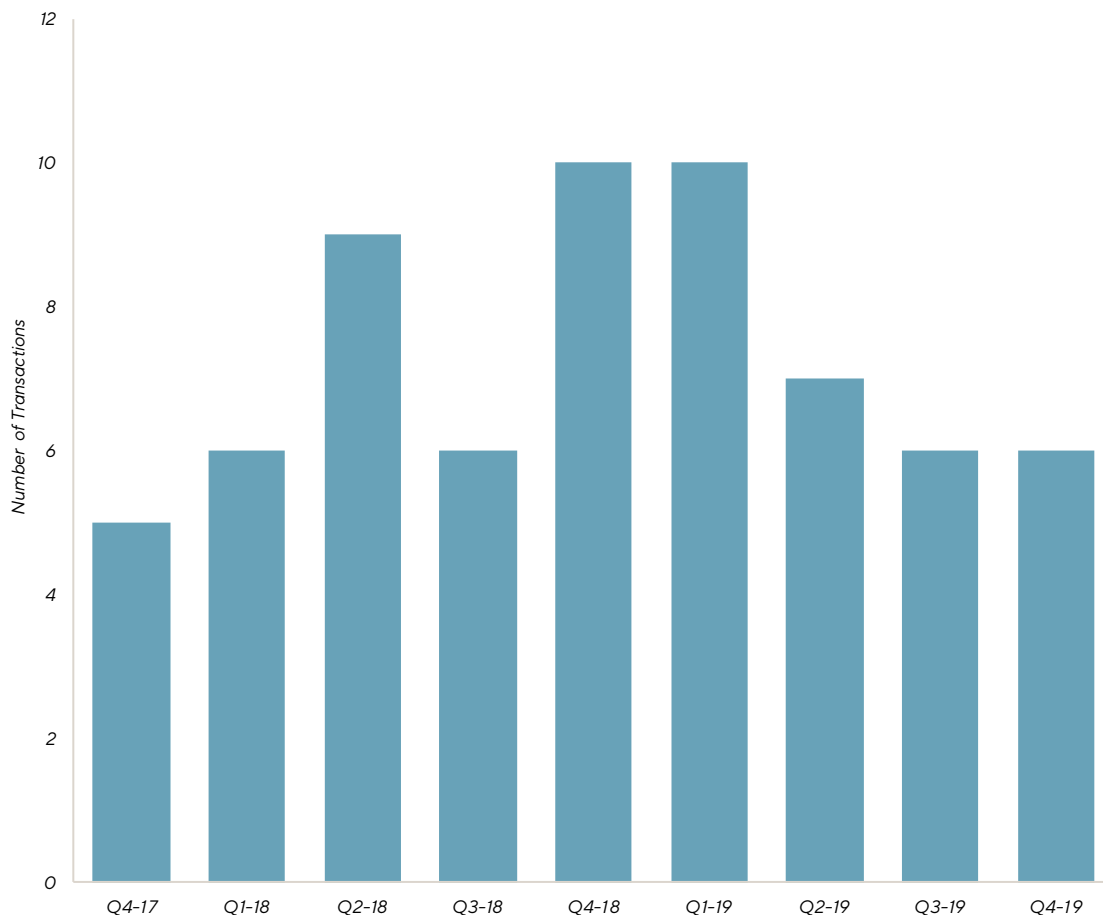
In 2019, there were 4 vertical/horizontal convergences, slightly down from the 5 recorded in 2018, which represented 14% of the total, compared to 16% last year. Private equity investments accounted for 10 transactions in 2019, an increase in the number of investments compared to the 6 transactions recorded in 2018. This type of transaction represented approximately 35% of the total transactions for 2019, significantly higher than the 19% mix of the total for 2018. There were no EMS divestitures during 2019, which is consistent with no EMS divestitures in 2018. There was 1 transaction

categorized as diversification into EMS (3% of the total) during 2019, which is equivalent to the 1 transaction (3% of total activity) in this category for 2018. There were no OEM divestitures in 2019, which is significantly down from 3 OEM divestitures in 2018, representing approximately 10% of total transaction activity.

In terms of geography, 19 of the transactions were completed in North America. This represented 66% of total transaction activity in 2019. In Europe 11 transactions were completed in 2019, representing 28% of total activity. There were also two transactions recorded within Asia representing approximately 7% of total transaction activity.

In terms of transaction size, Small Tier EMS providers accounted for 83% of the 2019 transaction volume with 24 acquisitions. Mid Tier providers accounted for 5 acquisitions, representing approximately 17% of total activity. For the Mid Tier this represents a slight increase compared to the 4 transactions recorded in 2018. For the first time since 2014, Large Tier EMS providers had no transactions.

Quarter-over-Quarter Completed EMS Transactions (Chart)



EMS Size Guide (Sales Dollars)

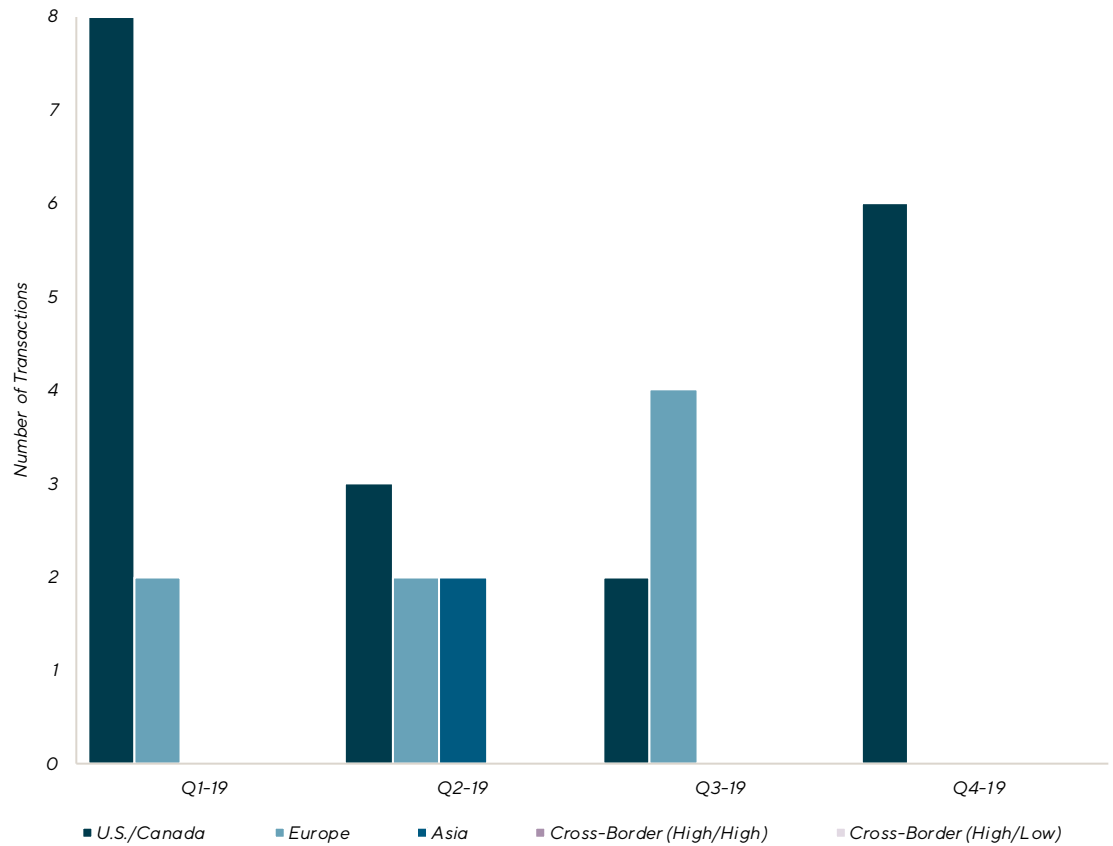
- Large (Tier I) greater than \$3 billion
- Mid (Tier II) \$300 million to \$3 billion
- Small (Tier III) below \$300 million

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.

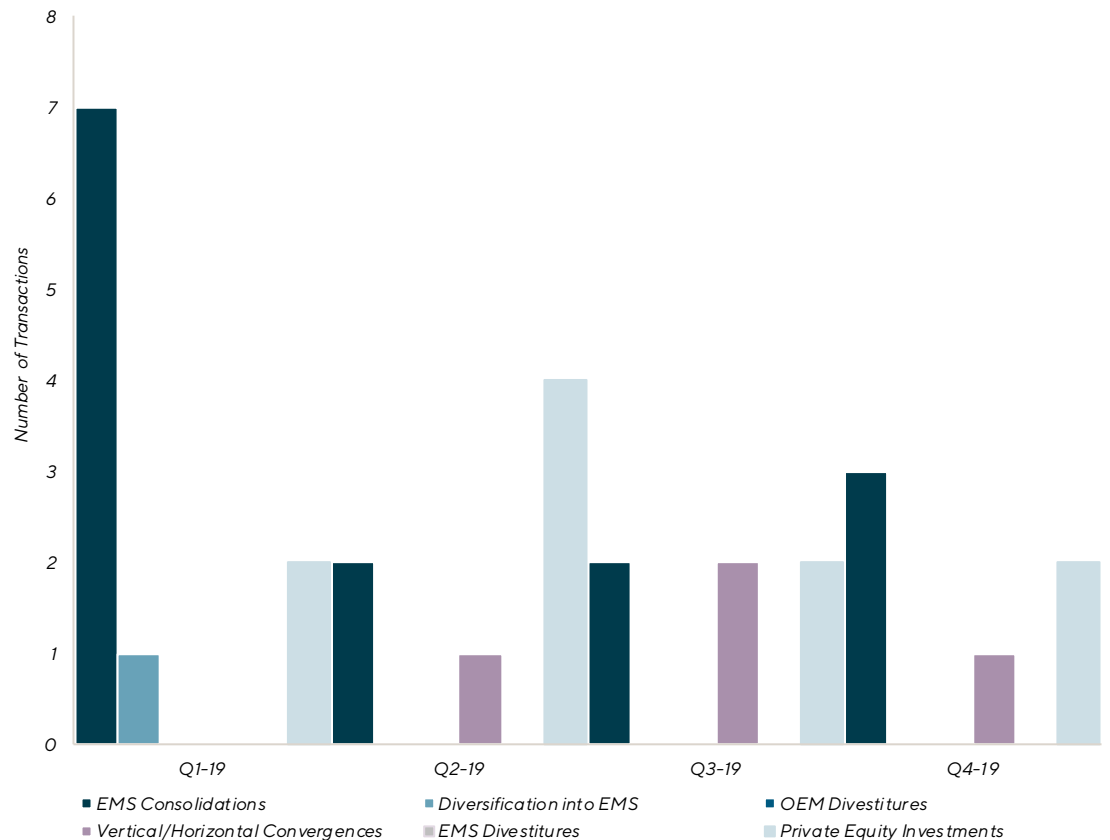
Note: Companies are included in a given tier by falling within the threshold for two consecutive quarters



Quarterly Comparison—EMS M&A by Geography



Quarterly Comparison—EMS M&A by Deal Type



Current EMS Market Highlights

The overall Lincoln EMS Stock Index increased 16.5% from last quarter primarily driven by an increase in the Small Index, which grew 40.4%. The Large and Mid Index each increased again for a consecutive quarter by 15.5% and 19.5% respectively.”



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.

Winner's Circle		Tier
NYSE:JBL	57.4%	I
NasdaqGS:PLXS	26.7%	II
AMEX:IEC	120.6%	III

Worst Performers		Tier
NasdaqGS:FLEX	(29.8%)	I
NasdaqGS:KE	(20.2%)	II
NasdaqCM:SGMA	(60.2%)	III

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

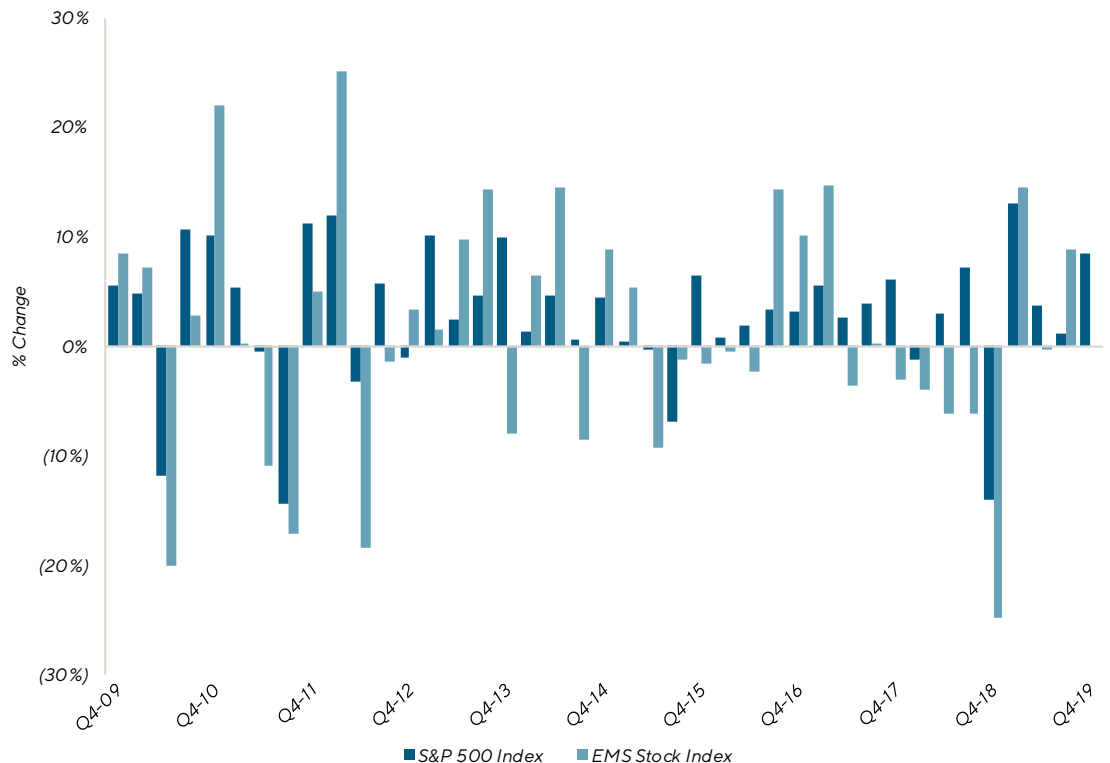
EBITDA Margins	
Large Tier	4.8%
Mid Tier	5.1%
Small Tier	4.3%

YOY LTM Revenue Growth	
Large Tier	0.5%
Mid Tier	-0.1%
Small Tier	10.2%

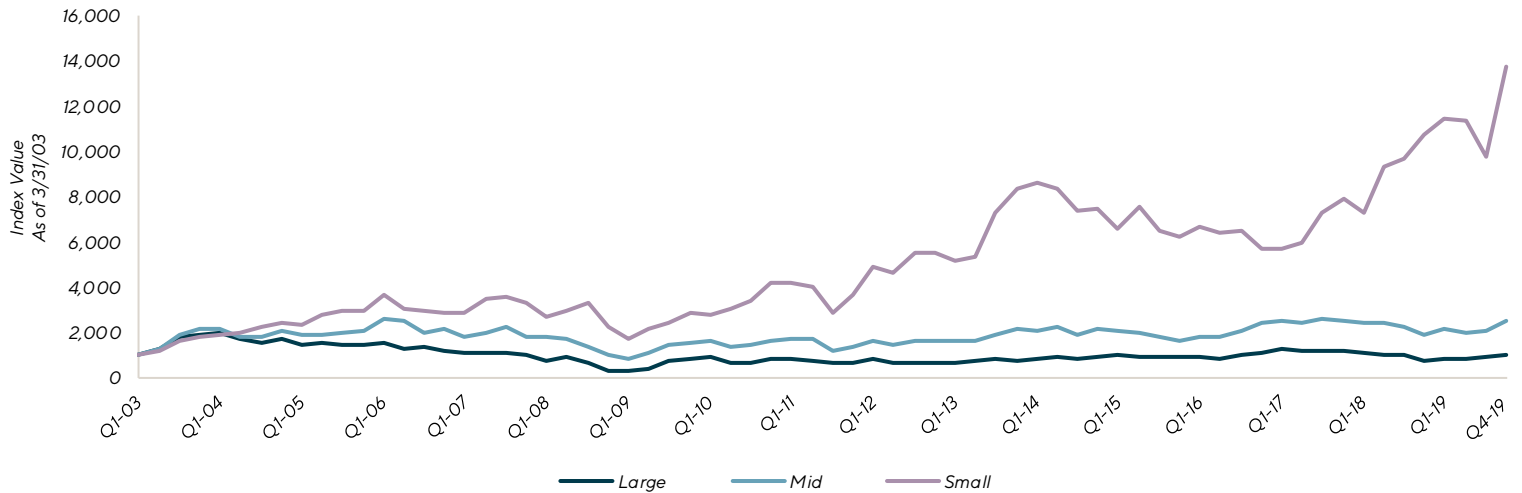
Source: Capital IQ as of December 31st 2019

Note: Average for each sector; YOY stands for year-over-year

S&P Index vs. EMS Stock Index Quarter Change

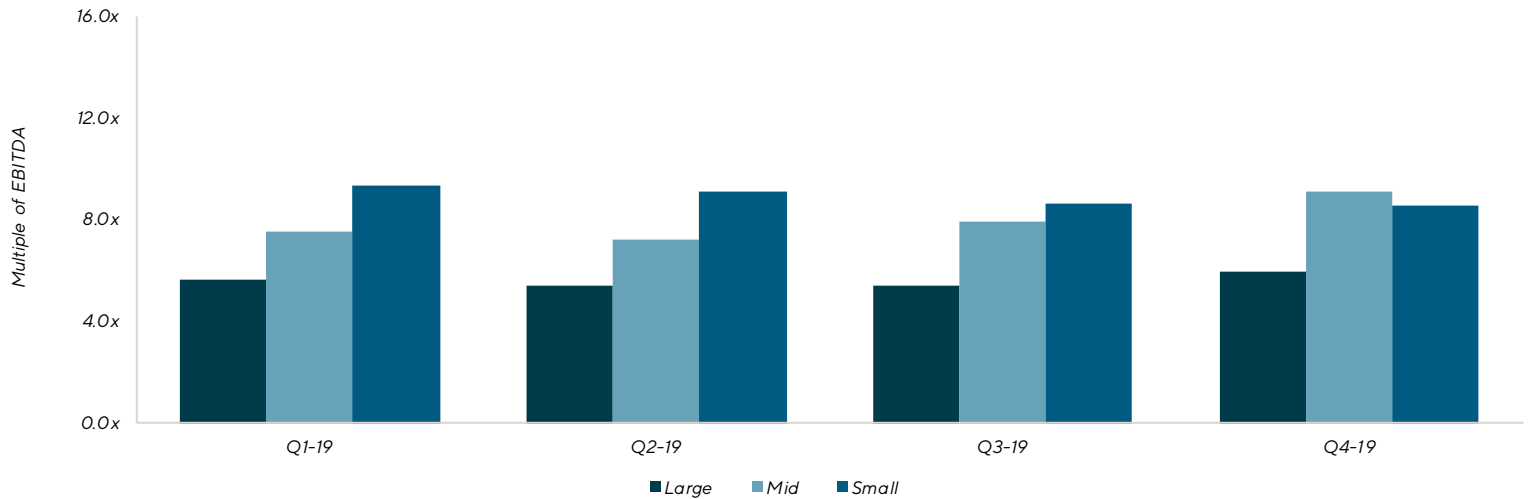


EMS Stock Index by Size



Note: See below for specific company classifications

Enterprise Value⁽¹⁾ / EBITDA



(1) Enterprise Value is calculated as market cap on December 31st 2019 plus debt, preferred equity and minority interest less cash

Note: See below for specific company classifications

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.	\$10.77	\$5,888	\$0.53	70.7	1.76	5.6x	0.2x	\$1,383	\$231
Flex Ltd.	12.62	24,952	(0.05)	22.0	1.24	6.9x	0.3x	6,415	1,662
Jabil Inc.	41.33	26,282	1.30	21.2	0.97	5.5x	0.3x	6,333	2,382
Sanmina Corporation	34.24	7,886	1.96	52.7	1.83	5.6x	0.3x	2,396	28
Mid									
Benchmark Electronics, Inc.	\$34.36	\$2,268	\$0.60	79.3	2.60	9.0x	0.5x	\$1,268	\$(148)
Key Tronic Corporation	5.44	436	(0.82)	99.5	2.02	9.0x	0.3x	59	60
Kimball Electronics, Inc.	17.55	1,253	1.27	75.6	2.09	6.5x	0.4x	442	69
Plexus Corp.	76.94	3,164	3.50	88.5	1.78	11.8x	0.7x	2,250	64
Small									
IEC Electronics Corp.	\$9.09	\$166	\$0.46	112.5	1.90	12.8x	0.8x	\$95	\$35
Nortech Systems Incorporated	4.87	114	(0.64)	80.7	1.88	Nm	0.3x	13	23
SigmaTron International, Inc.	4.03	291	0.33	86.4	2.27	5.3x	0.2x	17	44
SMTC Corporation	3.39	363	(0.34)	55.0	1.18	7.5x	0.5x	95	84

Sources: Bloomberg, Capital IQ and company filings, as of December 31st 2019



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.

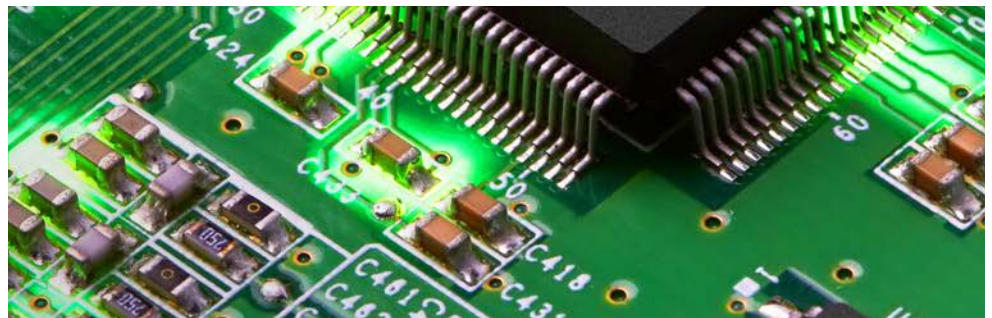
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About Lincoln International

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