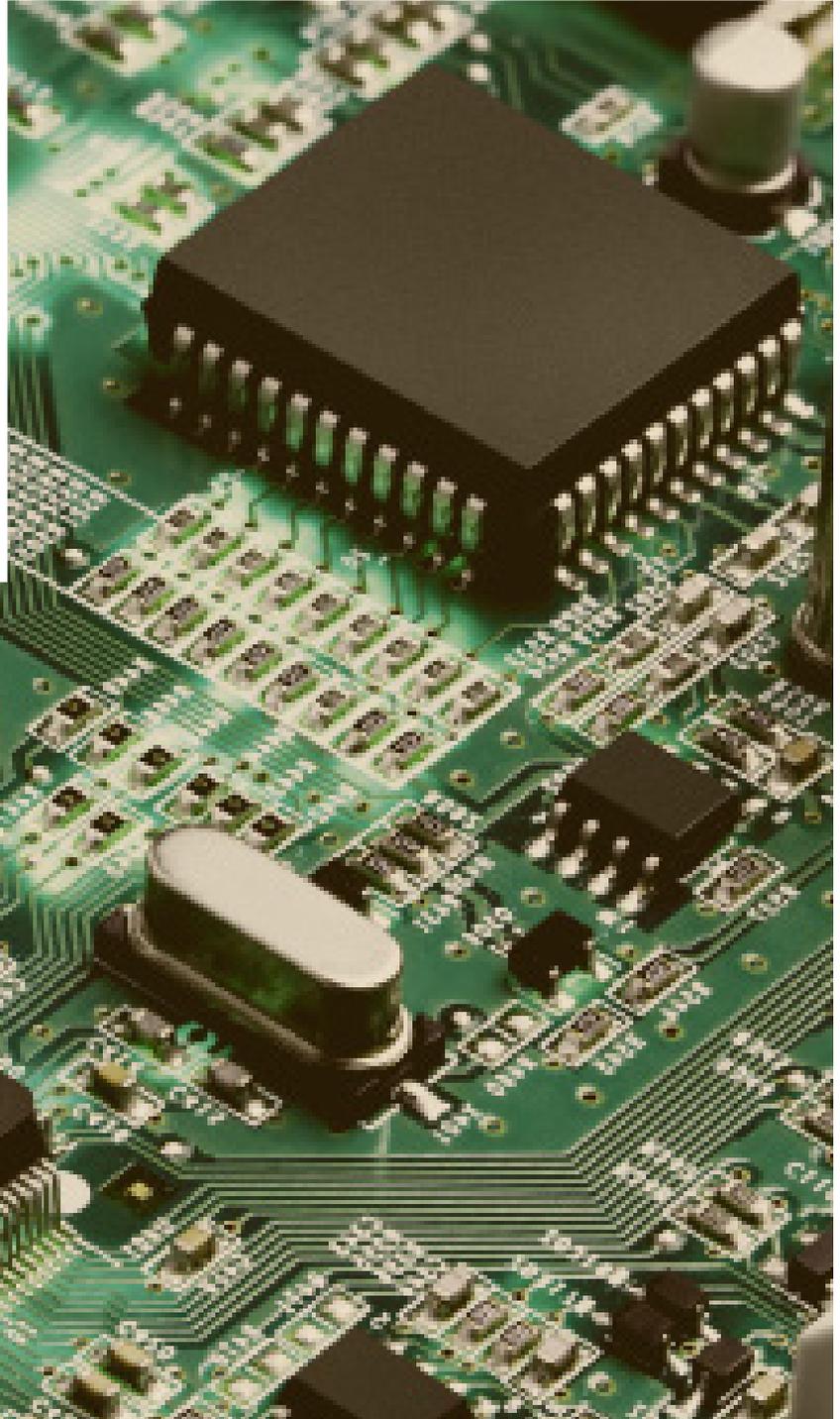


EMS
Quarterly
Review
Q4 2018



Announcements

Nov. 1, 2018: GPV International A/S acquires CCS Customer Care & Solutions

Nov. 1, 2018: NOTE UK Ltd. acquires Speedboard Assembly Services

Nov. 12, 2018: Celestica acquires Impakt Holdings

Nov. 12, 2018: Myotek acquires Amptech, Inc.

2018 Year in Review

There were 31 EMS transactions recorded in 2018, up significantly from the 21 recorded in 2017. The primary driver of the increase in transaction activity was due to the favorable M&A market conditions in 2018. In addition, M&A opportunities were stronger as companies are performing well due to the electronics “supercycle”. EMS consolidations were the most common type of transaction with 16 transactions in 2018, or 52% of total activity, compared to 7 transactions in 2017 which represented 33% of activity last year.

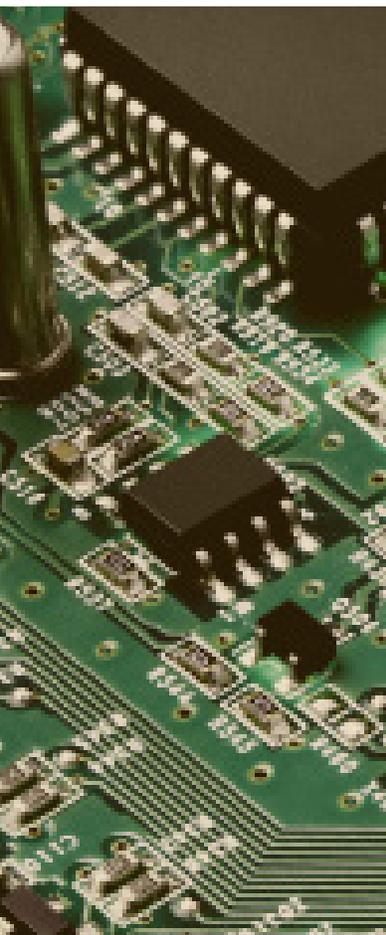
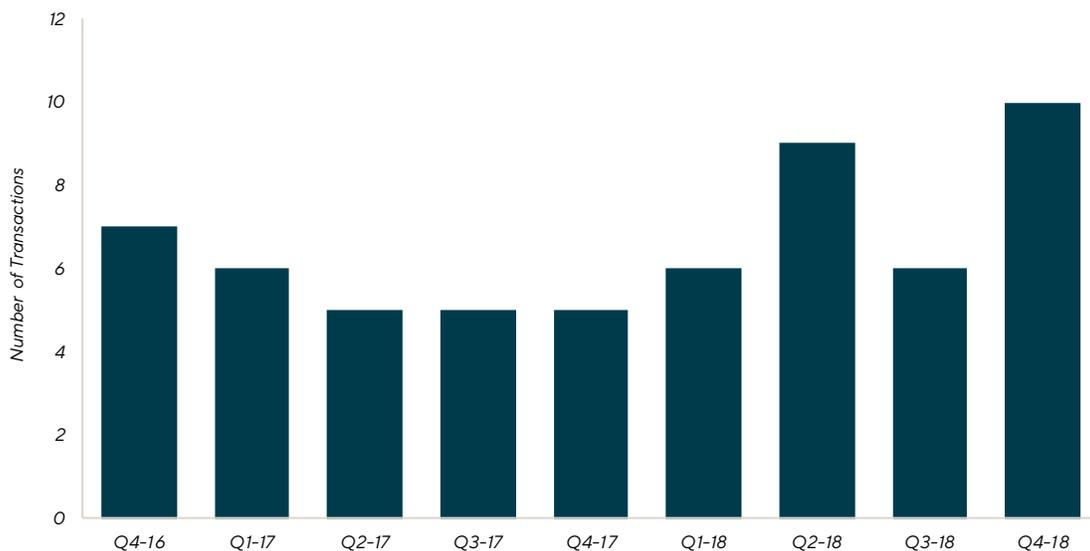
In 2018, there were 5 vertical/horizontal convergences, down from the 7 recorded in 2017, which represented 16% of the total, compared to 33% last year. Private equity investments accounted for 6 transactions in 2018, reflecting a slight increase in the number of investments compared to the 5 transactions recorded in 2017. This type of transaction represented approximately 19% of the total transactions for 2018, slightly lower than the 24% mix of the total for 2017. There were no EMS divestitures during 2018, down from only 1 transaction recorded (5% of the total) in 2017. There was 1 transaction categorized as diversification into EMS (3% of the total) during 2018, which is equivalent to the 1 transaction (5% of total activity) in this category for 2017. One of the most significant changes was the completion of 3 OEM divestitures in 2018, representing approximately 10% of total transaction activity. There were no OEM divestitures

in 2017 and this is the first year since 2010 that we have seen this level of activity in this category. The expertise that EMS companies have in managing the supply chain were especially beneficial during this recent history of component shortages, making OEM divestitures a more attractive proposition in certain cases.

In terms of geography, 12 of the transactions were completed in North America. This represented 39% of total transaction activity in 2018. Almost equivalent in terms of transaction volume was Europe with 11 transactions in 2018, representing 35% of total activity. There were also 6 cross-border transactions in 2018 (19% of the total), with only 1 between a high-cost region and a low-cost region and 5 transactions between different high-cost regions. There were also two transactions recorded within Asia representing approximately 6% of total transaction activity.

In terms of transaction size, Small Tier EMS providers accounted for 74% of the 2018 transaction volume with 23 acquisitions. Mid Tier and Large Tier EMS providers each accounted for 4 acquisitions, representing approximately 13% of total activity, respectively. For the Mid Tier this represents a slight decrease compared to the 5 transactions recorded in 2017 but is a slight increase for the Large Tier having completed only 3 transaction last year.

Completed EMS Transactions



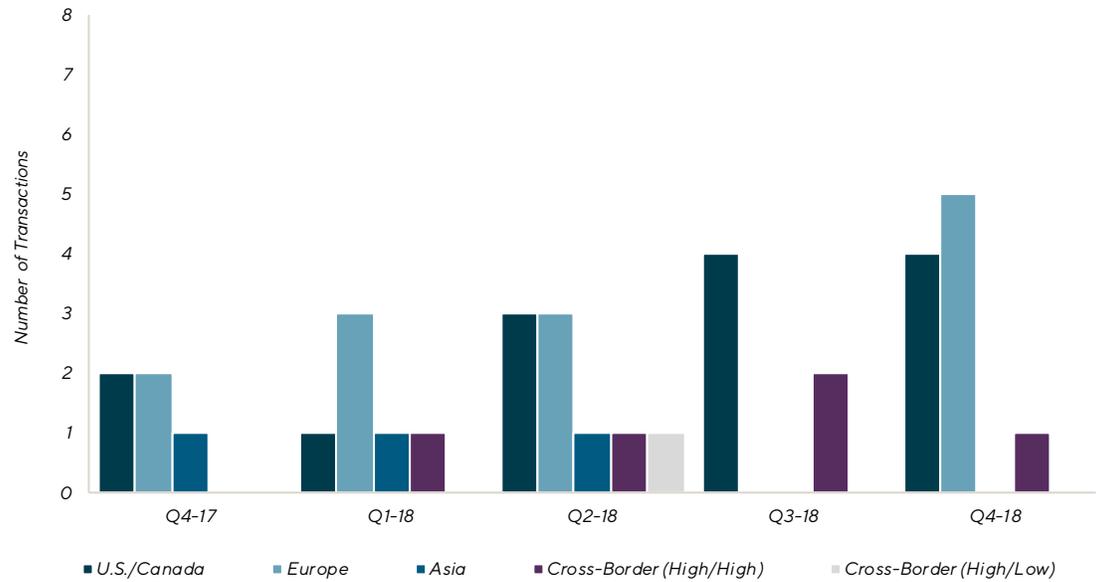
EMS Size Guide (Sales Dollars)

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

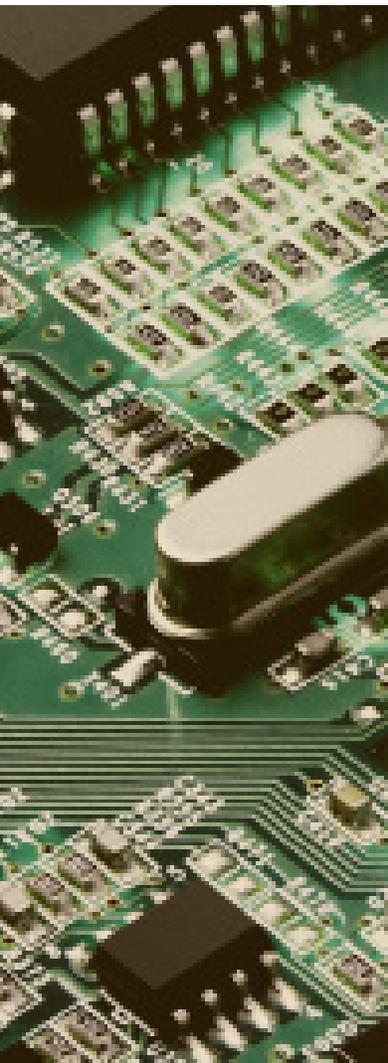
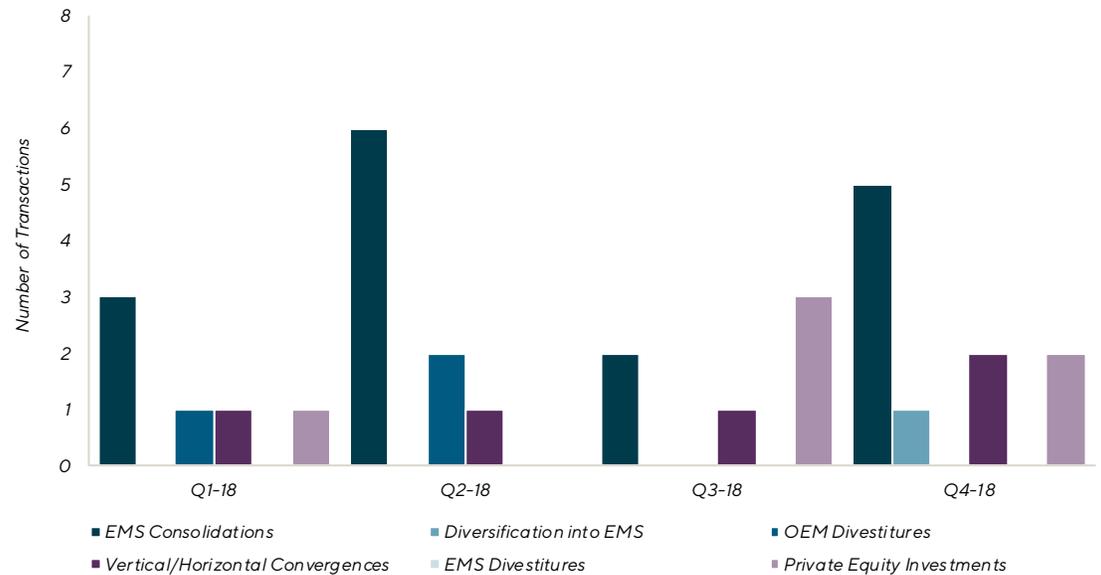
Sources: All information contained in this newsletter including the charts was obtained from company websites, Custer Reports, Lincoln International's internal data, Manufacturing Market Insider and Capital IQ.

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

Quarterly Comparison—EMS M&A by Geography

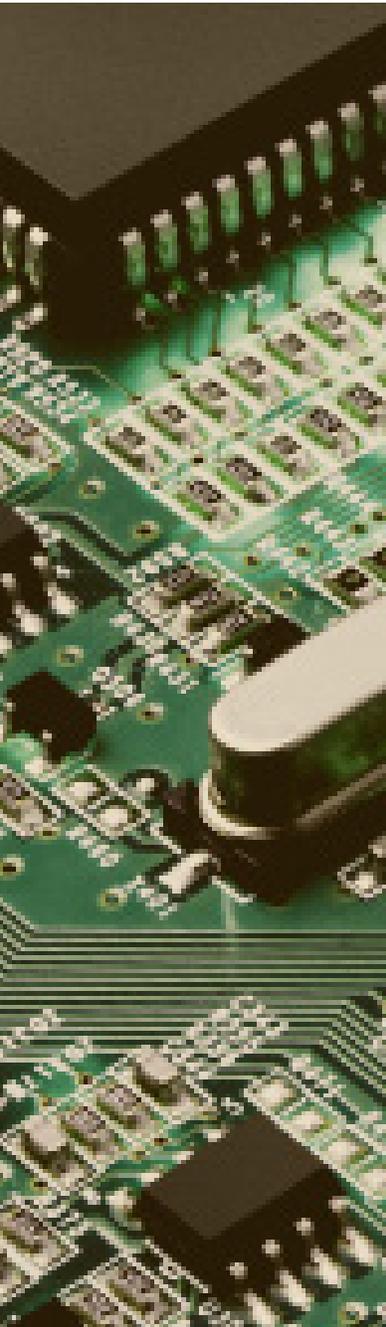


Quarterly Comparison—EMS M&A by Deal Type



Current EMS Market Highlights

The Overall Lincoln EMS Stock Index decreased 25.4% from last quarter primarily driven by a drop in the Large Index, which decreased 27.9% from last quarter. The Mid Index also decreased 16.5% while the Small Index increased 10.2%, as compared to last quarter.



EMS Stock Index Underperforms 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	(5.6%)	I
NasdaqGS:KE	(15.1%)	II
NasdaqNM:SMTX	115.8%	III

EBITDA Margins	
Large Tier	4.6%
Mid Tier	5.1%
Small Tier	3.1%

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

YOY LTM Revenue Growth	
Large Tier	8.0%
Mid Tier	7.3%
Small Tier	11.9%

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

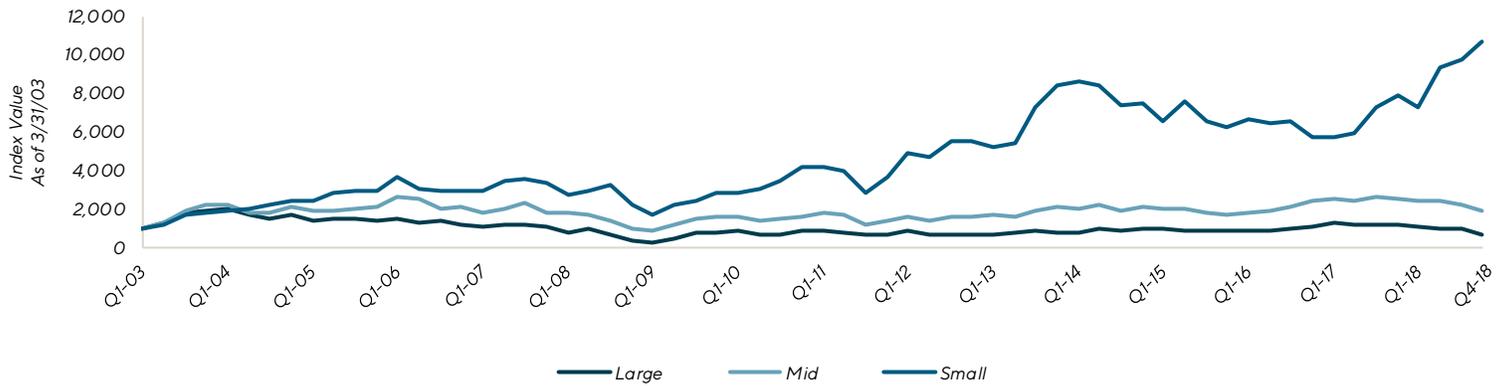
Source: Capital IQ as of December 31, 2018

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

S&P Index vs. EMS Stock Index Quarter Change

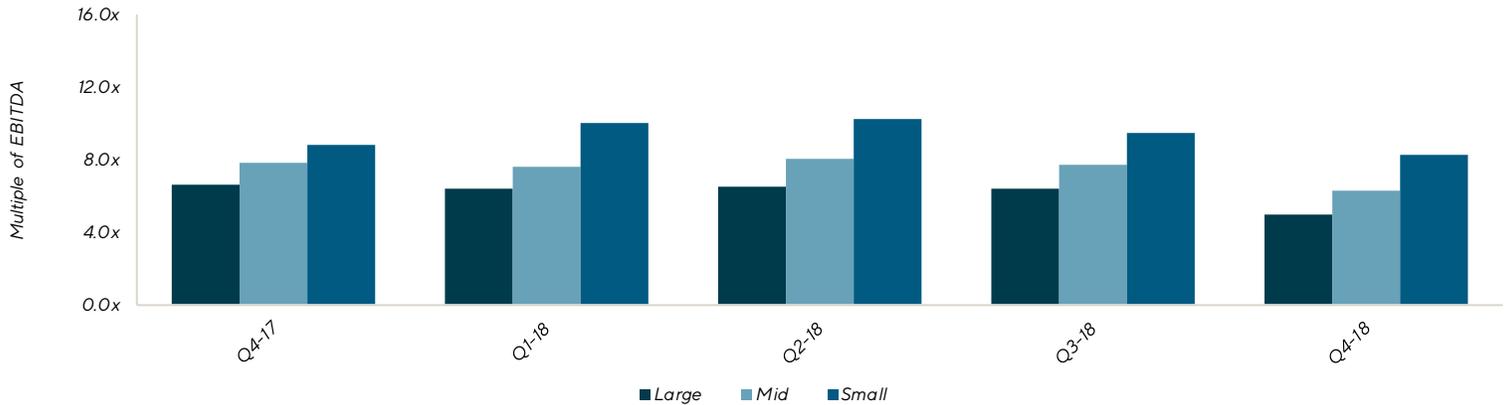


EMS Stock Index by Size



Note: See below for specific company classifications

Enterprise Value⁽¹⁾ / EBITDA



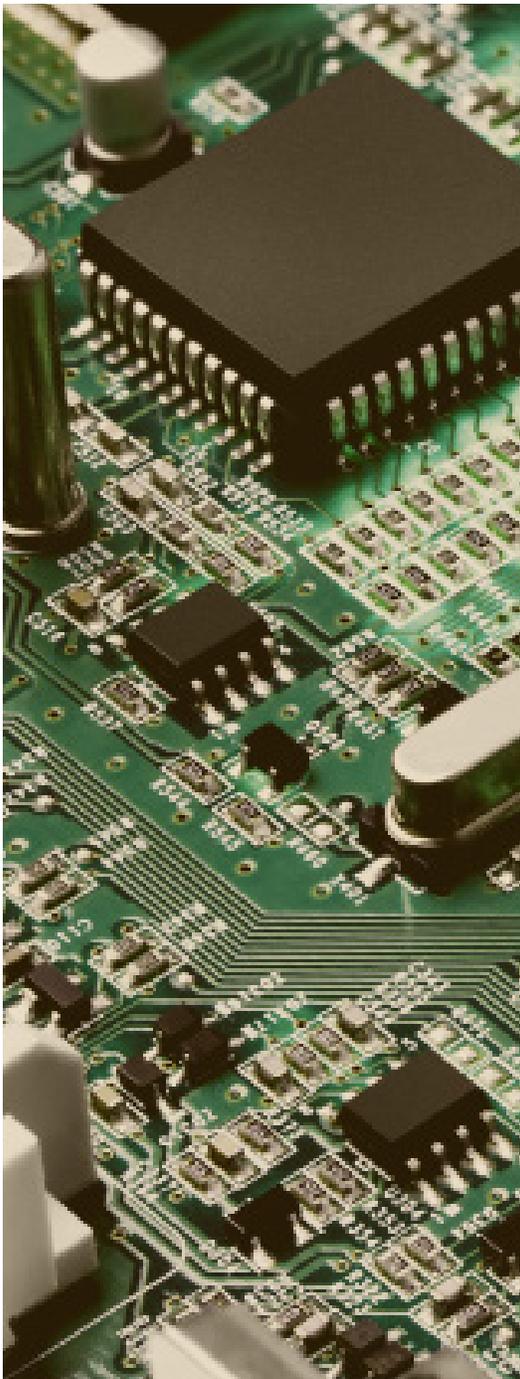
(1) Enterprise Value is calculated as market cap on December 31, 2018 plus debt, preferred equity and minority interest less cash

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.	\$8.76	\$6,444	\$0.36	55.5	1.79	5.0x	0.2x	\$1,193	\$(46)
Flex Ltd.	7.61	26,297	0.57	24.6	1.23	4.8x	0.2x	4,007	1,547
Jabil Inc.	24.79	23,016	0.86	7.6	1.02	4.0x	0.2x	3,916	1,709
Sanmina Corporation	24.06	7,110	(1.37)	51.1	1.26	6.2x	0.3x	1,642	188
Mid									
Benchmark Electronics, Inc.	\$21.18	\$2,588	\$(1.70)	72.3	3.02	4.9x	0.2x	\$926	\$(321)
Key Tronic Corporation	5.65	465	(0.02)	83.0	2.04	6.4x	0.2x	61	34
Kimball Electronics, Inc.	15.49	1,084	0.50	65.7	1.76	5.7x	0.4x	407	(16)
Plexus Corp.	51.08	2,874	0.38	88.4	2.06	8.3x	0.5x	1,595	(109)
Small									
IEC Electronics Corp.	\$5.72	\$117	\$1.01	92.7	1.51	NM	0.7x	\$59	\$25
Nortech Systems Incorporated	3.55	110	(0.78)	78.4	1.87	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	174	(0.02)	64.4	1.39	NM	0.6x	94	12

Sources: Bloomberg, Capital IQ and company filings, as of December 31, 2018



Lincoln's Global Technology, Media & Telecom Team

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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We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions, debt advisory, growth equity and restructuring for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, 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:

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