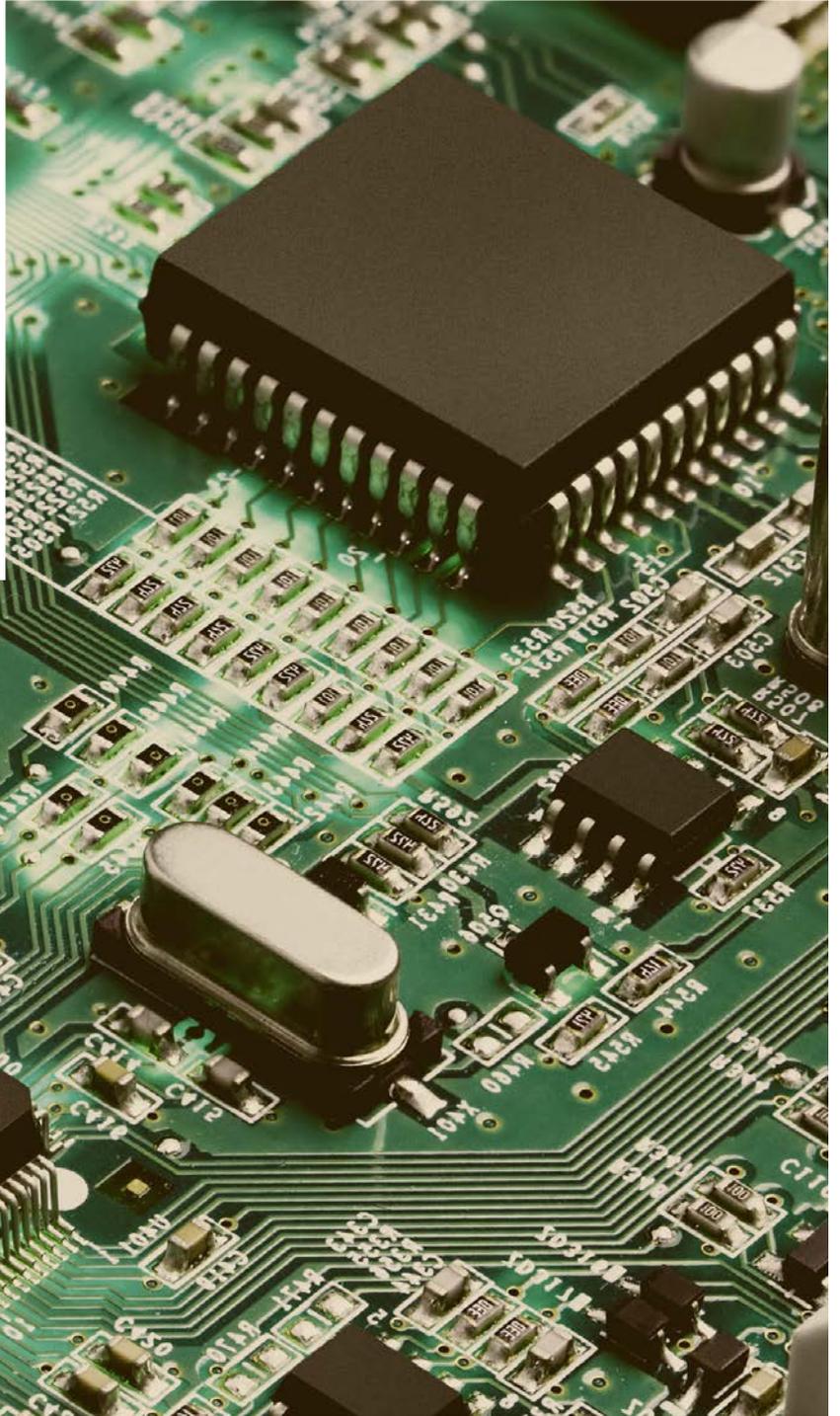


EMS
Quarterly
Review
Q3 2019

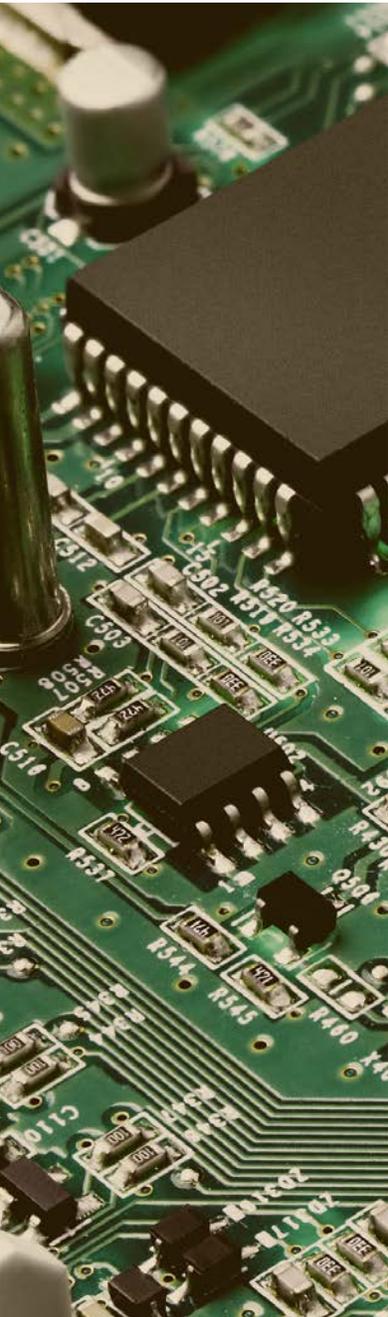


Announcements

July 18, 2019: Lindsay Goldberg LLC has acquired Creation Technologies LP

July 25, 2019: Hanza Holding AB has acquired RITTER Elektronik GmbH

September 3, 2019: Pro-Active Engineering, Inc. has acquired Apex Embedded Systems LLC



Q3 2019 Year-in-Review

There were six EMS transactions recorded in Q3 2019, consistent with the six recorded in Q3 2018 and the six transactions recorded in Q2 2019. EMS consolidations accounted for two transactions in Q3 2019, or 33.3% of total activity, consistent with the number of EMS consolidations from Q2 2019.

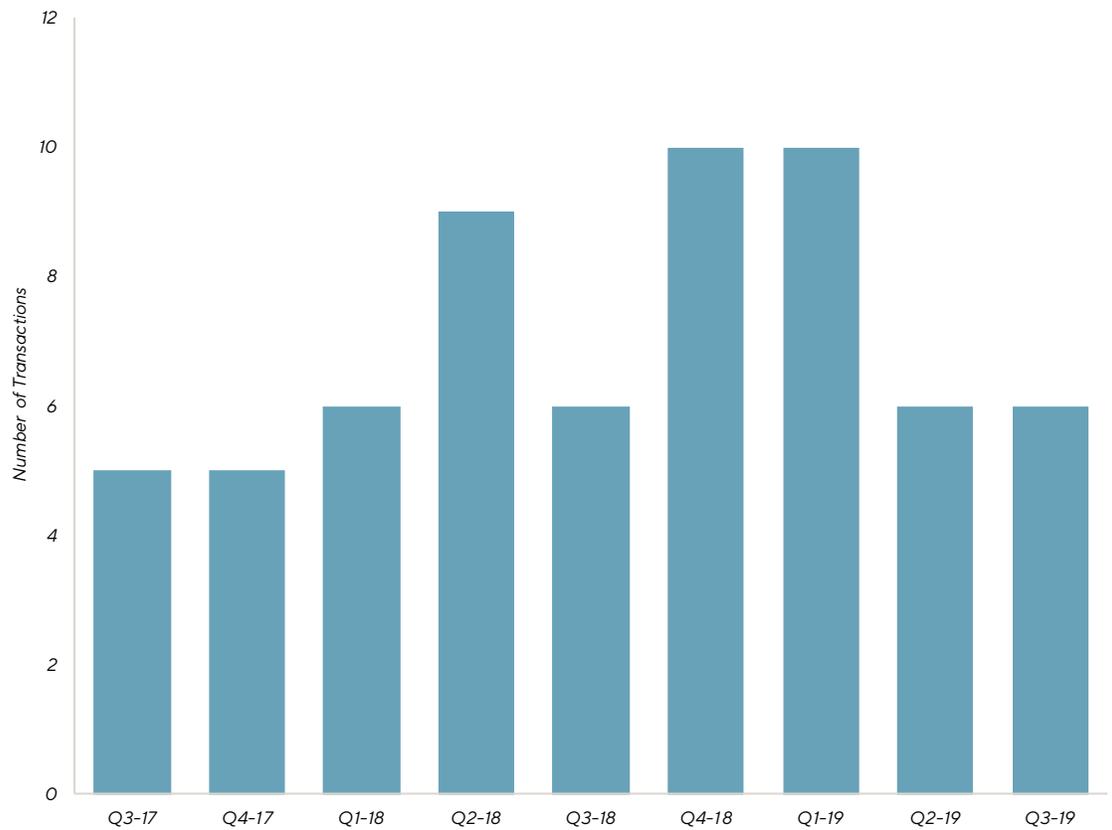
Private equity investments accounted for two transactions, representing 33.3% of total activity, slightly less than the previous quarter despite the overall number of transactions remaining the same. The seven private equity transactions in 2019 through Q3, compared to the four private equity transactions in 2018 through Q3, highlights the major trend we are witnessing of increased private equity interest in growing platforms in the EMS space.

In Q3 2019, there were two transactions categorized as a Vertical/Horizontal convergence. There were no OEM or EMS divestitures in Q3 2019, nor were there any transactions categorized as Diversification into EMS this quarter.

In terms of geography, the U.S. / Canada had two transactions, and Europe had four transactions completed, representing 33.3% and 66.6% of total transaction activity in Q3 2019, respectively.

In terms of transaction size, small-tier EMS providers accounted for 90% and mid-tier EMS providers accounted for 10% of the Q3 2019 transaction volume.

Quarter-over-Quarter Completed EMS Transactions

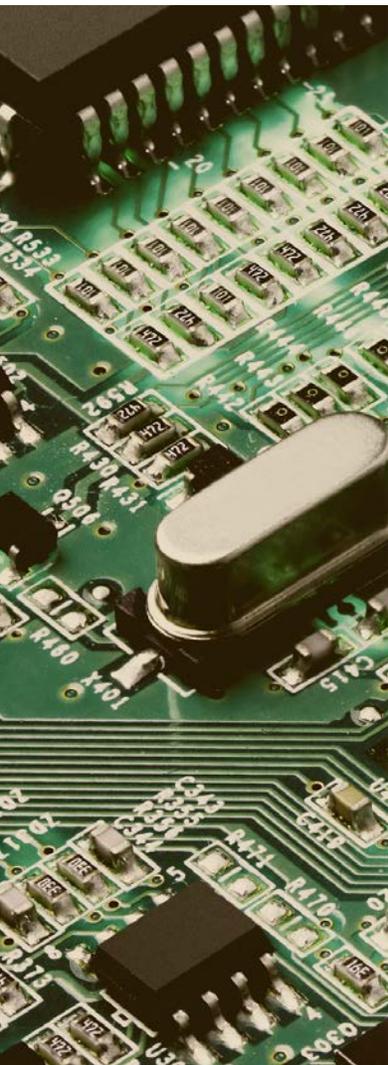


EMS Size Guide (Sales Dollars)

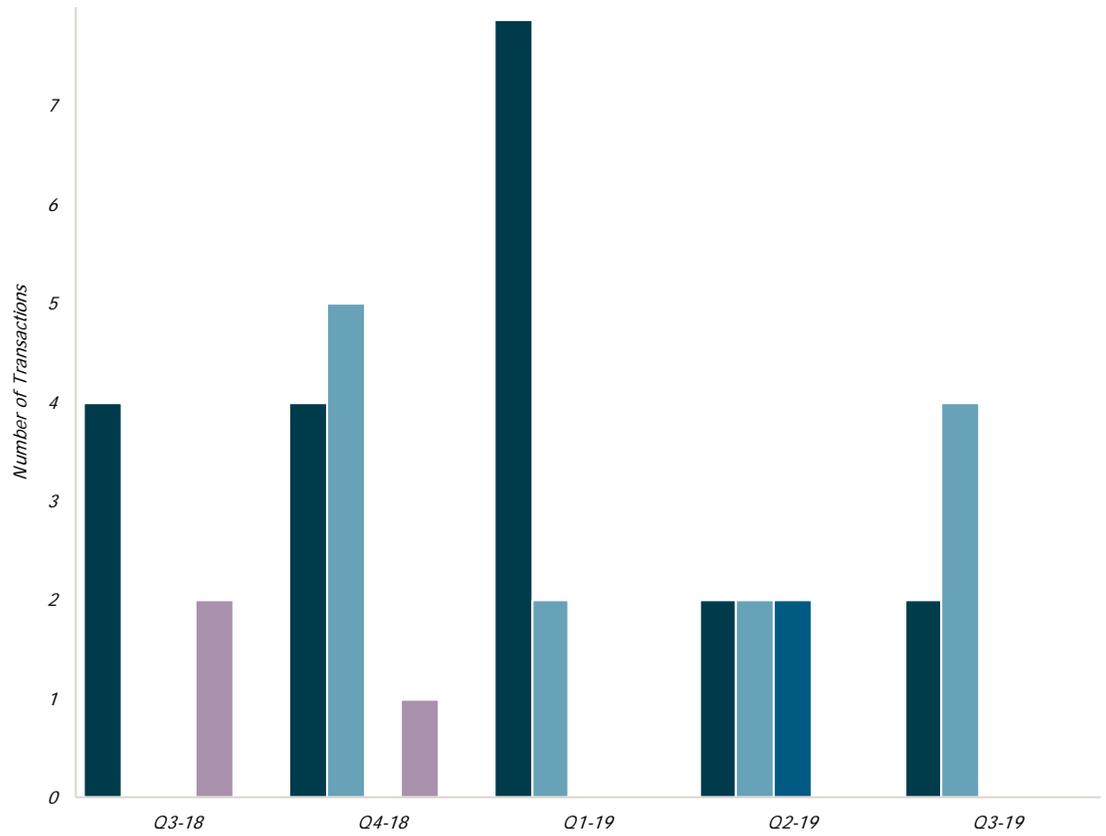
- Large (Tier I) greater than \$3 billion
- Mid (Tier II) \$300 million to \$3 billion
- Small (Tier III) below \$300 million

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.

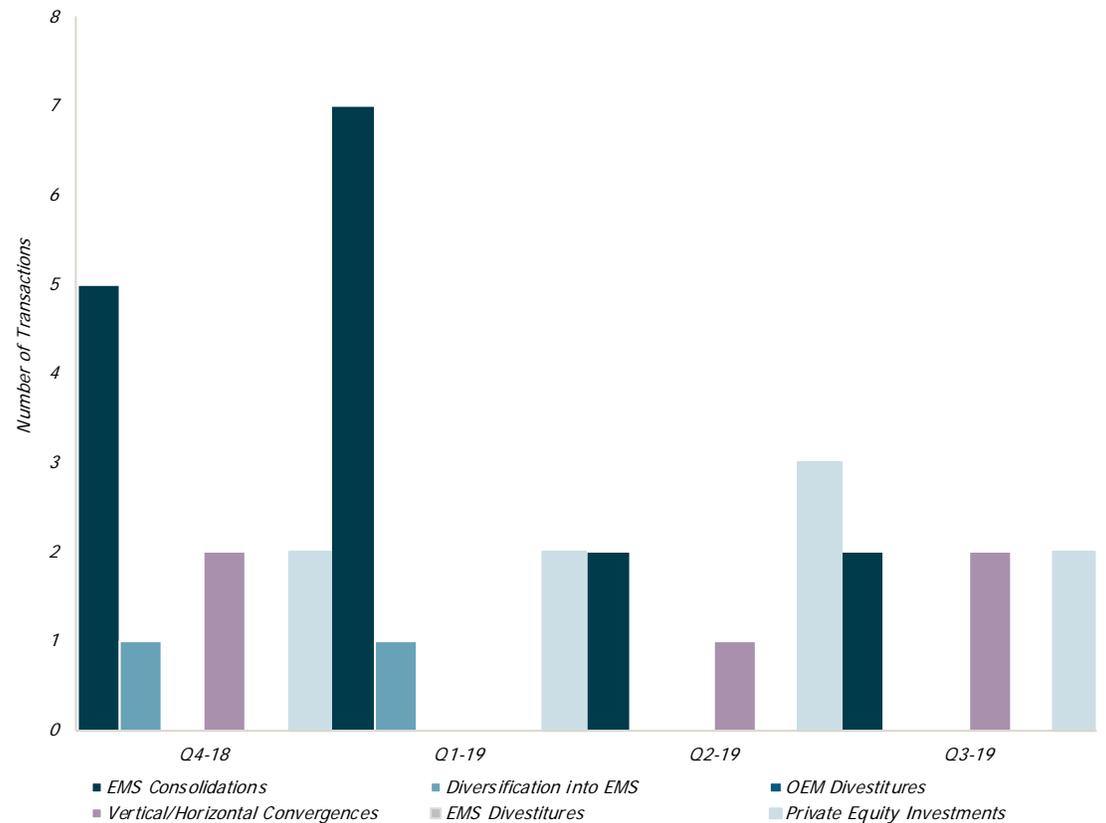
Note: Companies are included in a given tier by falling within the threshold for two consecutive quarters



Quarterly Comparison—EMS M&A by Geography



Quarterly Comparison—EMS M&A by Deal Type



An Analysis of Growth Trends Affecting the EMS Industry

EMS industry revenue increased by 18.0% in 2018, increasing significantly from the 10.7% increase exhibited in 2017.

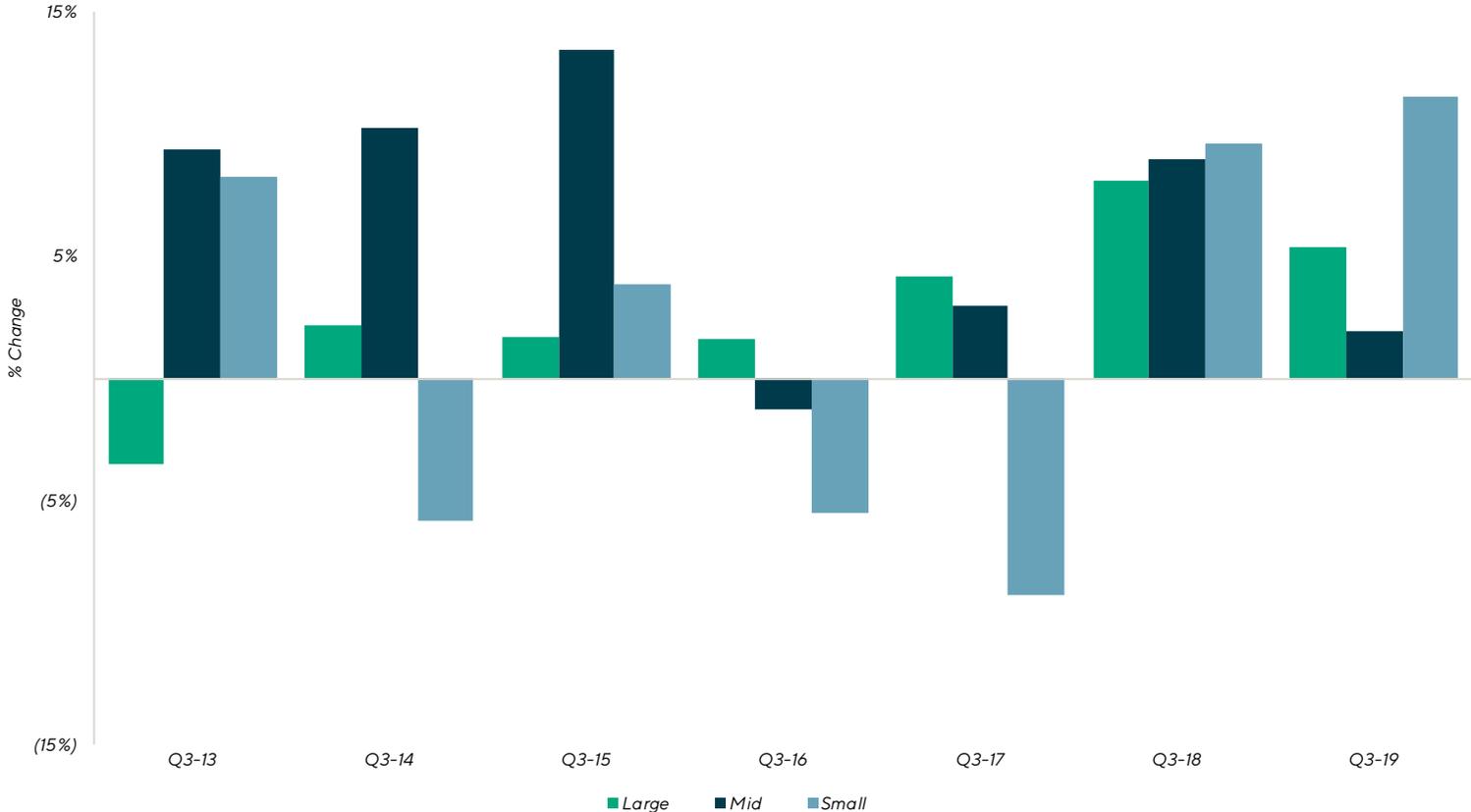
As shown in the chart on the following page, overall LTM Q3 2019 revenue increased across Large, Mid and Small tier EMS providers. Large tier EMS providers' revenue increased 5.4% on an LTM Q3 2019 basis versus an increase of 8.1% in LTM Q3 2018. The Mid tier experienced improvement as well, with LTM Q3 2019 revenue increasing 1.9% year-over-year from 9.0% in LTM Q3 2018. Small tier EMS providers experienced the largest growth, representing 11.6% in LTM Q3 2019, versus 9.6% in LTM Q3 2018.

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 CAGR of 9.2% from 2018 to 2023. The automotive and computer segments are also expected to show strong growth, with

CAGRs of 8.4% and 7.9% respectively, over the next five years. Also anticipating strong growth are the medical and industrial segments with expected CAGRs of 6.2% and 5.9%, respectively, through 2023. Overall, the global EMS market is expected to grow 7.5% annually from a \$430 billion market in 2018 to a \$617+ billion market in 2023.

A major trend that we are witnessing across the electronics space and certainly for EMS providers is the ongoing Electronics Supercycle, which is driving demand for electronics content. This is very evident with the expected growth of Internet of Things (IoT) applications supporting the communication of everything. The EMS IoT market is expected to explode over the next 5 years almost quadrupling in size. The ongoing focus of data communication, data transfer and data analysis across the network in real time will only drive additional applications in this space and further growth.

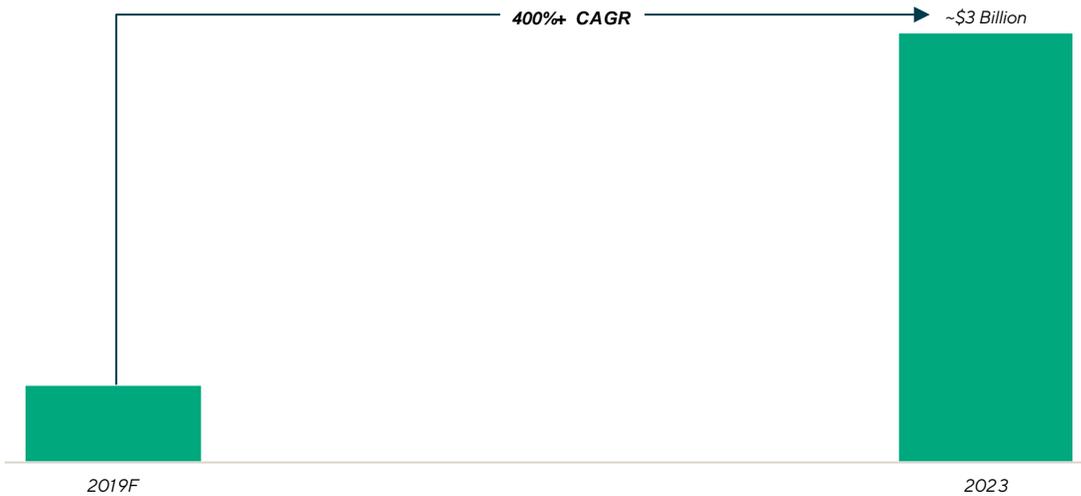
Year-over-Year Revenue Growth by Tier



Global EMS Market by Industry Segment

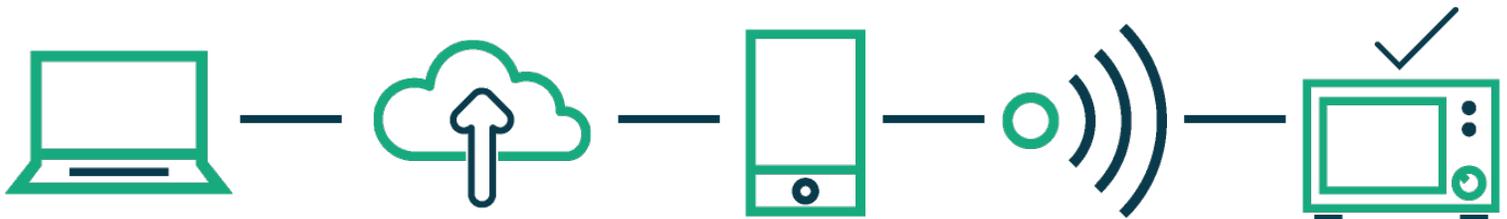
| | 2018 | | 2023 | | CAGR |
|---------------------|--------------------|---------------|--------------------|---------------|-------------|
| | Revenue (\$ in mm) | % | Revenue (\$ in mm) | % | |
| Automotive | \$14,599 | 3.4% | \$21,851 | 3.5% | 8.4% |
| Communications | \$172,962 | 40.2% | \$268,573 | 43.5% | 9.2% |
| Computer | \$104,666 | 24.3% | \$152,755 | 24.7% | 7.9% |
| Consumer | \$68,801 | 16.0% | \$83,222 | 13.5% | 3.9% |
| Industrial | \$33,359 | 7.8% | \$44,382 | 7.2% | 5.9% |
| Medical | \$21,469 | 5.0% | \$29,051 | 4.7% | 6.2% |
| Commercial Aviation | \$7,209 | 1.7% | \$9,367 | 1.5% | 5.4% |
| Defense/Other | \$6,926 | 1.6% | \$8,508 | 1.4% | 4.2% |
| Total | \$429,991 | 100.0% | \$617,709 | 100.0% | 7.5% |

EMS IoT Market 2019F - 2023



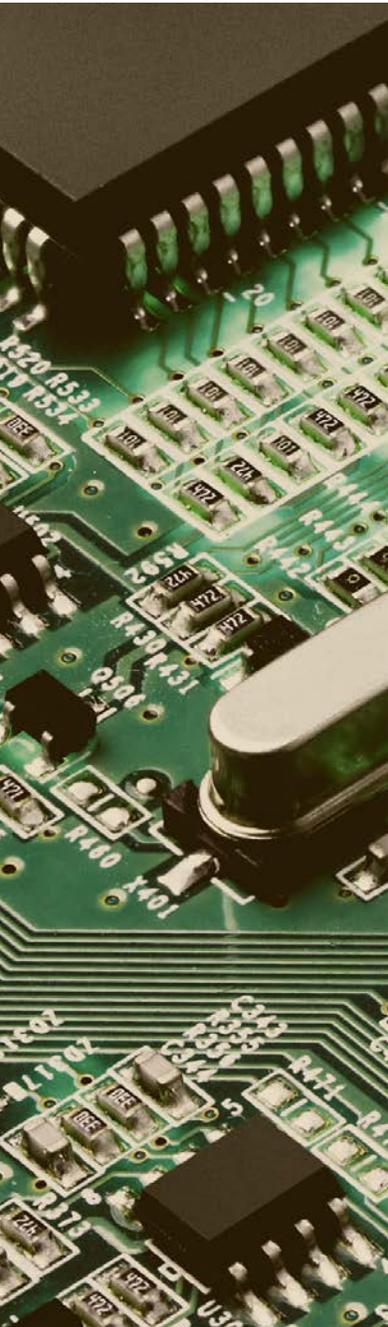
EMS IoT Market expecting **400% CAGR** from end of 2019 to 2023

Source: EMS Market Study conducted by New Venture Research Corp.



Current EMS Market Highlights

The overall Lincoln EMS Stock Index increased 15.3% from last quarter primarily driven by an increase in the Large and Mid Index, which grew 15.8% and 14.2%, respectively. The Small Index increased again for a consecutive quarter by 6.5%.



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.

| Winner's Circle | | Tier |
|-----------------|-------|------|
| NYSE:JBL | 36.3% | I |
| NasdaqGS:PLXS | 2.9% | II |
| AMEX:IEC | 67.7% | III |

| EBITDA Margins | |
|----------------|------|
| Large Tier | 4.8% |
| Mid Tier | 5.0% |
| Small Tier | 4.1% |

| Worst Performers | | Tier |
|------------------|---------|------|
| NasdaqGS:FLEX | (41.8%) | I |
| NasdaqGS:KE | (20.5%) | II |
| NasdaqCM:SGMA | (59.8%) | III |

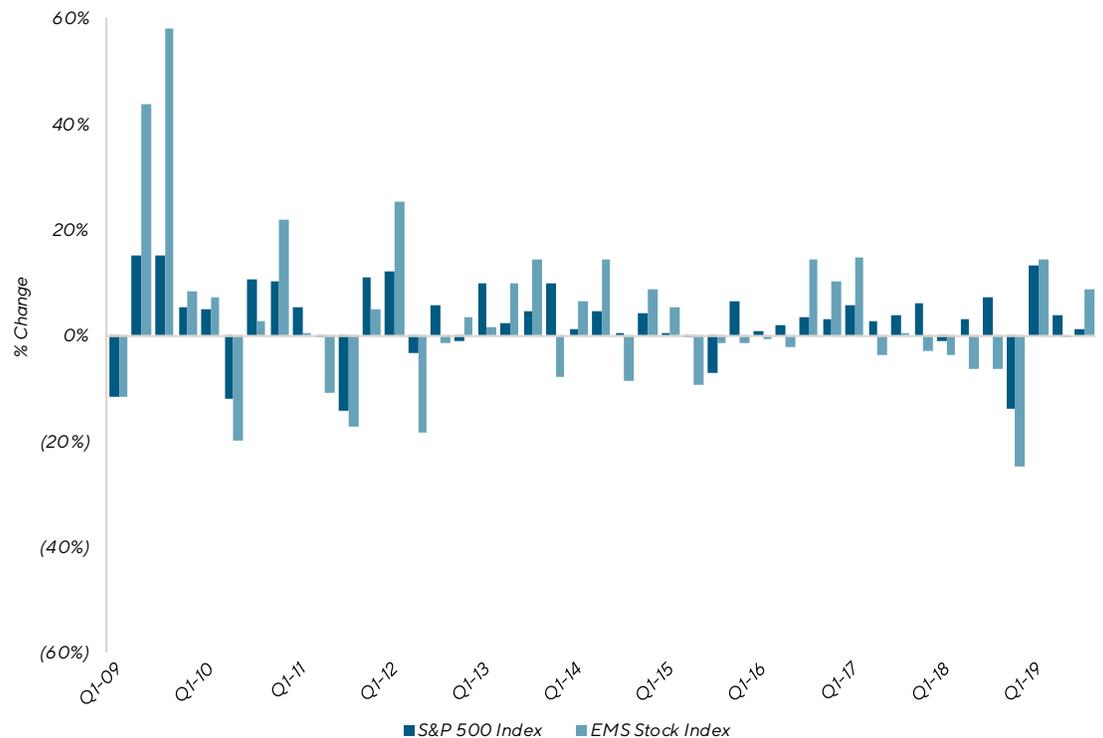
| YOY LTM Revenue Growth | |
|------------------------|-------|
| Large Tier | 5.4% |
| Mid Tier | 1.9% |
| Small Tier | 11.6% |

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

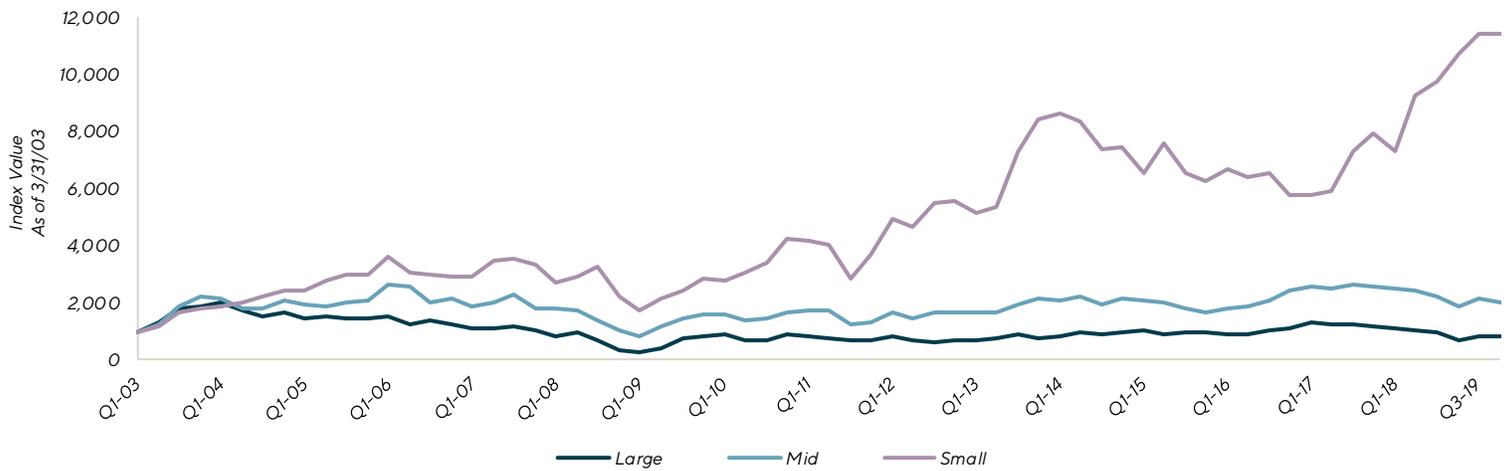
Source: Capital IQ as of Sept 30, 2019

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

S&P Index vs. EMS Stock Index Quarter Change

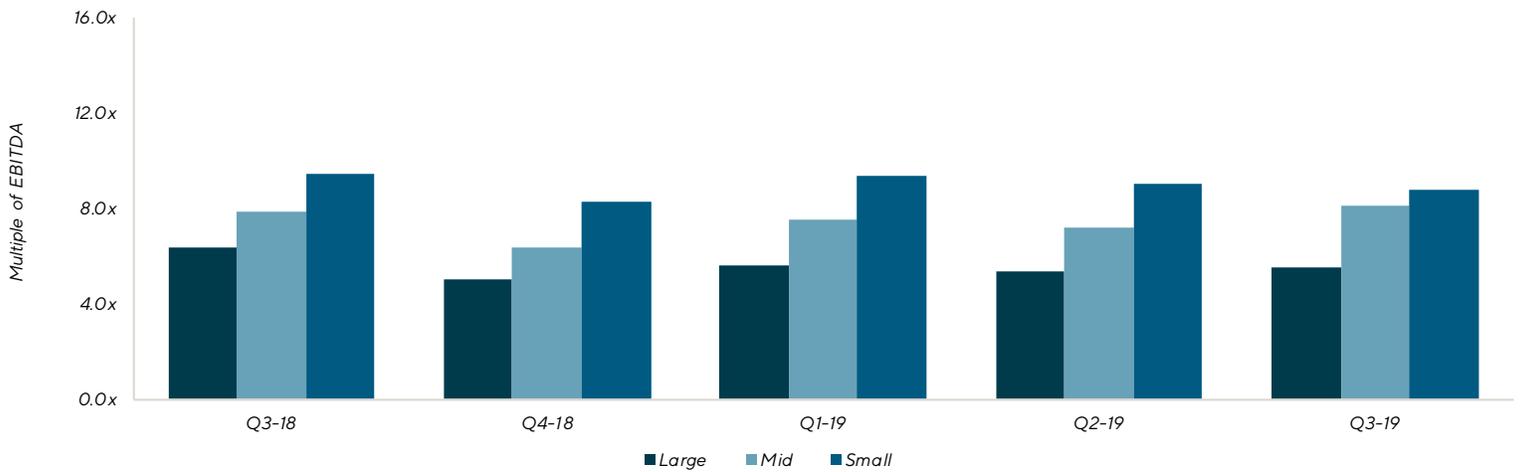


EMS Stock Index by Size



Note: See below for specific company classifications

Enterprise Value⁽¹⁾ / EBITDA



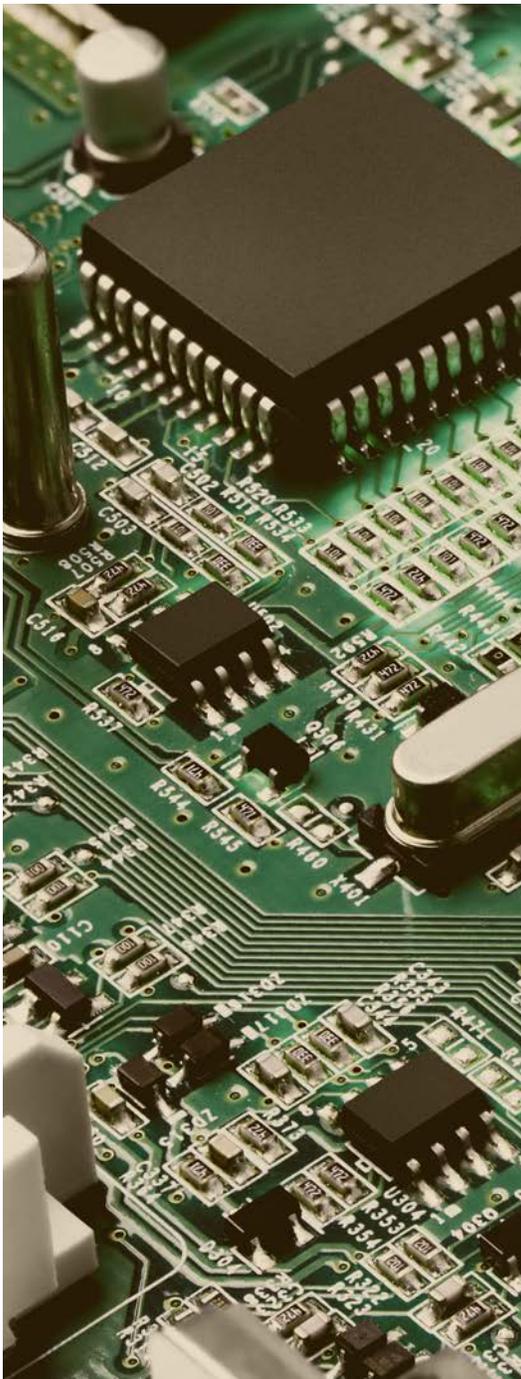
(1) Enterprise Value is calculated as market cap on Sept 30, 2019 plus debt, preferred equity and minority interest less cash

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. | \$9.50 | \$6,124 | \$1.02 | 64.0 | 1.31 | 5.6x | 0.2x | \$1,220 | \$286 |
| Flex Ltd. | 10.47 | 25,413 | (0.35) | 16.6 | 1.26 | 6.0x | 0.3x | 5,387 | 1,807 |
| Jabil Inc. | 35.77 | 25,282 | 1.81 | 8.8 | 0.98 | 4.5x | 0.3x | 5,470 | 1,354 |
| Sanmina Corporation | 32.11 | 8,234 | 1.97 | 40.7 | 1.74 | 5.8x | 0.3x | 2,235 | (69) |
| Mid | | | | | | | | | |
| Benchmark Electronics, Inc. | \$29.06 | \$2,417 | \$1.43 | 81.8 | 2.72 | 8.4x | 0.4x | \$1,093 | \$(128) |
| Key Tronic Corporation | 6.35 | 442 | (0.75) | 96.6 | 1.96 | 7.5x | 0.2x | 68 | 58 |
| Kimball Electronics, Inc. | 14.51 | 1,182 | 1.21 | 73.2 | 2.02 | 6.3x | 0.4x | 371 | 77 |
| Plexus Corp. | 62.51 | 3,164 | 3.50 | 88.6 | 1.78 | 10.2x | 0.6x | 1,830 | 64 |
| Small | | | | | | | | | |
| IEC Electronics Corp. | \$6.91 | \$147 | \$1.16 | 108.9 | 1.81 | 11.7x | 0.7x | \$71 | \$35 |
| Nortech Systems Incorporated | 3.03 | 114 | (0.65) | 83.4 | 1.88 | Nm | 0.3x | 8 | 23 |
| SigmaTron International, Inc. | 4.07 | 293 | 0.01 | 87.7 | 2.32 | 6.9x | 0.2x | 17 | 50 |
| SMTC Corporation | 2.16 | 328 | (0.07) | 58.5 | 1.47 | 7.8x | 0.4x | 61 | 86 |

Sources: Bloomberg, Capital IQ and company filings, as of Sept 30, 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.

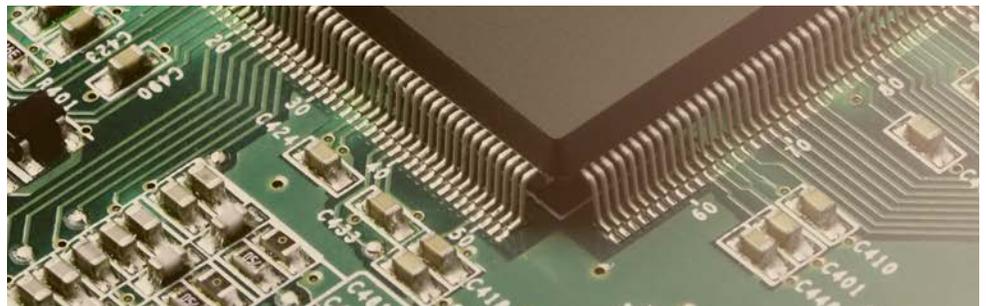
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