

Q1
2025

EMS

Quarterly Review

Lincoln Perspective

In Q1 2025, the electronics manufacturing services (EMS) industry experienced relatively flat performance amid ongoing macroeconomic headwinds, including persistent inflationary pressure, supply chain volatility, elevated tariff regimes and geopolitical uncertainty. EMS providers maintained operational discipline while continuing to advance strategic investments in automation, high-reliability verticals and the globalization of capacity, ensuring production capabilities are in place across key regions. Demand across core sectors, particularly AI infrastructure, defense and medical, continued to support backlog stability and long-term program visibility.

While publicly listed EMS companies underperformed the S&P 500 during the quarter, operators prioritized agility through geographic diversification and automation investments. Providers remained focused on localized production strategies and next-generation capability development, positioning the sector to capitalize on evolving customer requirements and reshoring momentum.

Cash cycle performance was mixed in Q1 2025. Large-cap providers generally saw improvement driven by tighter inventory

management and favorable working capital dynamics, while select mid- and small-cap companies reported modest lengthening of cash cycles due to higher receivables and faster payable payments. Inventory turnover trends remained a key driver of variability, with short-cycle providers typically being more efficient in turning over inventory and fulfilling demand.

Mergers and acquisitions (M&A) activity held steady with nine transactions recorded in Q1 2025, driven primarily by small-tier EMS acquirers, with consolidation efforts focused on capability expansion, customer alignment and geographic reach. With sector fundamentals intact and program visibility improving across critical end markets, the EMS industry is positioned to execute against long-term growth priorities through the remainder of 2025.

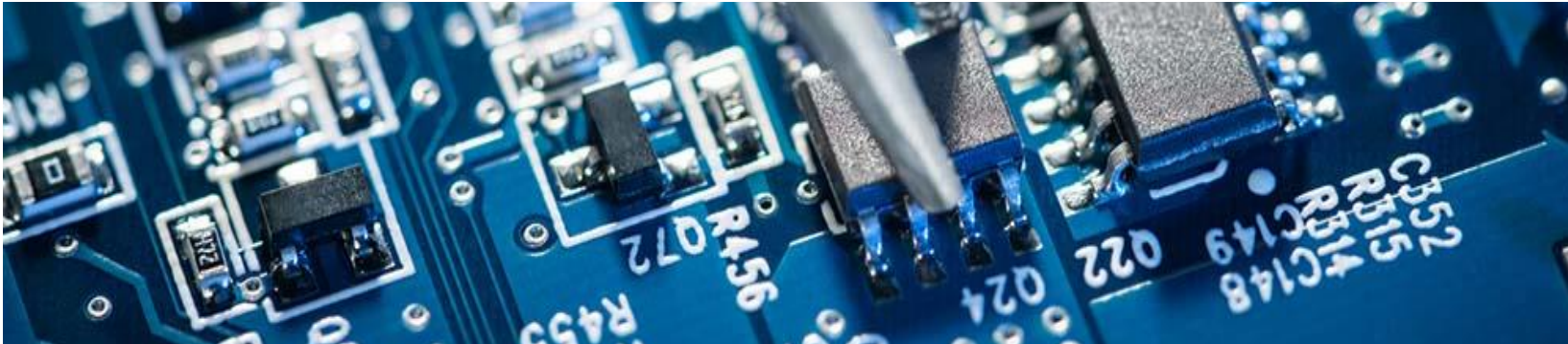
NOTABLE ANNOUNCEMENTS

March 3, 2025

DBG Technology has acquired ALL Circuits

INSIDE THIS ISSUE

- Deal Activity
- Terms & Turns
- EMS Stock Performance



EMS Quarterly Review Q1 2025

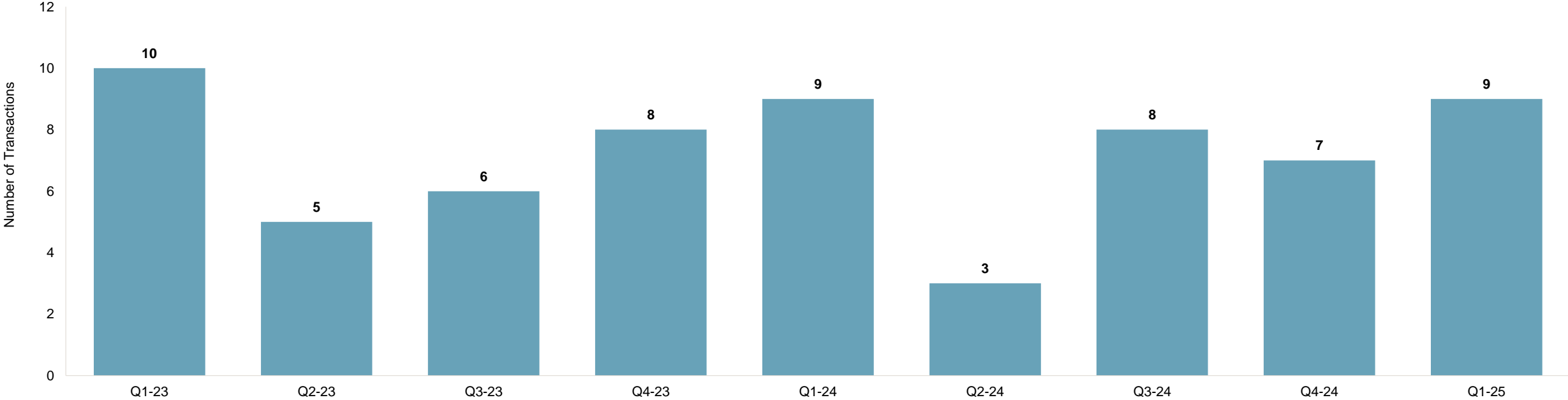
Nine EMS transactions were recorded in Q1 2025, consistent with Q1 2024 and down slightly from ten transactions in Q1 2023. EMS consolidations accounted for six transactions in Q1 2025, representing approximately 67% of total activity and tying the highest number of such transactions in the past two years. Original equipment manufacturer divestitures, vertical and horizontal convergence and EMS divestitures each comprised one transaction, or roughly 11% of total activity. Private equity investments and diversification into EMS did not contribute to Q1 2025 transaction activity.

By geography, the U.S. accounted for four transactions, representing approximately 44% of total Q1 2025 EMS activity. Europe recorded three transactions, making up 33% of total activity. Cross-border

(High/Low) comprised two transactions, or roughly 22% of total activity. Asia and cross-border (High/High) did not report any closed transactions during the quarter.

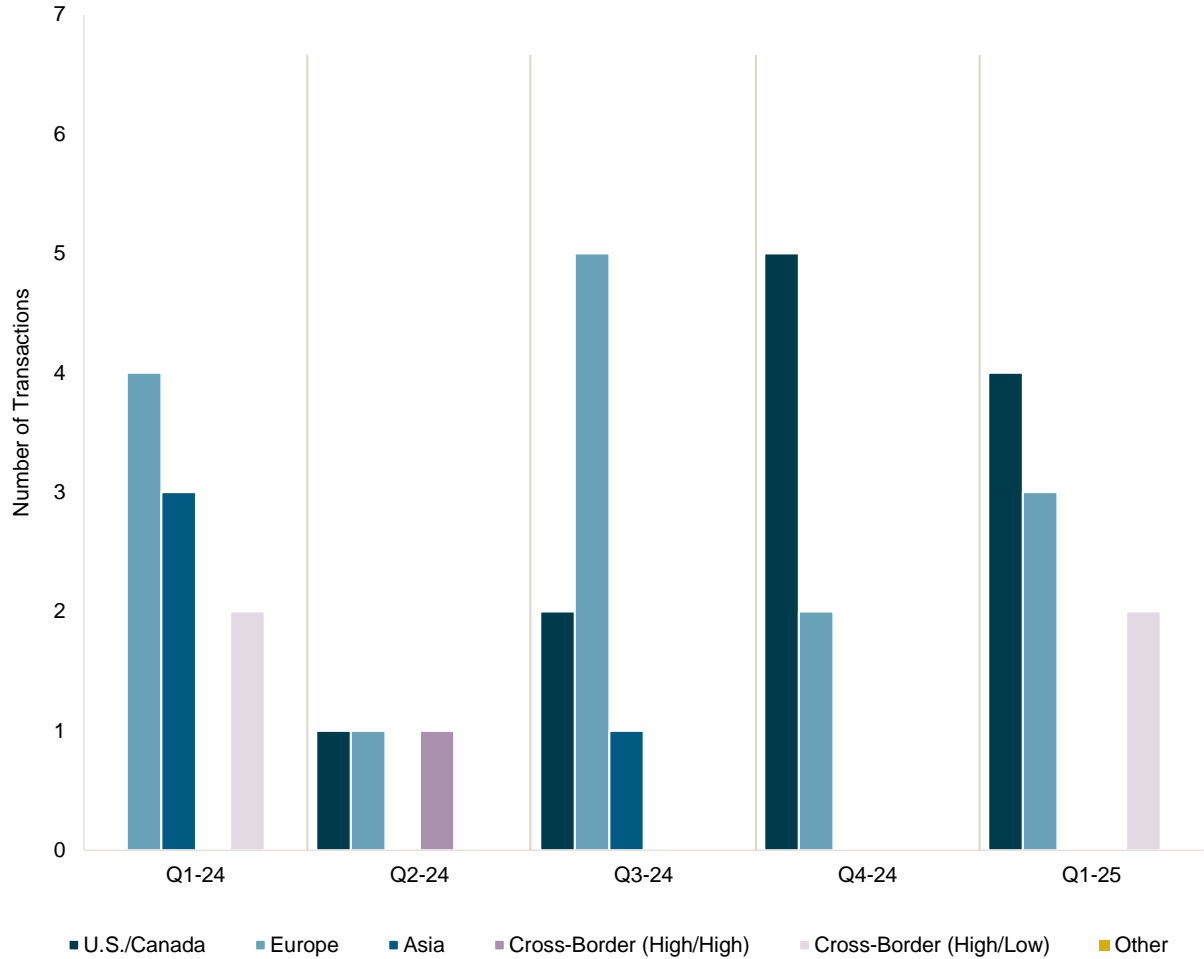
In terms of acquirers, small-tier EMS providers led activity with five transactions, comprising approximately 56% of total Q1 2025 deals. Large-tier EMS providers completed two transactions, representing roughly 22% of the quarter's activity, while mid-tier EMS providers also accounted for two transactions, or approximately 22% of total activity.

QUARTER-OVER-QUARTER COMPLETED EMS TRANSACTIONS

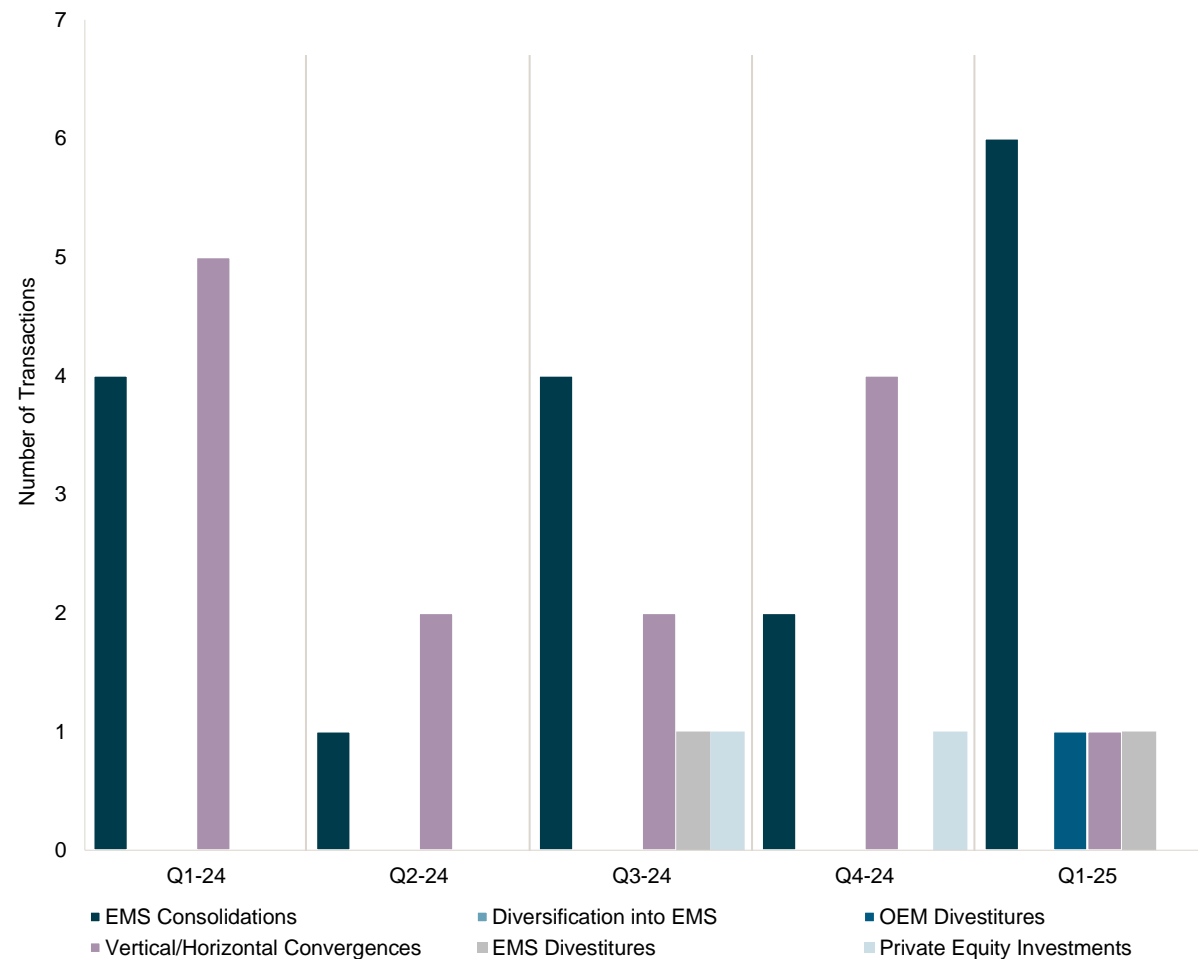


EMS Quarterly Review Q1 2025 (cont.)

QUARTERLY COMPARISON – EMS M&A BY GEOGRAPHY



QUARTERLY COMPARISON – EMS M&A BY DEAL TYPE

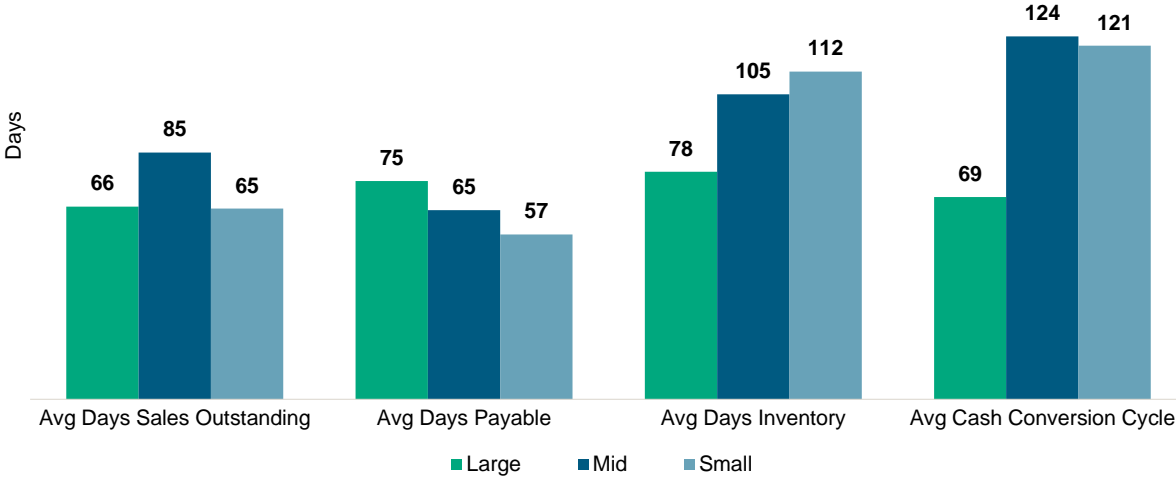


Terms & Turns – Revisiting the Cash Cycle

The cash conversion cycle (CCC) is calculated as days sales outstanding (DSO) plus days inventory outstanding (DIO), less days payable outstanding (DPO). This metric serves as a key indicator of how efficiently a company converts sales into cash. Effective cash cycle management centers around two core levers: 1) contractual terms with customers and suppliers, and 2) inventory turnover, commonly referred to as “Terms & Turns.” Given the material-intensive nature of the EMS industry, inventory management plays a critical role in driving improvements in the cash cycle.

Among large-cap EMS providers, all companies—except Sanmina—reported year-over-year improvements in their cash cycles relative to Q1 2024. Celestica posted the most meaningful improvement, with its cash cycle contracting by 12.5% to 90.3 days (from 103.0 days in Q1 2024), primarily driven by a reduction in DIO. Flex also improved its cash cycle by 4.7%, supported by favorable movements in both DIO and DSO. Jabil saw a modest improvement, reducing its cycle from 40.0 days to 37.5 days in Q1 2025.

Q1 2025 CASH CYCLE



Conversely, Sanmina saw a 28.1% expansion in its cash cycle to 82.9 days (from 64.7 days), largely attributable to a decline in DPO.

In the mid-cap tier, Benchmark and Plexus delivered improvements in their cash cycles, while Key Tronic and Kimball reported lengthening cycles. For both, the expansion was driven by higher DSO and lower DPO. In the small-cap tier, SigmaTron reported a shortened cash cycle due to improved inventory management (lower DIO), while Nortech's cycle expanded due to an increase in DSO.

Inventory turnover remains the most critical driver of the cash cycle across the EMS landscape. For example, Plexus, which reported one of the longest cash cycles at 141.2 days, also had one of the lowest inventory turns at 2.5x. In contrast, Jabil and Flex—both with shorter cash cycles (37.5 and 66.9 days, respectively)—reported higher inventory turns of 5.4x and 3.9x. Inventory turns are also influenced by business model dynamics, as low-volume, high-mix operations tend to exhibit lower turns due to product complexity and SKU variability.

	Cash Cycle			Inventory Turns		
	Q1-2024	Q1-2025	% Change	Q1-2024	Q1-2025	% Change
Large Tier						
Celestica Inc.	103.2	90.3	(12.5%)	3.4	4.8	39.3%
Flex Ltd.	70.1	66.9	(4.7%)	3.6	3.9	8.1%
Jabil Inc.	40.4	37.5	(7.2%)	5.2	5.4	4.8%
Sanmina Corporation	64.7	82.9	28.1%	5.0	4.9	(1.4%)
Median	67.4	74.9	11.1%	4.3	4.9	13.3%
Mid Tier						
Benchmark Electronics, Inc.	124.6	119.3	(4.2%)	3.6	3.9	7.3%
Key Tronic Corporation	114.4	127.9	11.8%	4.3	4.2	(0.5)%
Kimball Electronics, Inc.	101.7	109.4	7.6%	3.7	3.9	4.8%
Plexus Corp.	159.9	141.2	(11.7%)	2.3	2.5	11.3%
Median	119.5	123.6	3.5%	3.6	3.9	6.0%
Small Tier						
Nortech Systems Incorporated	101.5	115.1	13.4%	5.2	5.1	(1.4%)
SigmaTron International, Inc.	128.2	127.5	(0.5%)	2.3	2.4	4.3%
Median	114.8	121.3	5.6%	3.8	3.8	0.3%

Source: Capital IQ as of March 31, 2025
 Note: Negative % change for cash cycle denotes improvement

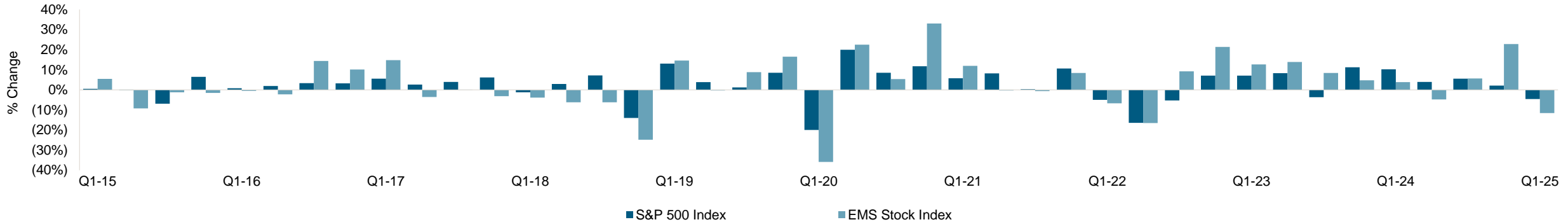
Lincoln EMS Stock Index Underperforms S&P

QUARTERLY UPDATE TABLES

Winner's Circle		Tier	Worst Performers		Tier	EBITDA Margins		Year-over-Year Last 12 Months Revenue Growth	
Sanmina Corporation	0.7%	I	Celestica Inc.	(14.6%)	I	Large	6.9%	Large	0.5%
Kimball Electronics, Inc.	(12.2%)	II	Key Tronic Corporation	(38.1%)	II	Mid	5.5%	Mid	(8.5%)
Nortech Systems Incorporated	(7.7%)	III	SigmaTron International	(29.8%)	III	Small	1.4%	Small	(14.9%)

Similar to the S&P 500 Index, the Lincoln 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 below.

S&P INDEX VS. EMS STOCK INDEX QUARTER CHANGE



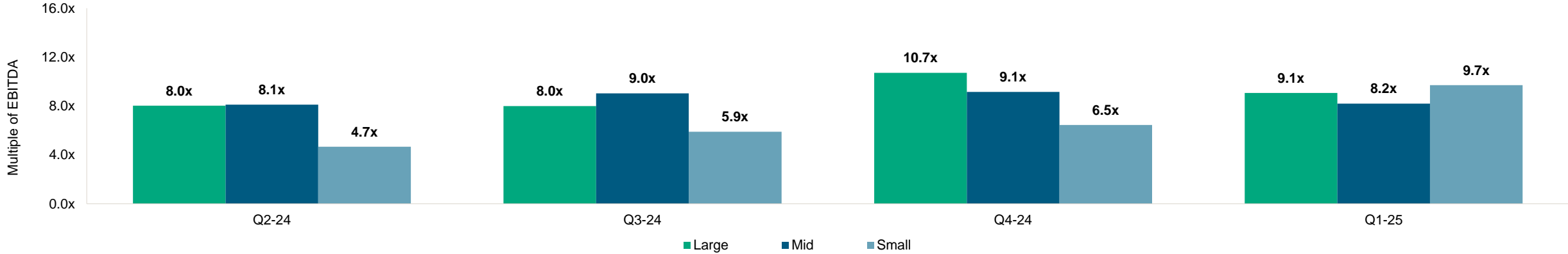
CURRENT EMS MARKET HIGHLIGHTS

The overall Lincoln EMS Stock Index decreased 11.5% from last quarter, primarily driven by declines of 10.7%, 17.5% and 13.8% in the large-, mid- and small-cap indices, respectively.

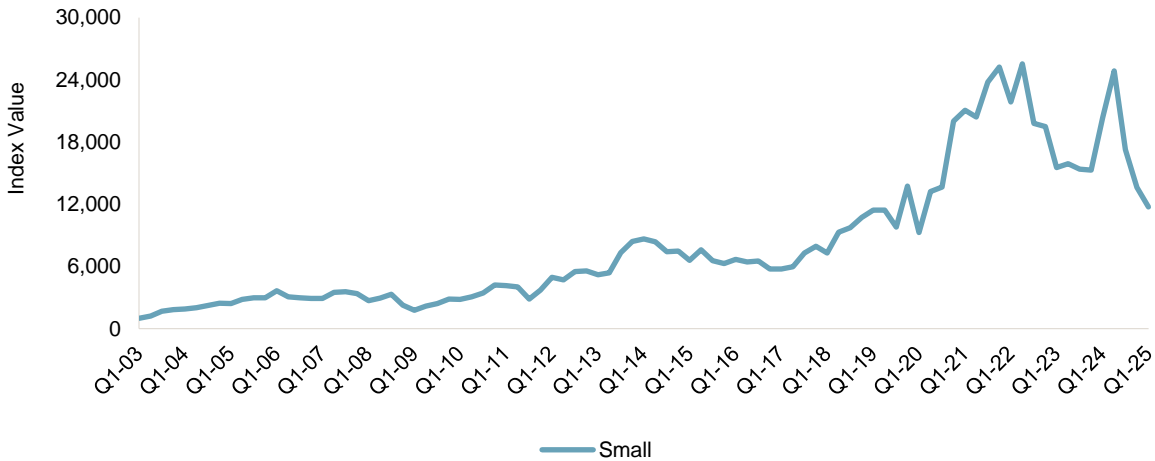
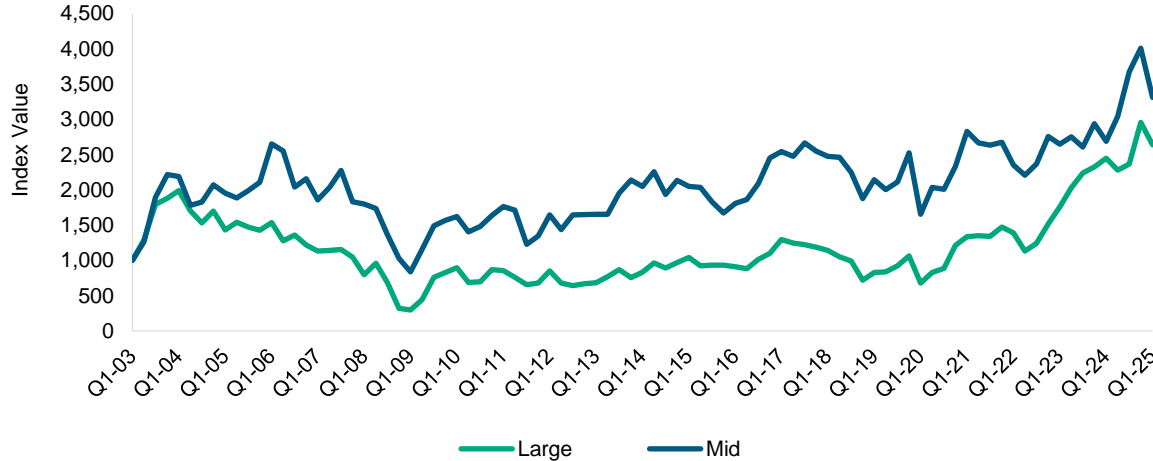
Source: Capital IQ as of March 31, 2025
 Note: Based on quarter-over-quarter share price performance as of March 31, 2025
 Note: Average for each index; YOY stands for year-over-year

EMS Market Trends – Public Companies Valuation Trend

SELECT PUBLIC COMPANIES – TRENDING AVERAGE EV / EBITDA



EMS STOCK INDEX TRENDING DATA



Sources: Bloomberg, Capital IQ and company filings as of March 31, 2025
 Note: Enterprise value is calculated as market cap on March 31, 2025, plus debt, preferred equity and minority interest less cash
 Note: Index Value as of March 31, 2025

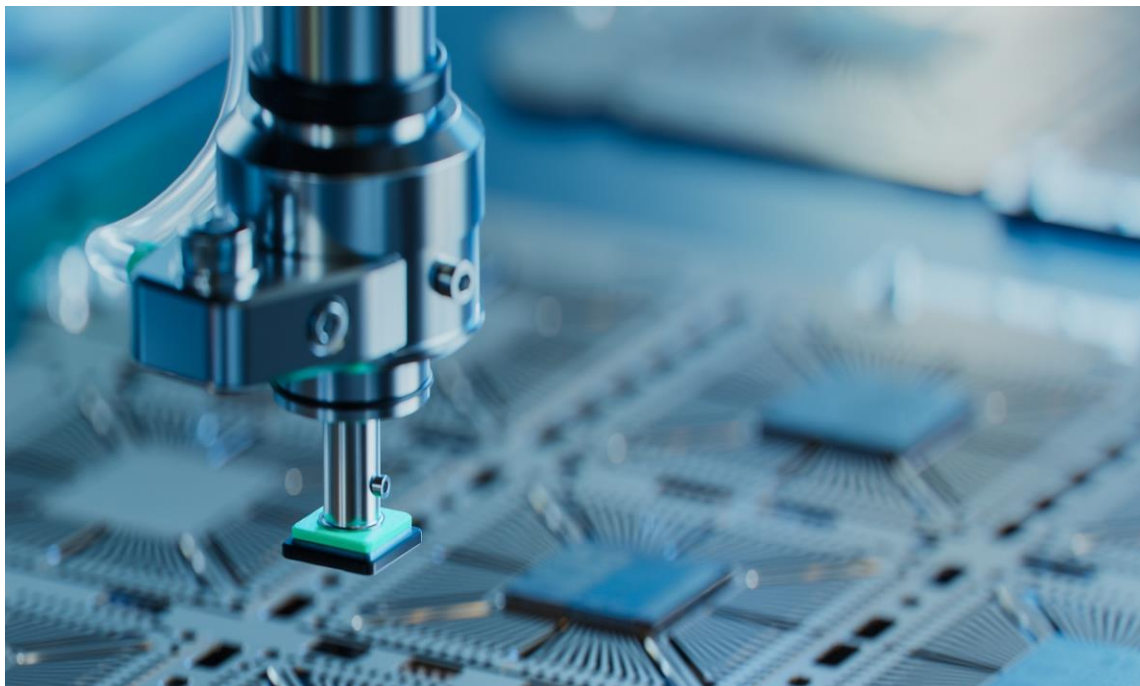
EMS Stock Index Company Data

	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.	\$ 78.81	\$ 10,086	\$ 3.58	90.3	1.4x	12.6x	1.0x	\$ 9,158	\$ 770
Flex Ltd.	33.08	25,584	2.48	66.9	1.4x	7.7x	0.6x	12,673	1,841
Jabil Inc.	136.07	27,451	4.18	37.5	1.0x	7.9x	0.6x	14,904	1,675
Sanmina Corporation	76.18	7,849	4.32	82.9	2.0x	8.1x	0.5x	4,139	(283)
Mid									
Benchmark Electronics, Inc.	\$ 38.03	\$ 2,656	\$ 1.72	119.3	2.3x	7.9x	0.5x	\$ 1,370	\$ 68
Key Tronic Corporation	2.58	514	(0.74)	127.9	2.8x	7.5x	0.3x	28	121
Kimball Electronics, Inc.	16.45	1,587	0.32	109.4	2.3x	5.5x	0.3x	404	151
Plexus Corp.	128.13	3,968	5.14	141.2	1.5x	11.8x	0.9x	3,465	(58)
Small									
Nortech Systems Incorporated	\$ 9.50	\$ 128	\$ (0.47)	115.1	2.6x	9.8x	0.3x	\$ 26	\$ 17
SigmaTron International, Inc.	1.25	312	(2.00)	127.5	1.2x	9.6x	0.2x	8	66

Sources: Bloomberg, Capital IQ and company filings as of March 31, 2025

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 1,000 professionals in more than 25 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.



Connect with a professional in Lincoln International's Technology Group at www.lincolninternational.com/technology

Lincoln's Global Technology Group

Connected to Clients' Ambitions

Encompassing both physical assets and intellectual property, the Technology 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 Technology 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.

GLOBAL INDUSTRY GROUPS

- Business Services
- Consumer
- Energy Transition, Power & Infrastructure
- Financial Institutions
- Healthcare
- Industrials
- Technology

Contributors

Chaim Lubin

Managing Director | Chicago
clubin@lincolninternational.com
+1 (312) 506-2753

Jack Calderon

Senior Director | Chicago
jcalderon@lincolninternational.com
+1 (312) 580-6289

Frank Crocker

Vice President | Dallas
fcrocker@lincolninternational.com
+1 (214) 396-2362

ADVISORY SERVICES

- Mergers & Acquisitions
- Capital Advisory
- Private Funds Advisory
- Valuations & Opinions



 **LINCOLN**
INTERNATIONAL