

**Q1**  
2026

**EMS**

# Quarterly Review

# Lincoln Perspective

In Q1 2026, the electronics manufacturing services (EMS) sector entered the year with a gradually improving, though still bifurcated, demand environment. Data center and AI-related infrastructure remained key areas of strength, continuing to support utilization and mix for providers with exposure to higher-complexity assemblies. Meanwhile, industrial and consumer end markets showed early signs of stabilization but remained uneven. Original equipment manufacturers (OEMs) continued to prioritize supply chain resiliency, regionalization and cost optimization, reinforcing nearshoring and multi-region manufacturing strategies across North America and Europe.

Public EMS equities broadly reflected these dynamics. Larger, diversified platforms with meaningful exposure to structurally growing end markets—including data centers, aerospace & defense and medical—generally outperformed, supported by strong program visibility and disciplined execution. Companies with greater exposure to short-cycle or price-sensitive segments continued to face margin pressure, though sentiment improved modestly as investors gained confidence in a gradual volume recovery. Valuation multiples remained relatively range-bound, with premiums awarded to businesses demonstrating differentiated capabilities, consistent execution and durable growth profiles.

M&A activity remained active in Q1 2026, building on momentum exiting 2025. Consolidation continued to drive deal flow, alongside sustained interest from private equity in platform investments and strategic add-ons. Buyers remained focused on acquiring capabilities, engineering depth and exposure to attractive end markets, while selective carve-outs also contributed to activity. Europe saw a notable uptick in transaction volume during the quarter, reflecting strategic-driven activity.

Looking ahead, M&A momentum is expected to remain constructive as both sponsors and strategics position for a consistent demand backdrop through 2026. EMS providers that maintain operational discipline while investing in higher-growth, higher-complexity end markets are expected to be best-positioned to capitalize on improving industry conditions.

**NOTABLE ANNOUNCEMENTS**

**March 20, 2026**

Rcapital has agreed to sell Surface Technology International to NOTE AB



## INSIDE THIS ISSUE

- Deal Activity
- Terms & Turns
- EMS Stock Performance

# EMS Quarterly Review Q1 2026

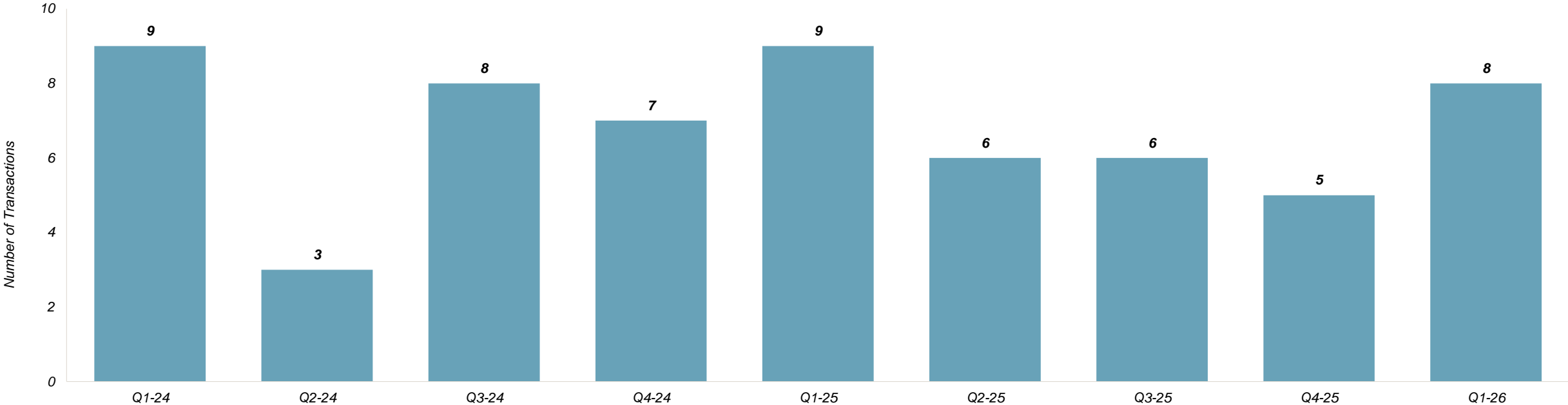
Eight EMS transactions were recorded in Q1 2026, representing a meaningful increase from five transactions in Q4 2025 and six transactions in Q3 2025. EMS consolidations were the primary driver of activity, accounting for five transactions, or ~63% of total volume. Private equity investments, OEM divestitures and vertical / horizontal convergences each represented one transaction. No diversification into EMS or EMS specific divestiture activity was recorded during the quarter.

By geography, Europe was the most active region, recording five transactions and representing the majority of Q1 2026 EMS activity. North America followed with three transactions. Cross-border activity

was limited, with no High / High or High / Low transactions observed during the quarter, and no Asia-based transactions were recorded.

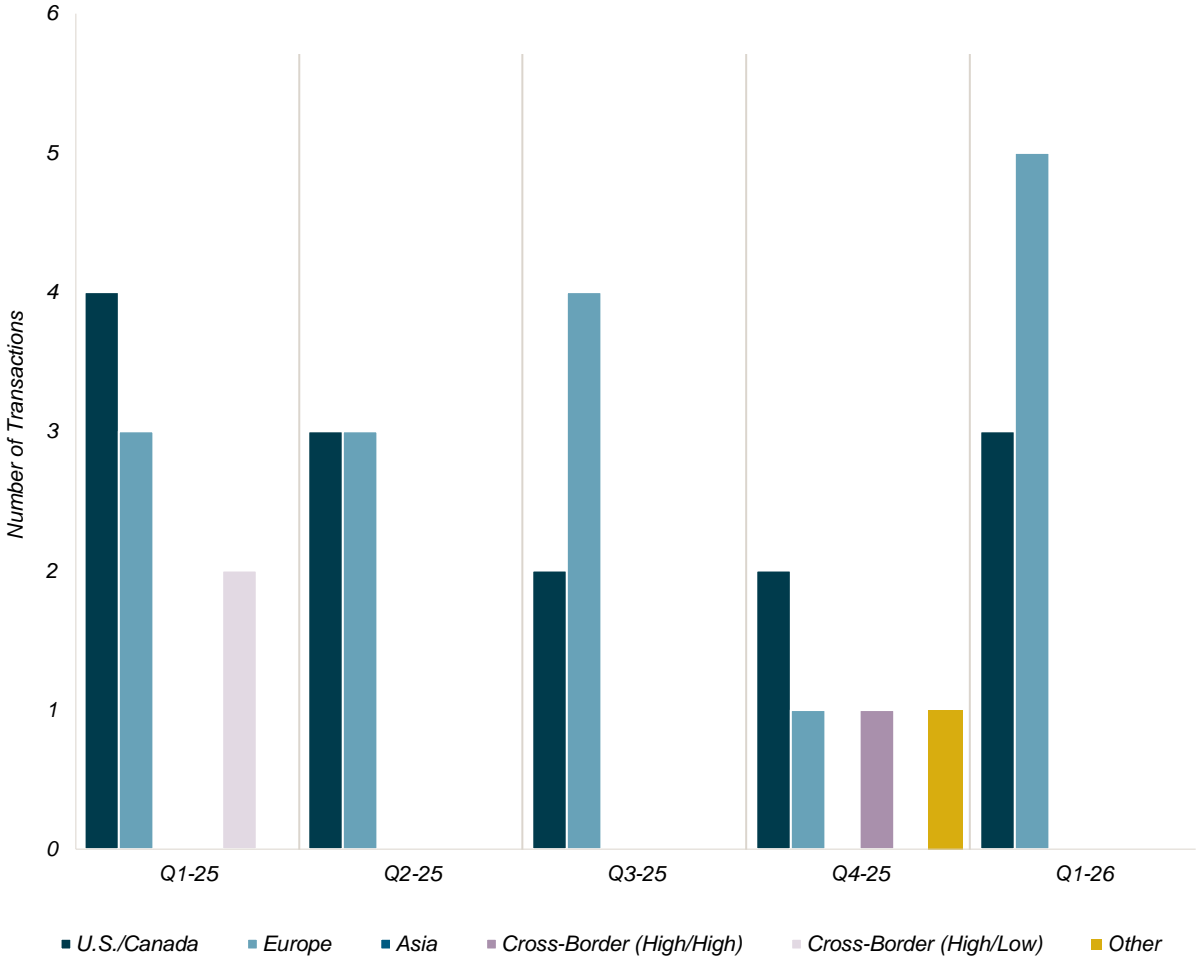
In terms of acquirer profile, mid-tier (Tier II) acquirers were the most active cohort, completing four transactions and accounting for 50% of total volume. Small-tier buyers also participated meaningfully with three transactions (38%), while large-tier (Tier I) EMS providers completed one transaction (13%), underscoring continued breadth in buyer participation, albeit still led by mid-sized players.

## QUARTER-OVER-QUARTER COMPLETED EMS TRANSACTIONS

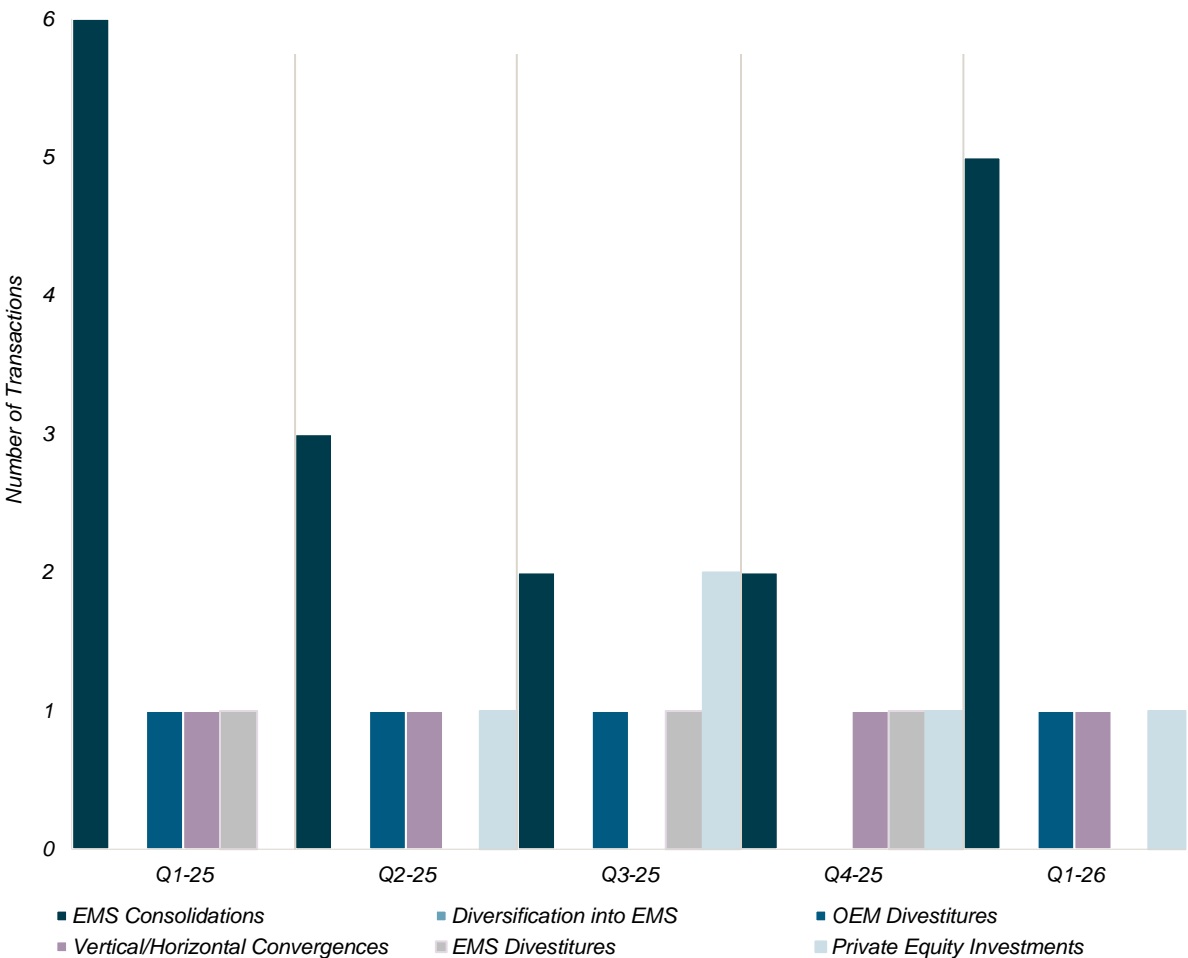


# EMS Quarterly Review Q1 2026 (cont.)

QUARTERLY COMPARISON – EMS M&A BY GEOGRAPHY



QUARTERLY COMPARISON – EMS M&A BY DEAL TYPE



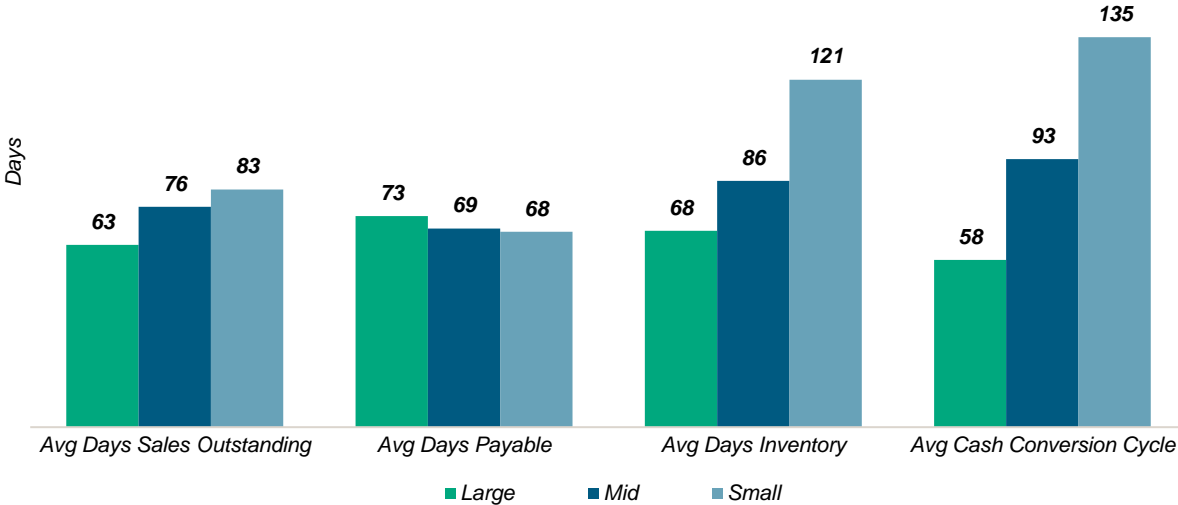
# Terms & Turns – Revisiting the Cash Cycle

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, performance in Q1 2026 was strong, with most companies improving year-over-year. Jabil delivered the most significant contraction, reducing its cash cycle by 34.4% to 24.6 days (from 37.5 days). Celestica and Flex also posted meaningful improvements, down 17.3% and 11.9% to 74.7 and 55.2 days, respectively.

Conversely, Sanmina and Universal Scientific Industrial reported cycle expansions of 11.9% and 11.7%

## Q1 2026 CASH CYCLE



to 92.7 and 43.4 days, respectively, reflecting some working capital pressure. Overall, the large-cap median improved by 10.8%, indicating broad-based progress.

In the mid-cap tier, results were strong, with improvements led by Benchmark and Plexus (down 20.2% and 8.3%), while Fabrinet saw cycles moderately lengthen (+0.9%). In the small-cap tier, performance skewed positive, with the median decreasing (-1.8%). Cicor saw a notable decrease (-26.7%), while Nortech Systems increased (+5.3%).

Inventory turnover remains the primary driver of cash cycle performance. Large-cap median turns increased from 4.3x to 4.9x (+13.3%), with shorter-cycle players like Jabil and Flex maintaining higher turns, while longer-cycle operators such as Plexus (2.5x) and Cicor (1.5x) remain constrained, reflecting underlying business mix differences.

|                                    | Cash Cycle   |              |                | Inventory Turns |            |               |
|------------------------------------|--------------|--------------|----------------|-----------------|------------|---------------|
|                                    | Q1-2025      | Q1-2026      | % Change       | Q1-2025         | Q1-2026    | % Change      |
| <b>Large Tier</b>                  |              |              |                |                 |            |               |
| Celestica Inc.                     | 90.3         | 74.7         | (17.3)%        | 4.8             | 5.4        | 13.2%         |
| Flex Ltd.                          | 62.6         | 55.2         | (11.9)%        | 4.2             | 4.5        | 7.6%          |
| Jabil Inc.                         | 37.5         | 24.6         | (34.4)%        | 5.4             | 6.3        | 17.0%         |
| Sanmina Corporation                | 82.9         | 92.7         | 11.9%          | 4.9             | 4.5        | (7.4)%        |
| Universal Scientific Industrial    | 38.9         | 43.4         | 11.7%          | 7.1             | 6.7        | (6.0)%        |
| <b>Median</b>                      | <b>72.7</b>  | <b>64.9</b>  | <b>(10.8)%</b> | <b>4.9</b>      | <b>5.0</b> | <b>2.8%</b>   |
| <b>Mid Tier</b>                    |              |              |                |                 |            |               |
| Benchmark Electronics, Inc.        | 114.2        | 91.1         | (20.2)%        | 3.9             | 4.5        | 16.1%         |
| Fabrinet                           | 73.1         | 73.8         | 0.9%           | 5.8             | 5.3        | (8.6)%        |
| Kimball Electronics, Inc.          | 106.1        | 97.4         | (8.1)%         | 4.1             | 4.6        | 11.4%         |
| Pan-International Industrial Corp. | 74.3         | 73.5         | (1.2)%         | 5.4             | 5.2        | (3.7)%        |
| Plexus Corp.                       | 141.2        | 129.4        | (8.3)%         | 2.5             | 2.9        | 12.3%         |
| <b>Median</b>                      | <b>106.1</b> | <b>91.1</b>  | <b>(14.1)%</b> | <b>4.1</b>      | <b>4.6</b> | <b>11.4%</b>  |
| <b>Small Tier</b>                  |              |              |                |                 |            |               |
| Cicor Technologies Ltd.            | 233.1        | 170.8        | (26.7)%        | 1.5             | 2.0        | 31.0%         |
| Key Tronic Corporation             | 136.3        | 129.9        | (4.8)%         | 4.2             | 4.2        | 0.2%          |
| Nortech Systems Incorporated       | 119.6        | 126.0        | 5.3%           | 4.9             | 4.7        | (2.3)%        |
| Scanfil Oyj                        | 124.1        | 114.8        | (7.5)%         | 2.8             | 2.8        | (2.7)%        |
| <b>Median</b>                      | <b>130.2</b> | <b>127.9</b> | <b>(1.8)%</b>  | <b>3.5</b>      | <b>3.5</b> | <b>(1.0)%</b> |

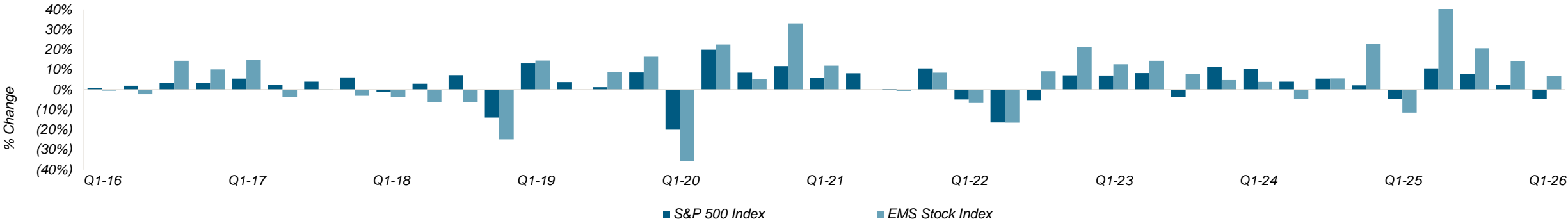
# EMS Stock Index Outperforms S&P

## QUARTERLY UPDATE TABLES

| Winner's Circle      |       |      | Worst Performers          |         |      | EBITDA Margins |      | YoY Last 12 Months Revenue Growth |       |
|----------------------|-------|------|---------------------------|---------|------|----------------|------|-----------------------------------|-------|
|                      |       | Tier |                           |         | Tier |                |      |                                   |       |
| Jabil Inc.           | 16.5% | I    | Sanmina Corp.             | (13.6%) | I    | Large          | 7.2% | Large                             | 13.1% |
| Plexus Corp.         | 37.8% | II   | Kimball Electronics, Inc. | (14.8%) | II   | Mid            | 7.6% | Mid                               | 4.2%  |
| Nortech Systems Inc. | 64.2% | III  | Cicor Technologies Ltd.   | (7.9%)  | III  | Small          | 4.4% | Small                             | 8.0%  |

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 below.

## S&P INDEX VS. EMS STOCK INDEX QUARTER CHANGE



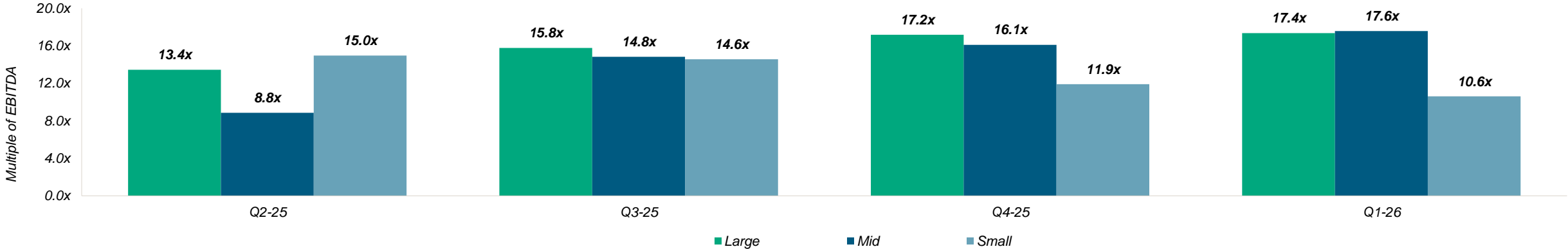
## CURRENT EMS MARKET HIGHLIGHTS

The overall Lincoln EMS Stock Index rose 6.9% quarter-over-quarter, driven by gains across all indices, with the mid-cap index notably gaining 17.7%

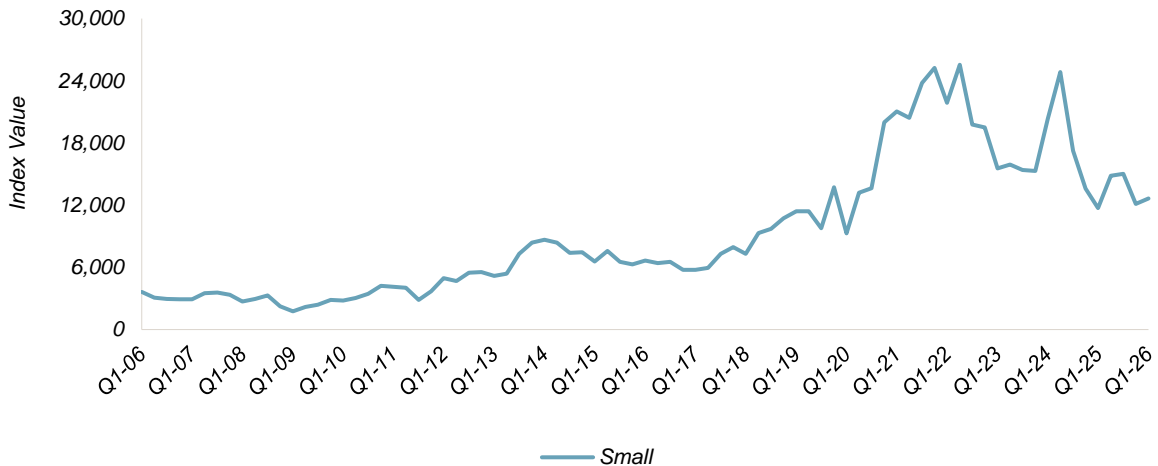
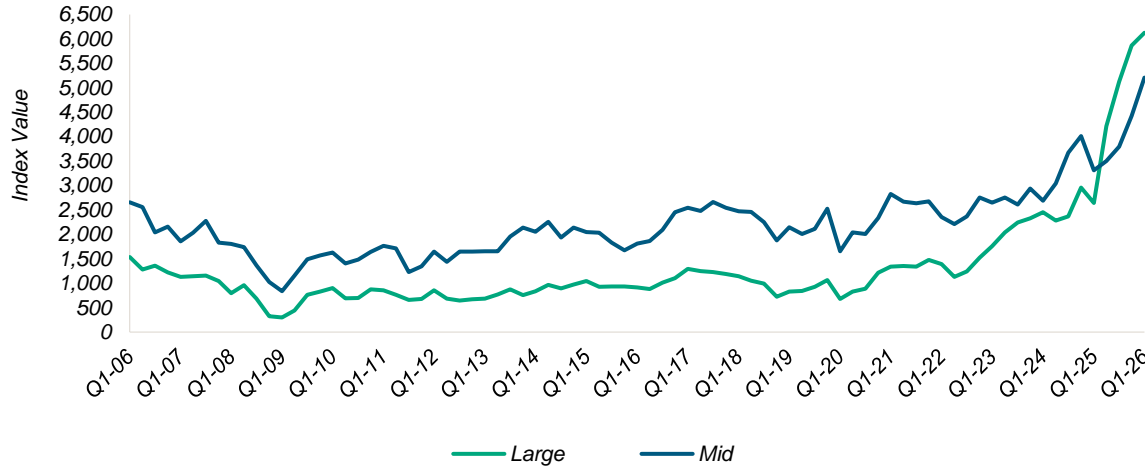
Source: Capital IQ as of March 31, 2026  
 Note: Based on quarter-over-quarter share price performance as of March 31, 2026  
 Note: Average for each index; YoY stands for year-over-year

# EMS Market Trends – Public Companies Valuation Trend

SELECT PUBLIC COMPANIES – TRENDING AVERAGE EV / EBITDA



EMS STOCK INDEX TRENDING DATA



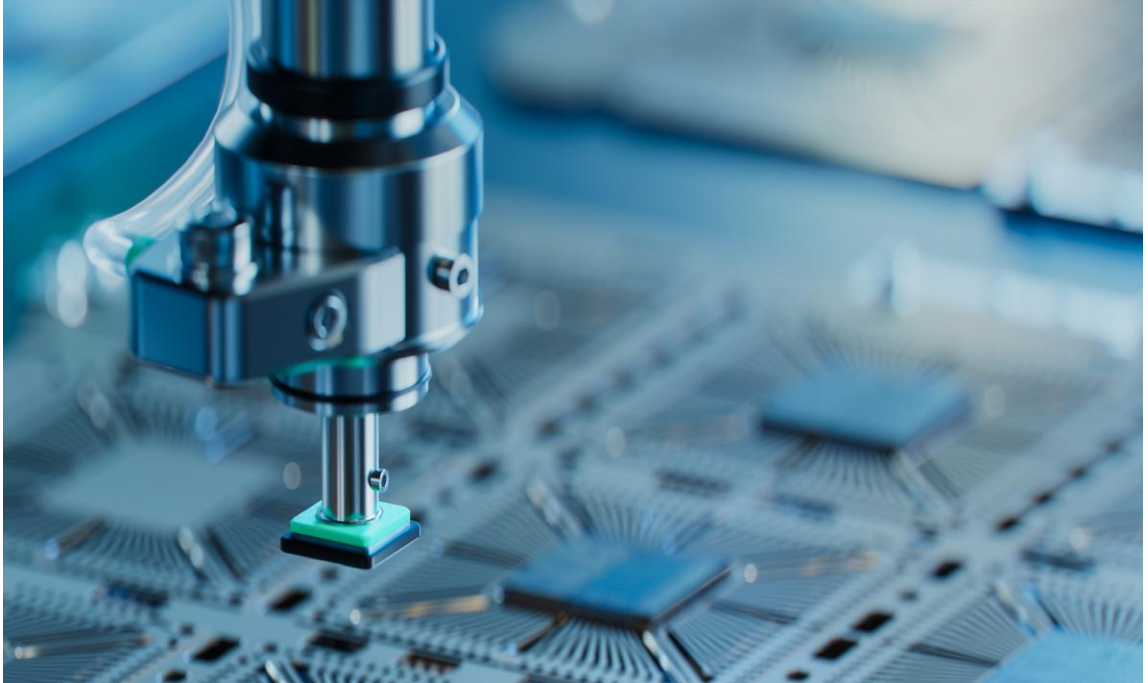
# EMS Stock Index Company Data

|                                    | Stock Price | LTM Sales (\$mm) | Diluted EPS | Avg. Cash Conversion Cycle (days) | Current Ratio | EV / EBITDA | EV / Sales | Market Cap (\$mm) | Net Debt (\$mm) |
|------------------------------------|-------------|------------------|-------------|-----------------------------------|---------------|-------------|------------|-------------------|-----------------|
| <b>Large Tier</b>                  |             |                  |             |                                   |               |             |            |                   |                 |
| Celestica Inc.                     | \$392.42    | \$12,391         | \$7.16      | 84.5                              | 1.4x          | 25.8x       | 2.7x       | \$32,321          | \$323           |
| Flex Ltd.                          | 65.46       | 26,835           | 2.23        | 55.2                              | 1.4x          | 12.1x       | 1.0x       | 24,068            | 1,961           |
| Jabil Inc.                         | 265.63      | 32,667           | 7.46        | 24.6                              | 1.0x          | 12.0x       | 0.9x       | 28,049            | 2,607           |
| Sanmina Corp.                      | 129.64      | 9,312            | 4.19        | 122.8                             | 1.7x          | 12.9x       | 0.9x       | 7,079             | 941             |
| USI Corp.                          | 33.00       | 8,463            | 0.84        | 46.2                              | 1.9x          | 23.9x       | 1.2x       | 11,368            | (1,054)         |
| <b>Mid Tier</b>                    |             |                  |             |                                   |               |             |            |                   |                 |
| Benchmark Electronics, Inc.        | \$56.06     | \$2,659          | \$0.68      | 98.7                              | 2.3x          | 12.4x       | 0.8x       | \$1,999           | \$4             |
| Fabrinet                           | 521.52      | 3,893            | 10.43       | 73.8                              | 2.7x          | 40.5x       | 4.6x       | 18,684            | (956)           |
| Kimball Electronics, Inc.          | 23.69       | 1,462            | 0.97        | 97.4                              | 2.2x          | 6.7x        | 0.5x       | 574               | 93              |
| Pan-International Industrial Corp. | 43.00       | 693              | 1.56        | 73.5                              | 2.8x          | 10.5x       | 0.9x       | 697               | (195)           |
| Plexus Corp.                       | 202.54      | 4,127            | 6.43        | 129.4                             | 1.6x          | 17.7x       | 1.3x       | 5,425             | (56)            |
| <b>Small Tier</b>                  |             |                  |             |                                   |               |             |            |                   |                 |
| Cicor Technologies Ltd.            | \$117.00    | \$777            | \$3.73      | 170.8                             | 1.7x          | 10.4x       | 0.9x       | \$642             | \$88            |
| Key Tronic Corp.                   | 2.73        | 418              | (1.42)      | 129.9                             | 2.0x          | nmf         | 0.4x       | 30                | 132             |
| Nortech Systems Inc.               | 12.19       | 118              | (0.09)      | 126.0                             | 1.9x          | 9.9x        | 0.4x       | 34                | 14              |
| Scanfil Oyj                        | 11.72       | 936              | 0.62        | 113.2                             | 2.0x          | 11.5x       | 1.0x       | 885               | 11              |

Sources: Bloomberg, Capital IQ and company filings as of March 31, 2026

# 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 1,400 professionals in 30+ offices across 14 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](http://www.lincolninternational.com).



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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

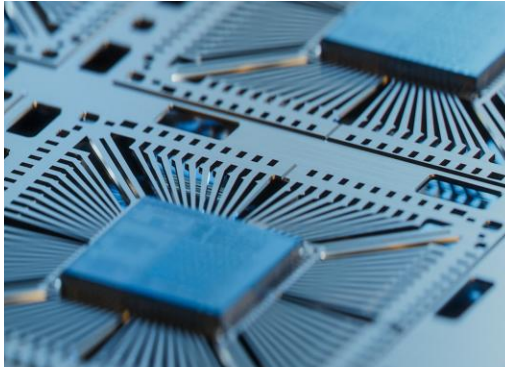
- Business Services
- Consumer
- Energy Transition, Power & Infrastructure
- Financial Services
- Healthcare
- Industrials
- Technology

# Contributors

**Chaim Lubin**  
Managing Director | Chicago  
[clubin@lincolninternational.com](mailto:clubin@lincolninternational.com)  
+1 (312) 506-2753

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