

Q3
2025

EMS

Quarterly Review

Lincoln Perspective

In Q3 2025, the electronics manufacturing services (EMS) sector showed that the normalization that began in 2024 has largely given way to an execution-focused environment. OEMs continued to prioritize resiliency, proximity and visibility in their supply chains, keeping reshoring / nearshoring, tariff-aware sourcing and regional capacity additions in focus, particularly in North America and Europe. Demand tied to AI infrastructure, medical, defense and other high-reliability programs remained a key stabilizer, helping offset softer industrial and consumer volumes.

Public EMS equities were mixed in the quarter. Larger, more diversified providers generally traded better, supported by scale, exposure to structurally growing end markets and continued progress on automation and working-capital discipline. Names with higher exposure to short-cycle or price-sensitive programs saw more muted performance as investors weighed margin durability and program-transition risk. Overall, valuation multiples stayed within recent trading ranges, with investors rewarding platforms that demonstrate differentiated capabilities, regional fulfillment and consistent free cash flow generation.

Mergers and acquisitions (M&A) activity was broadly consistent with the first half of 2025, with consolidation among small-tier EMS providers

representing the bulk of volume. Buyers remained active around assets offering engineering content, specialized certifications and access to high-reliability end markets, while original equipment manufacturer (OEM) divestitures supplied discrete opportunities as corporations localized manufacturing footprints.

Looking ahead, M&A activity is picking up significantly, and both companies and investors alike are looking for opportunities to benefit from the anticipated resurgence of growth in the electronics sector. EMS providers that maintain executional discipline and selectively deploy capital into regional capacity, automation and supply chain tools will be positioned to meet evolving customer requirements and capitalize on market tailwinds through the balance of 2025.

NOTABLE ANNOUNCEMENTS

October 1, 2025

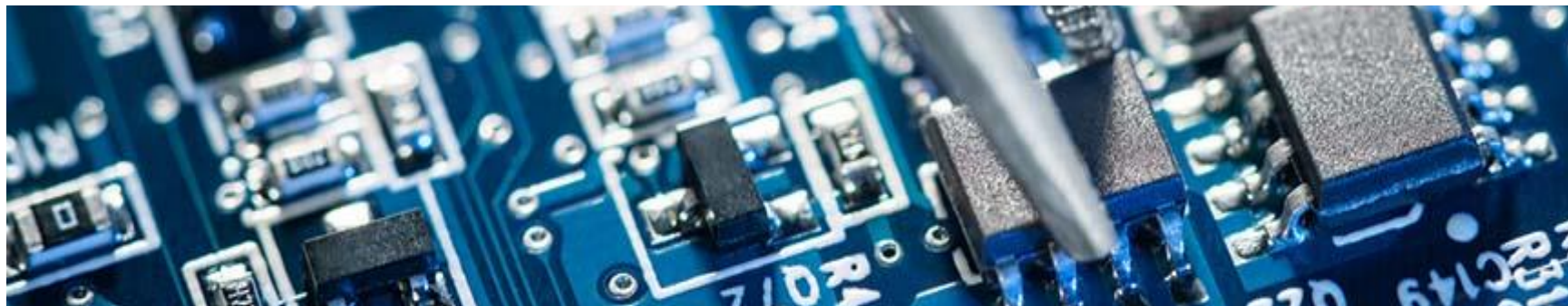
Hanza AB acquired the Contract Manufacturing Division of Milectria

July 28, 2025

Transom Capital Group acquired SigmaTron International

INSIDE THIS ISSUE

- Deal Activity
- EMS Market Update
- EMS Stock Performance



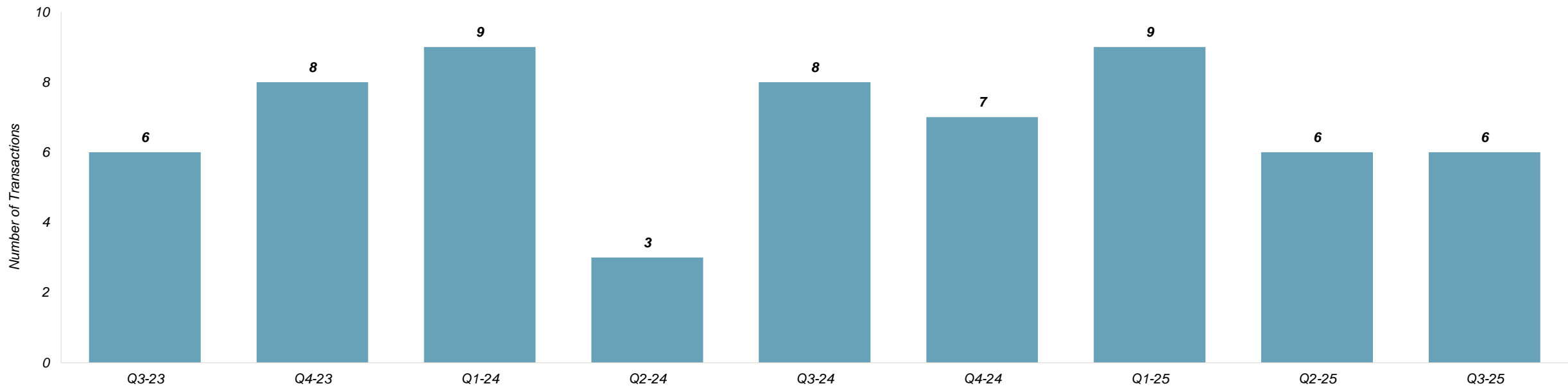
EMS Quarterly Review Q3 2025

Six EMS transactions were recorded in Q3 2025, reflecting a gradual decline from eight transactions in Q3 2024 and six transactions in Q3 2023. EMS consolidations and private equity investments were the primary drivers of activity, with each category accounting for two transactions (four total) and approximately 67% of total volume. EMS divestitures and OEM divestitures each comprised one transaction, or roughly 33% of total activity. Notably, no transactions involving diversification into EMS or vertical / horizontal convergence were recorded during the quarter.

By geography, Europe was the most active region, recording four transactions and representing approximately 67% of total Q3 2025 EMS activity, while the U.S. accounted for the remaining two transactions. All European deals were cross-border within the region, whereas both U.S. transactions were domestic. No Asia-based transactions were observed.

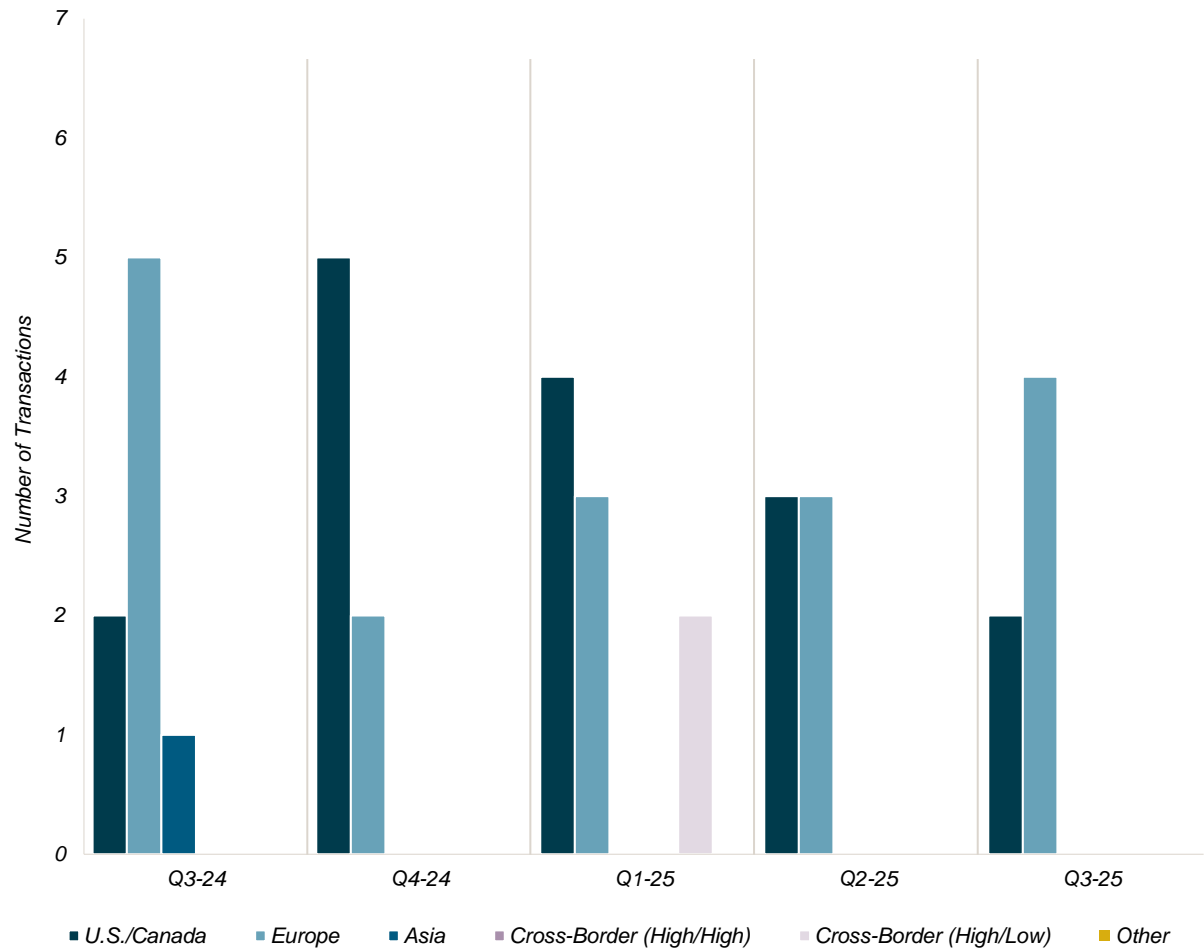
In terms of acquirer profile, mid-tier (Tier II) acquirers were the most active cohort, executing five transactions and accounting for approximately 83% of total Q3 2025 volume. Small-tier (Tier III) EMS providers completed the remaining transaction (17%) for the quarter, and no large-tier acquirers participated in Q3 2025 activity.

QUARTER-OVER-QUARTER COMPLETED EMS TRANSACTIONS

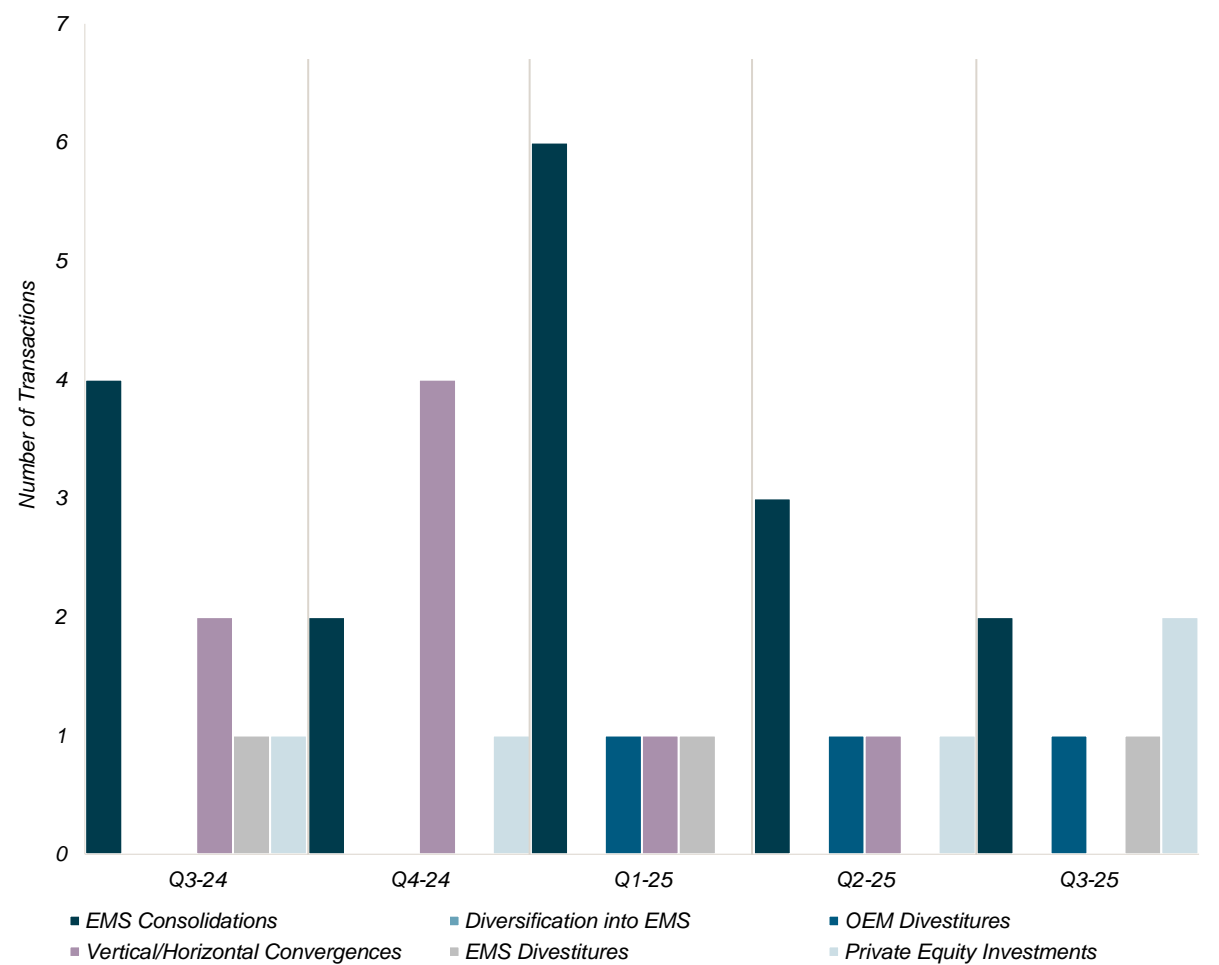


EMS Quarterly Review Q3 2025 (cont.)

QUARTERLY COMPARISON – EMS M&A BY GEOGRAPHY



QUARTERLY COMPARISON – EMS M&A BY DEAL TYPE



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

An Analysis of Growth Trends Effecting the EMS Industry

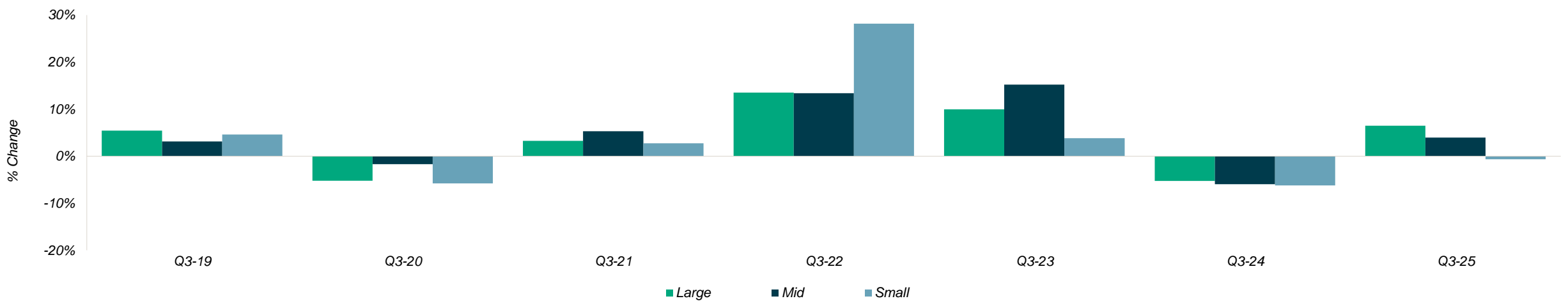
As shown in the revenue trend chart below, overall last 12 months (LTM) Q3 2025 revenue increased for the large and mid-tier EMS providers, with small-tier providers marginally declining. Large-tier EMS providers' revenue increased 6.5% on an LTM Q3 2025 basis versus a decrease of -5.3% in LTM Q3 2024. The mid-tier experienced an increase in growth, with LTM Q3 2025 revenue increasing 3.9% year-over-year from a decrease of -6.0% in LTM Q3 2024. Small-tier EMS providers experienced a slight decrease of (0.7%) LTM Q3 2025, versus a decrease of (6.2%) in LTM Q3 2024.

In the most recent worldwide industry forecast, the computer segment is expected to exhibit the most significant growth within the EMS industry, with a CAGR of 6.5% over the five years from 2024 to 2029. The medical segment is also expected to experience strong growth, with a CAGR of 5.4% to 2029. Overall, the global EMS market is expected to grow 4.6% annually from a \$528 billion market in 2024 to a \$660+ billion market in 2029.

GLOBAL EMS MARKET BY INDUSTRY SEGMENT

	2024		2029		CAGR
	Revenue (\$mm)	%	Revenue (\$mm)	%	
Automotive	31,110	5.9%	38,621	5.8%	4.4%
Communications	198,695	37.7%	236,983	35.9%	3.6%
Computer	113,334	21.5%	155,571	23.6%	6.5%
Consumer	85,472	16.2%	102,791	15.6%	3.8%
Industrial	46,379	8.8%	59,246	9.0%	5.0%
Medical	32,171	6.1%	41,884	6.3%	5.4%
Commercial Aviation	10,389	2.0%	12,909	2.0%	4.4%
Defense / Other	9,982	1.9%	12,261	1.9%	4.2%
Total	527,531		660,268		4.6%

YEAR-OVER-YEAR REVENUE GROWTH BY TIER



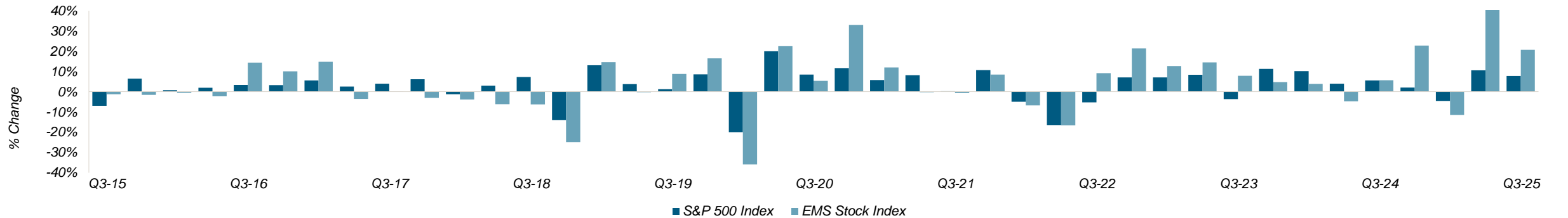
EMS Stock Index Outperforms S&P

QUARTERLY UPDATE TABLES

Winner's Circle			Tier	Worst Performers			Tier	EBITDA Margins		YoY Last 12 Months Revenue Growth	
Celestica Inc.	61.0%		I	Jabil Inc.	-0.4%		I	Large	7.1%	Large	6.5%
Kimball Electronics, Inc.	55.3%		II	Benchmark Electronics, Inc.	-0.7%		II	Mid	7.7%	Mid	3.9%
Key Tronic Corporation	24.8%		III	Nortech Systems Incorporated	1.1%		III	Small	5.2%	Small	-0.7%

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

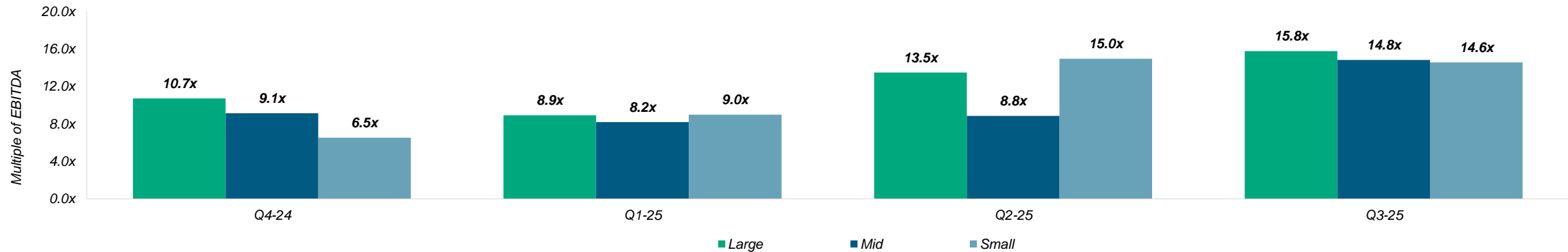


CURRENT EMS MARKET HIGHLIGHTS

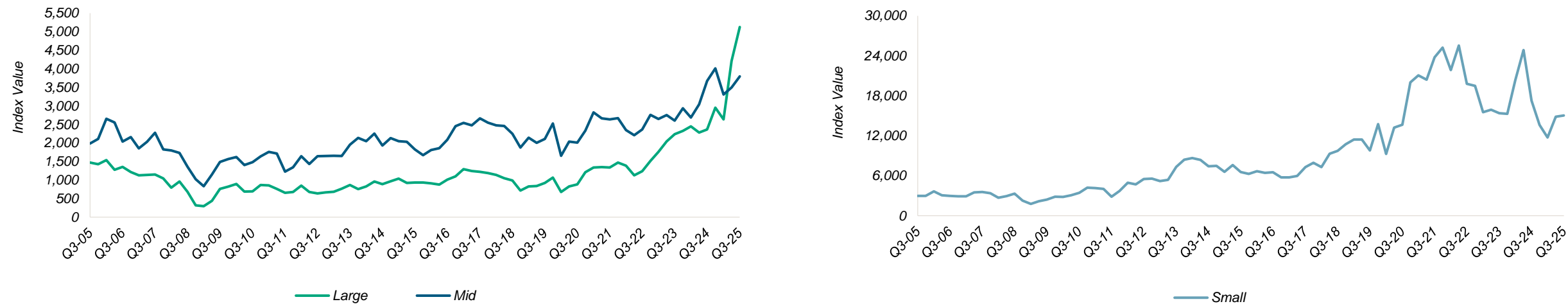
The overall Lincoln EMS Stock Index rose 20.7% quarter-over-quarter, driven by gains of 21.7%, 8.6% and 1.2% across the large-cap, mid-cap and small-cap indices, respectively

EMS Market Trends – Public Companies Valuation Trend

SELECT PUBLIC COMPANIES – TRENDING AVERAGE EV / EBITDA



EMS STOCK INDEX TRENDING DATA



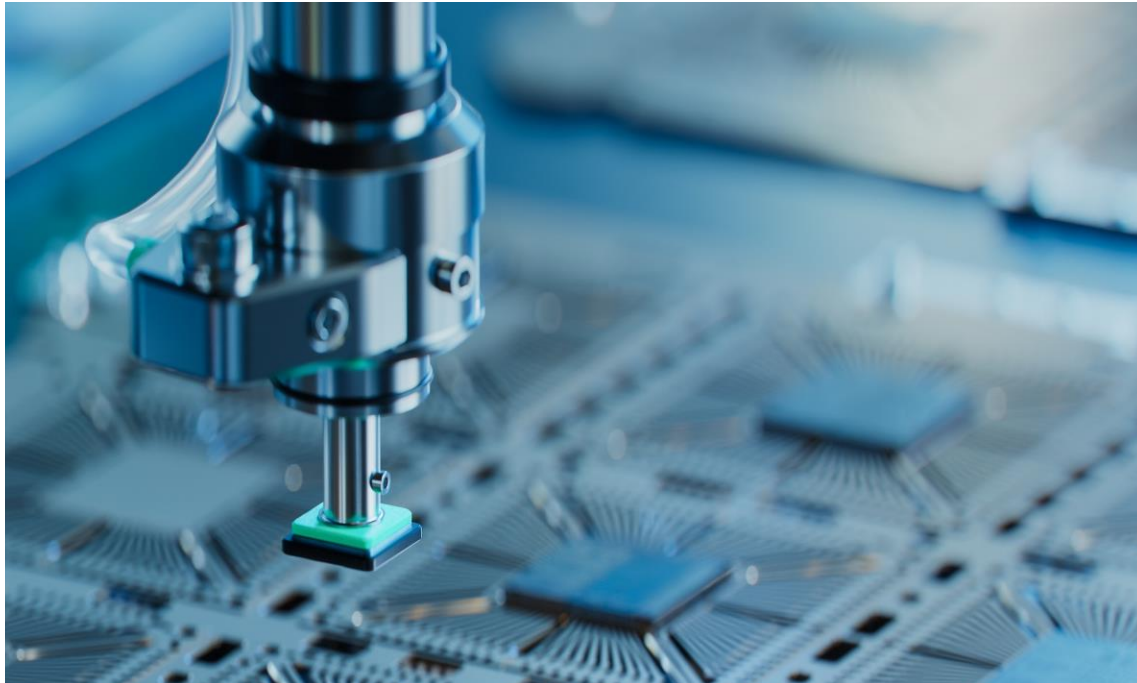
EMS Stock Index Company Data

	Stock Price	LTM Sales (\$mm)	Diluted EPS	Avg. Cash Conversion Cycle (days)	Current Ratio	EV / EBITDA	EV / Sales	Market Cap (\$mm)	Net Debt (\$mm)
Large Tier									
Celestica Inc.	\$342.47	\$11,282	\$6.15	87.9	1.5x	30.7x	2.8x	\$28,283	\$480
Flex Ltd.	57.97	26,333	2.28	55.9	1.3x	11.6x	0.9x	21,758	2,044
Jabil Inc.	217.17	29,802	5.92	26.1	1.0x	11.1x	0.8x	23,306	1,772
Sanmina Corporation	115.11	8,049	4.67	80.6	1.9x	11.1x	0.7x	6,134	(435)
USI Corporation	21.87	8,474	0.73	42.6	1.8x	14.4	0.7x	6,725	(732)
Mid Tier									
Benchmark Electronics, Inc.	\$38.55	\$2,589	\$1.05	109.9	2.4x	8.5x	0.6x	\$1,384	\$66
Fabrinet	364.62	3,419	9.17	72.3	3.0x	nmf	3.5x	13,028	(929)
Kimball Electronics, Inc.	29.86	1,487	0.68	101.0	2.2x	8.5x	0.5x	723	70
Pan-International Industrial Corp.	54.30	792	2.01	73.6	2.3x	12.6x	1.1x	28,146	(5,682)
Plexus Corp.	144.69	4,033	6.26	129.1	1.6x	12.8x	1.0x	3,905	(131)
Small Tier									
Cicor Technologies Ltd.	\$183.00	\$667	\$5.42	222.1	1.6x	14.7x	1.7x	\$805	\$73
Key Tronic Corporation	3.57	468	(0.77)	127.9	2.5x	9.7x	0.3x	38	117
Nortech Systems Incorporated	9.03	118	(1.17)	129.2	2.7x	24.1x	0.4x	25	20
Scanfil Oyj	10.64	937	0.57	111.3	1.9x	9.7x	0.9x	696	10

Sources: Bloomberg, Capital IQ and company filings as of September 30, 2025

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

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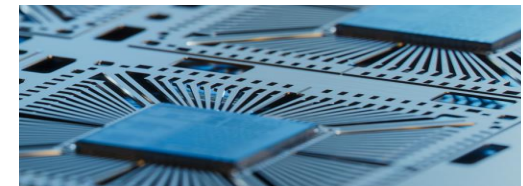
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