



DealReader

EMS

Q4 2016

Inside this Issue

2016 Deal Volume – Year in Review

2016 EMS Transaction Summary

Announcements

- Aimtron has acquired Target Corp. (Dec-16)
- NxEdge has acquired Flex’s Morgan Hill Facility (Nov-16)
- Hindley Circuits has acquired Opsol UK (Nov-16)
- Vtech Holdings has acquired Snom Technology AG (Nov-16)
- Zentech Manufacturing has acquired Interconnect Design Solutions (Oct-16)
- OSI Systems has acquired American Science & Engineering (Oct-16)
- Fabrinet has acquired Exception EMS (Oct-16)

2016 Summary

There were 26 EMS transactions recorded in 2016, down slightly from the 27 recorded in 2015. EMS consolidations were the most common type of transaction with 9 transactions in 2016, or 35% of total activity, compared to 12 transactions in 2015 which represented 44% of activity last year.

In 2016, there were 8 vertical/horizontal convergences, down from the 11 recorded in 2015. This year’s activity represented 31% of the total, compared to 41% last year.

EMS divestitures accounted for five transactions, representing 19% of total activity, up from two transactions (7% of the total) in 2015.

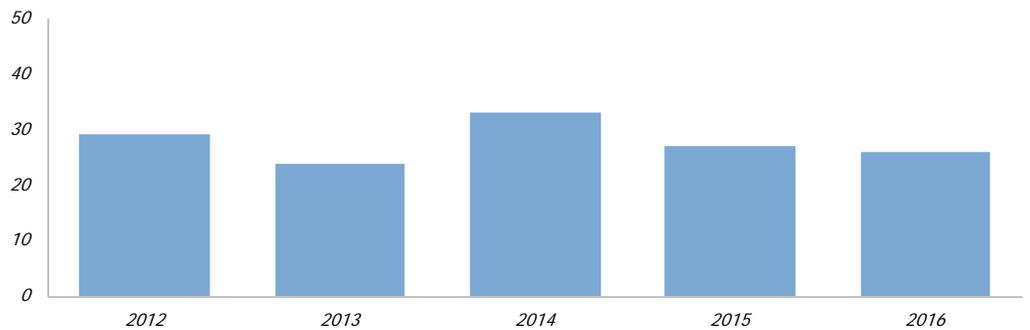
Private equity investments accounted for two transactions in 2016, reflecting the same number of investments as in 2015. This type of transaction represented approximately 7% of the total transactions in each of the past two years.

There was one transaction categorized as diversification into EMS and one transaction categorized as an OEM divestiture in 2016, each representing approximately 4% of total activity.

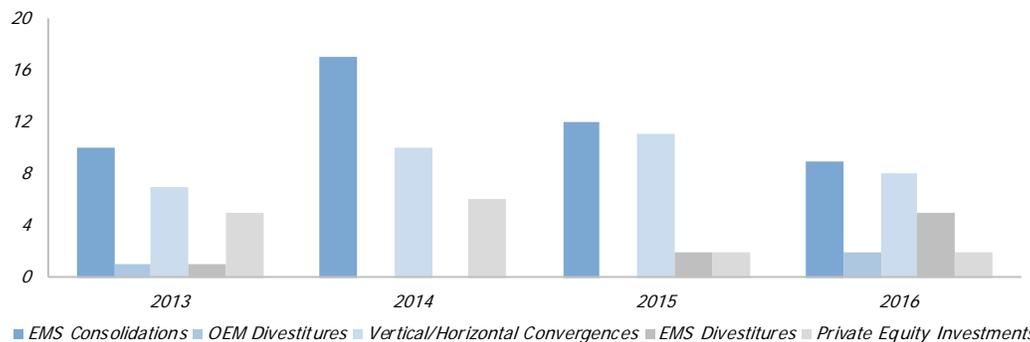
In terms of geography, 10 of the transactions completed in 2016 occurred in North America. This represented 38% of total transaction activity in 2016. The next largest geography in terms of transaction volume was Europe with 8 transactions in 2016, representing 31% of total activity. There were 8 cross-border transactions in 2016 (31% of the total), with four transactions between different high-cost countries and four between a high-cost region and a low-cost region. No transactions were isolated to only Asia or South America.

In terms of transaction size, Small Tier EMS providers accounted for 50% of the 2016 transaction volume with 13 acquisitions. Mid Tier EMS providers accounted for 9 acquisitions, representing approximately 35% of total activity. This level of activity from the Mid Tier represents an increase compared to recent periods as this group recorded six transactions in 2015. Four acquisitions by Large Tier EMS providers occurred during the year, representing approximately 15% of the total.

Completed EMS Transactions



Year Comparison—EMS M&A by Deal Type



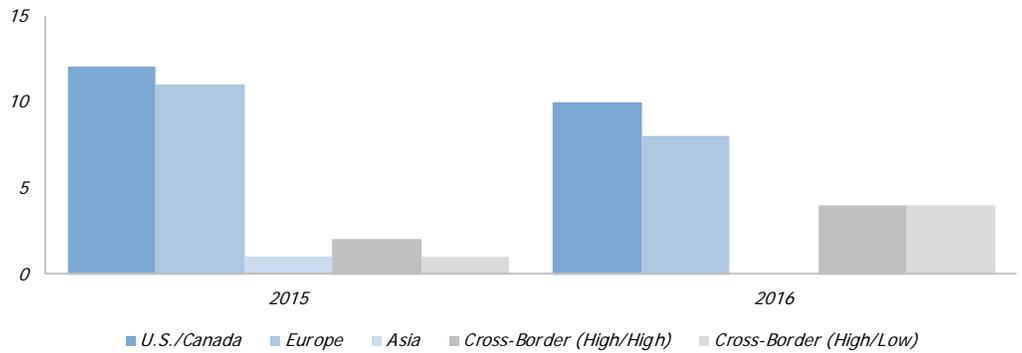
EMS Size Guide

(Sales Dollars)

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

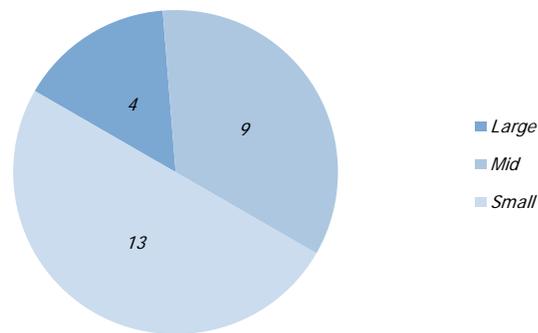
Sources: All information contained in this newsletter including the charts was obtained from company websites, Custer Reports, Lincoln International's internal data, Manufacturing Market Insider and Capital IQ.

Year Comparison—EMS M&A by Geography



Note: "High/High" indicates cross-border transactions between Japan, Taiwan, Western Europe and U.S./Canada; "High/Low" indicates cross-border transactions between high-cost regions and low-cost regions.

2016 Mergers and Acquisitions by Size



2016 EMS Transaction Summary

| # | Date | Acquirer | Seller | Target | Type |
|----|--------|---|-------------------------------------|--|------|
| 1 | Dec-16 | Aimtron | Private | Target Corp. | 1 |
| 2 | Nov-16 | NxEdge, Inc. | Flex Ltd. | Flex's Morgan Hill Facility | 4 |
| 3 | Nov-16 | Hindley Circuits Limited | A-Belco Ltd | Opsol UK Limited | 5 |
| 4 | Oct-15 | Vtech Holdings Limited | Private | Snom Technology AG | 1 |
| 5 | Oct-15 | Zentech Manufacturing, Inc. | Private | Interconnect Design Solutions, LLC | 3 |
| 6 | Oct-15 | OSI Systems, Inc. | Renaissance Technologies Corp. | American Science & Engineering Inc. | 1 |
| 7 | Oct-15 | Fabrinet | Private | Exception EMS Ltd. | 1 |
| 8 | Sep-16 | Integrated Micro-Electronics, Inc. | Private | VIA optronics GmbH | 1 |
| 9 | Sep-16 | Foxconn Singapore Pte. Ltd. | Private | Smart Technologies Inc. | 3 |
| 10 | Jul-16 | STMicroelectronics N.V. | ams AG | NFC and RFID reader assets of ams AG | 2 |
| 11 | Jul-16 | Kimball Electronics, Inc. | Private | Aircorn Manufacturing, Inc. | 3 |
| 12 | Jun-16 | NEO Tech | Flex Ltd. | Flex's Valencia, CA microelectronics business unit | 4 |
| 13 | Jun-16 | Foxconn Ltd. | Private | TeleEye Holdings Limited | 3 |
| 14 | May-16 | Cemtrex, Inc. | Private | Periscope GmbH | 1 |
| 15 | May-16 | Dynamic Precision AS | NOTE AB | NOTE AB, Operation in Norway | 4 |
| 16 | Apr-16 | Parpro Corporation | Churchill Equity | Cal Quality Electronics, Inc. | 1 |
| 17 | Apr-16 | Tekmart Integrated Manufacturing Services | Sanyo Manufacturing Corporation | Injection Molding Facility in Tijuana | 3 |
| 18 | Mar-16 | Aktieselskabet Schouw & Co. | Private | GPV International A/S | 6 |
| 19 | Mar-16 | General Atomics Corp. | Ducommun LaBarge Technologies, Inc. | Miltec Corporation | 4 |
| 20 | Feb-16 | Majest | Asgard Group | Alliansys SA | 5 |
| 21 | Feb-16 | PRETTL Electronics GmbH | Körber AG | Baltic Elektronik GmbH | 1 |
| 22 | Feb-16 | SVI Public Company Limited | Private | Seidel Electronics Group | 1 |
| 23 | Feb-16 | PPI-Time Zero, Inc. | Private | New Age EMS, Inc. | 1 |
| 24 | Jan-16 | Foxconn Interconnect Technology Limited | Avago Technologies Limited | Avago's Optical Module Business | 3 |
| 25 | Jan-16 | Intervala, LLC | Ducommun LaBarge Technologies, Inc. | Ducommun's Pittsburgh Business Unit | 4 |
| 26 | Jan-16 | Chemigraphic Ltd. | Private | CRS Electronics Limited | 1 |

Key: 1=EMS Consolidation, 2=OEM Divestiture, 3=Vertical/Horizontal Integration, 4=EMS Divestiture, 5=Private Equity Investment, 6=Diversification into EMS

Global Industry Groups

Aerospace & Defense
Automotive & Truck
Building &
Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

Global Locations

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
Munich
New York
Paris
São Paulo
Tokyo
Vienna
Zurich

Advisory Services

Mergers & Acquisitions
Debt Advisory
Special Situations
JV & Partnering
Valuations & Opinions

About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With eighteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

Lincoln's Global Electronics Group

North America

Jack Calderon
Managing Director (Chicago)
+1-312-580-6289
jcalderon@lincolninternational.com

Chaim Lubin
Director (Chicago)
+1-312-506-2753
clubin@lincolninternational.com

Patrick McGrath
Vice President (Chicago)
+1-312-506-2727
pmcgrath@lincolninternational.com

Asia

Tetsuya Fujii
Managing Director and President - Japan (Tokyo)
+813-5549-7680
tfujii@lincolninternational.com

T.N. Girdhar
Managing Director and President - India (Mumbai)
+91-22-4067-0300
tngirdhar@lincolninternational.com

Joe Chang
Managing Director and CEO - China (Beijing)
+86-10-6468-6458
jchang@lincolninternational.com

South America

James Sinclair
Managing Director and President - Brazil (São Paulo)
+55-11-2166-8835
jsinclair@lincolninternational.com

Europe

Mark Barrow
Managing Director (London)
+44-0-20-7022-9880
mbarrow@lincolninternational.com

Øyvind Bjordal
Managing Director (Zurich)
+41-79-402-80-40
o.bjordal@lincolninternational.ch

Géraud Estrangin
Managing Director (Paris)
+33-0-1-53-53-18-18
g.estrangin@lincolninternational.fr

Richard Floto
Managing Director (Frankfurt)
+49-69-97-105-400
r.floto@lincolninternational.de

Eric Wijs
Managing Director (Amsterdam)
+31-20-7670-310
e.wijs@lincolninternational.nl

Rommel Franco
Director (Madrid)
+34-91-129-4996
r.franco@lincolninternational.es

Disclaimer

This document contains significant assumptions and has been prepared based on publicly available information, or additional information supplied by the owners and/or managers of the company(ies) described in this document, which has not been independently verified. Accuracy and completeness of the information provided has been presumed and, therefore, its content may or may not be accurate and complete. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information or statements made in this document and Lincoln International, its affiliates, directors, officers, employees and representatives expressly disclaim any and all liability with regards thereto. This document has been prepared for informational purposes only, is not a research report (as such term is defined by applicable law and regulations) and is not to be relied on by any person for any purpose. In addition, it is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form, or redistributed, without the prior written consent of Lincoln International.