

# EMS Index Underperforms S&P in Q3 2008

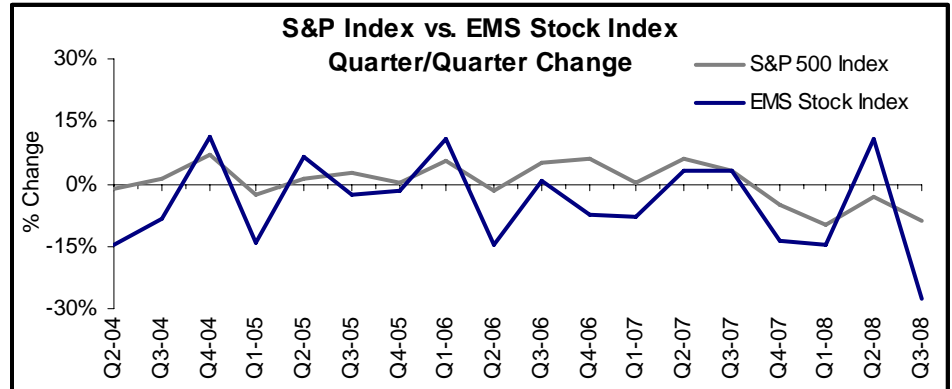
## Winner's Circle\*

Company	% Change	Tier
Sanmina-SCI Corp.	+ 9%	I
CTS Corp.	+ 27%	II
Raven Industries Inc.	+ 20%	III
IEC Electronics Corp.	(6%)	IV

## Worst Performers\*

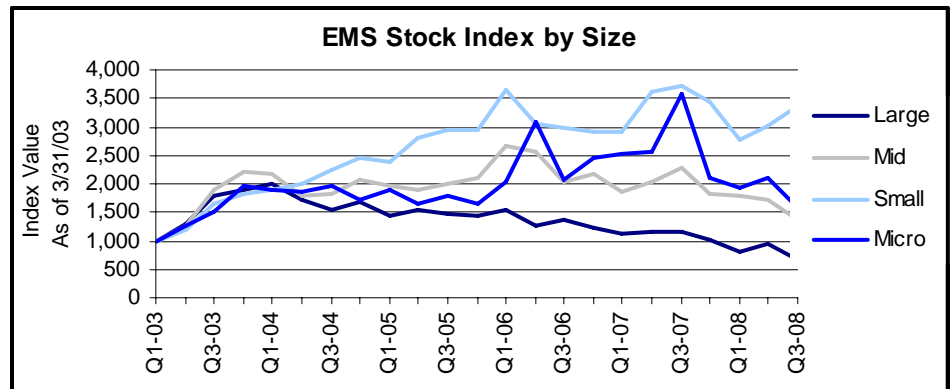
Company	% Change	Tier
Elcoteq SE	(47%)	I
Sypris Solutions Inc.	(62%)	II
SMTC Corp.	(49%)	III
Nortech Systems Inc.	(46%)	IV

\* Based on quarter-over-quarter share price performance



## EMS Stock Highlights

- Large Index has decreased (31.4%) from last quarter
- Mid Index has decreased (21.4%) from last quarter
- Small Index has increased 11.4% from last quarter
- Micro Index has decreased (24.4%) from last quarter



## Valuations

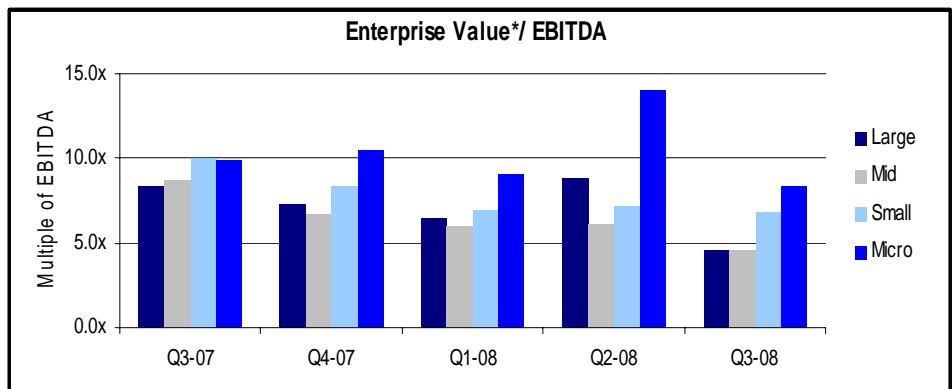
From last quarter:

Multiples for Large tier EMS companies decreased due to an decrease in equity values.

Mid tier EMS company multiples decreased because of lower equity values.

Small tier EMS company multiples decreased due to a slight decrease in net debt and EBITDA.

Multiples for Micro tier EMS companies decreased due to lower equity values.



## EMS Size Guide

(Sales Dollars)

### Large (Tier I)

Greater than \$3 billion

### Mid (Tier II)

\$300 million to \$3 billion

### Small (Tier III)

\$150 million to \$300 million

### Micro (Tier IV)

Below \$150 million

\* Enterprise Value is calculated as Market Cap on September 30, 2008 plus debt, preferred equity and minority interest less cash

## 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, 1000. 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 (1000). The result is the index value used for plotting in the graph above.

# EMS Stock Index Data

	Stock Price	LTM Sales (\$M)	Diluted EPS	Ave. Cash Conversion Cycle (days)	Current Ratio	EV/EBITDA	EV/Sales	Market Cap (\$M)	Net Debt (\$M)
<b>Large</b>									
Celestica Inc.	\$ 6.44	\$ 8,003	\$ 0.48	36.3	2.16	3.2x	0.1x	\$ 1,425	\$(444)
Elcoteq SE	4.36	6,211	(3.21)	9.7	1.08	5.0x	0.1x	142	346
Flextronics International Ltd.	7.08	30,751	(0.79)	22.2	1.40	6.4x	0.3x	5,933	1,977
Jabil Circuit Inc.	9.54	12,780	0.65	21.1	1.36	4.5x	0.2x	2,004	596
Sanmina-SCI Corp.	1.40	10,499	(2.10)	28.0	1.88	3.9x	0.1x	743	498
<b>Mid</b>									
Benchmark Electronics Inc.	14.08	2,774	1.24	69.2	3.07	5.1x	0.2x	936	(277)
CTS Corp.	12.78	712	0.85	54.1	2.02	6.9x	0.7x	431	47
Nam Tai Electronics Inc.	8.17	685	1.39	7.6	3.29	2.6x	0.2x	366	(261)
Plexus Corp.	20.70	1,791	2.01	64.4	2.34	5.5x	0.4x	814	(31)
Sypris Solutions Inc.	1.61	425	(0.01)	57.3	1.86	3.0x	0.2x	31	49
<b>Small</b>									
Key Tronic Corp.	2.28	204	0.54	76.9	2.27	4.3x	0.2x	23	10
LaBarge Inc.	15.06	279	0.92	115.6	1.71	8.2x	0.9x	238	14
Raven Industries Inc.	39.35	265	1.71	93.6	4.32	12.4x	2.6x	708	(32)
SigmaTron International Inc.	4.90	166	(1.76)	112.9	2.95	4.5x	0.3x	19	31
SMTC Corp.	1.15	242	(0.42)	59.4	1.48	5.1x	0.2x	17	27
Sparton Corp.	2.51	230	(1.34)	110.7	1.74	NM	0.2x	25	23
<b>Micro</b>									
IEC Electronics Corp.	1.87	45	0.25	70.7	1.20	14.8x	0.7x	17	12
Nortech Systems Inc.	5.05	122	0.77	84.7	1.61	4.3x	0.2x	14	14
Simclar Inc.	3.02	135	0.27	57.4	1.29	6.0x	0.3x	20	18
Winland Electronics Inc.	0.95	31	(0.18)	87.5	2.84	NM	0.2x	3	2

Note: Data in table above is sourced from press releases, CapitalIQ and Bloomberg as of September 30, 2008.

## Contacts

Lincoln International's Electronics Group is led by a former CEO of a public EMS company and a former leading Wall Street analyst covering the electronics industry. The firm's Electronics team provides transactional, financial and strategic advisory services to electronics companies and private equity groups.

For more information, please contact:

**Jack Calderon, Managing Director**  
jcalderon@lincolninternational.com

**John McManus, Senior Director**  
jmcmanus@lincolninternational.com

**David M. Kidd, Jr., Vice President**  
dkidd@lincolninternational.com

**Chaim Lubin, Associate**  
clubin@lincolninternational.com

**Cynthia Goulet, Analyst**  
cgoulet@lincolninternational.com

## About Lincoln International

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### Lincoln International LLC

500 West Madison, Suite 3900  
Chicago, IL 60661  
(312) 580-8339



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