Q2 2010 Deal Volume Comparison

Chart A: Completed EMS Transactions

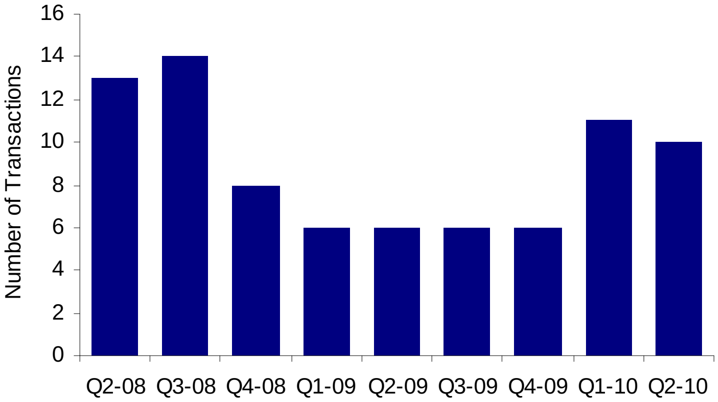
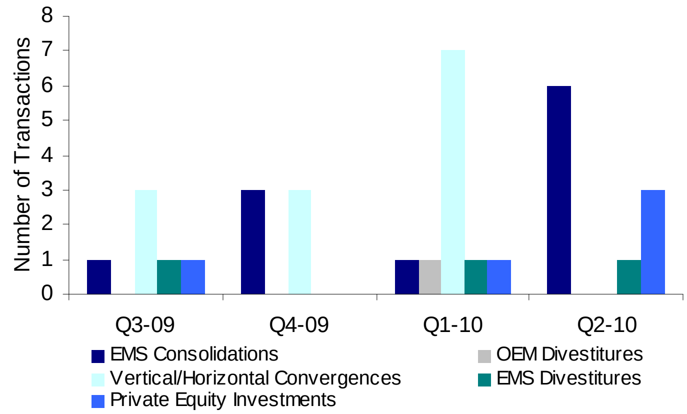


Chart B: Quarterly Comparison—EMS M&A by Deal Type



Announcements

- Sanmina-SCI Corporation (NasdaqGS:SANM) has acquired BreconRidge Corporation (May-10)
- Elcoteq SE (HLSE:ELQAV) has sold Elcoteq JSC to the OptoGaN Group (May-10)
- Nortech Systems Inc. (NasdaqCM:NSYS) has acquired TriVirix International Inc. (May-10)
- MC Assembly, LLC has acquired RWA, Inc (June-10)

Sources: All information contained in this newsletter including charts was obtained from company websites, Lincoln International's internal data and CapitalIQ

Q2 2010 Summary

There were 10 completed transactions in Q2 2010. As displayed in Chart A, the 10 transactions show a decrease in the M&A activity compared to the 11 transactions in the previous quarter. Economic conditions appear to have stabilized, which has created an opportunity for companies to pursue strategic investments within the EMS sector.

As shown in Chart B, EMS consolidations represented six transactions, or 60% of total activity in Q2 2010, up from one transactions in Q1 2010. There were no OEM divestiture in Q2 2010 which is less than the one transaction in Q1 2010. There were also no vertical / horizontal convergences in Q2 2010, which is a significant drop from the seven transactions in Q1 2010. There was one transaction classified as an EMS divestiture in Q2 2010, which is unchanged from the one EMS divestiture in the previous quarter. There were three transaction classified as private equity investments in Q2 2010. The recent spike in EMS consolidations, combined with the lack of vertical / horizontal convergences indicate electronics companies are looking to focus on building their core competencies.

As illustrated in Chart C, four transactions occurred within the U.S. / Canada in Q2 2010, or 40% of total transactions, representing an increase compared to three transactions in the U.S. / Canada last quarter. There were four European deals, up from three in Q1 2010. There was one transaction within Asia, or 10% of transactions, three less than during Q1 2010 within that geography. There was one cross-border transactions for this quarter.

As shown in Chart D, transactions by size for the quarter were led by the Micro Tier, totaling nine, or 90% of all transactions. There was one transaction categorized as large in Q2 2010, or approximately 10% of the total.

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

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.

Chart C: Quarterly Comparison — EMS M&A by Geography

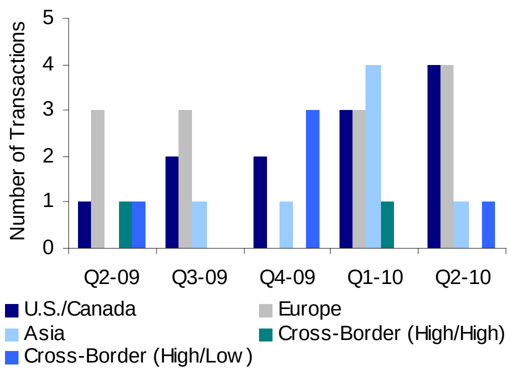
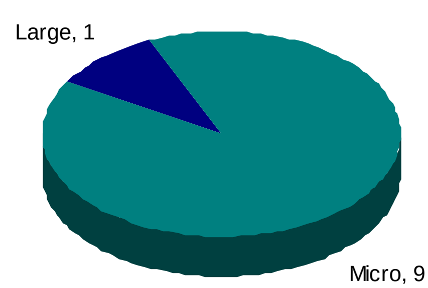


Chart D: Q2 2010 Mergers and Acquisitions by Size



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.

Margin Squeeze and Expansion: An exploration of Margin Performance in the EMS Industry

EMS companies are beginning to show improvements in margins after a recent decline in 2009, following efforts to focus on cutting costs, lowering production, pruning loss leaders and eliminating marginal customers.

The three graphs below provide an overview of gross margin, operating income margin, and EBITDA margin performance from 1999 through today. Each graph shows the margin performance by tier.

Margin performance has improved for all tiers over the last twelve month period ended June 30, 2010, relative to 2009. The Large Tier improved gross margin, operating income margin and EBITDA margin to 7.3%, 1.5% and 3.6% respectively in the last twelve months ("LTM"), up from 6.4%, 0.9% and 3.1% for 2009. The Mid Tier similarly improved gross margin, operating income margin and EBITDA margin to 11.5%, 2.6% and 6.5% respectively on an LTM basis, up from 10.5%, 1.2% and 5.0% for 2009. The Small Tier also improved in all three metrics on an LTM basis to 16.2%, 7.2% and 9.0% for gross margin, operating income margin and EBITDA margin respectively, from 14.1%, 5.6% and 7.3% for 2009. Lastly, the Micro Tier improved gross margin and EBITDA margin to 11.4% and 1.7% respectively, from 11.3% and 1.5%, but declined in operating margin to (1.0%) from (0.9%).

On a percent change basis comparing the Q2 2010 results with the same period a year ago, in the Large Tier, Jabil Circuit showed the most improvement in operating margin to 2.4% from 1.7%; Nam Tai Electronics led the Mid Tier with operating margin improving to 3.5% from 1.4%; SMTC Corp. led the Small Tier, improving margins to 3.5% from 1.4%. Lastly, IEC Electronics led the Micro Tier with operating margin improving to 7.9% from 6.8%.

Chart E: Average Gross Margin Performance

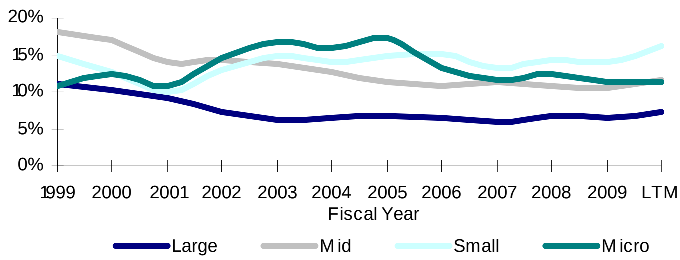


Chart F: Average Operating Income Margin Performance

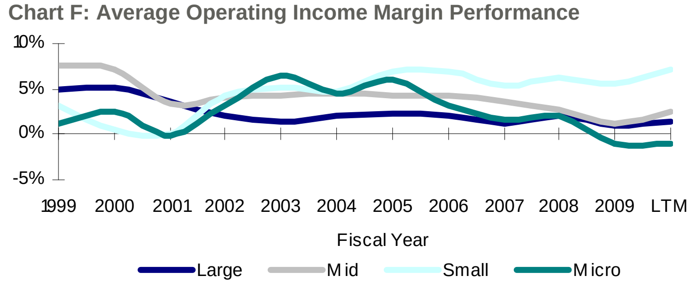
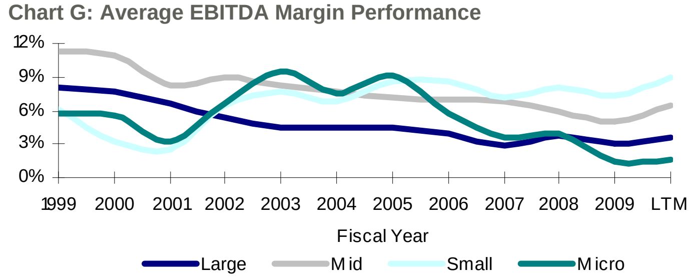


Chart G: Average EBITDA Margin Performance



(LTM)	Gross Margin	Operating Margin	EBITDA Margin
Celestica Inc.	6.8%	2.8%	4.1%
Elcoteq SE	10.1%	-1.9%	1.8%
Flextronics International Ltd.	5.4%	1.9%	3.8%
Jabil Circuit Inc.	7.4%	2.4%	4.7%
Sanmina-SCI Corp.	7.0%	2.2%	3.8%
Large Group Average	**7.3%**	**1.5%**	**3.6%**
Benchmark Electronics Inc.	7.6%	3.7%	5.5%
CTS Corp.	21.5%	4.7%	8.4%
Nam Tai Electronics Inc.	10.6%	3.5%	9.9%
Plexus Corp.	9.7%	4.0%	6.1%
Sypris Solutions Inc.	8.2%	-2.9%	2.8%
Mid Group Average	**11.5%**	**2.6%**	**6.5%**
Key Tronic Corp.	8.9%	3.1%	4.0%
LaBarge Inc.	19.5%	7.6%	10.8%
Raven Industries Inc.	29.0%	18.9%	21.6%
SMTC Corp.	10.2%	3.6%	5.0%
Sparton Corp.	13.3%	2.7%	3.5%
Small Group Average	**16.2%**	**7.2%**	**9.0%**
IEC Electronics Corp.	16.7%	7.9%	9.0%
Nortech Systems Inc.	9.5%	-2.6%	-0.3%
SigmaTron International Inc.	11.2%	2.4%	5.9%
Winland Electronics Inc.	8.0%	-11.9%	-7.8%
Micro Group Average	**11.4%**	**-1.0%**	**1.7%**

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