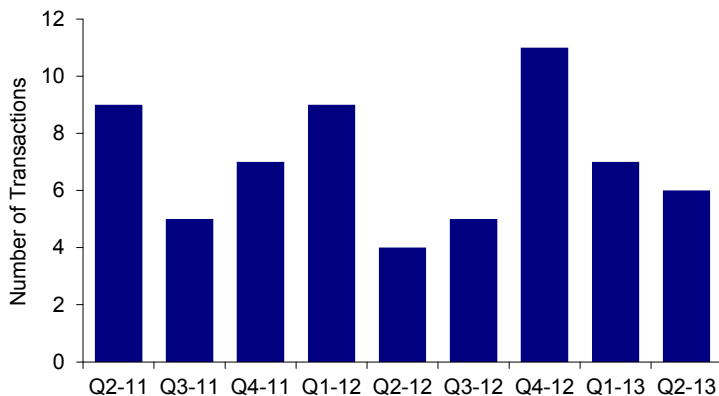
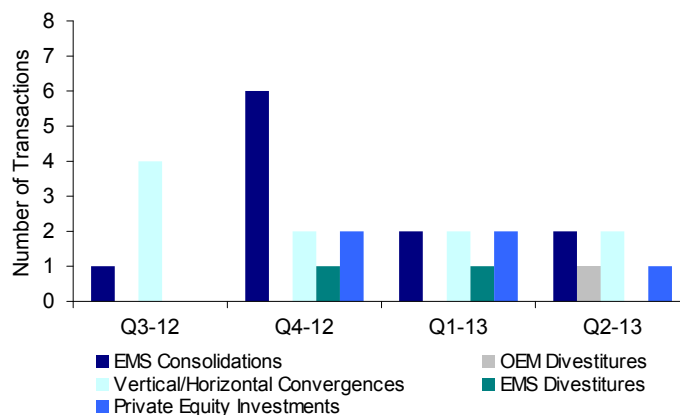


Q2 2013 Deal Volume Comparison

Chart A: Completed EMS Transactions

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


Announcements

- Informatik Bilisim Teknolojileri has acquired Solectron Elektronik AS (June-13)
- Sparton Corp. has acquired Creonix (June-6)
- Benchmark Electronics Inc. (NYSE:BHE) has acquired Suntron Corp. (June-3)
- Secure Communication Systems, Inc. has acquired Smart Electronics & Assembly, Inc. (May-1)
- Creades AB (OM:CRED A) has acquired NOTE AB (OM:NOTE) (April-24)
- Flextronics International Ltd. (NasdaqGS:FLEX) has acquired the manufacturing operation of Motorola Mobility (April-16)

Q2 2013 Summary

There were six completed transactions in Q2 2013. As displayed in Chart A, the six transactions show a decrease in the M&A activity compared to the seven transactions in the previous quarter. However, the level of transaction activity is expected to pick up during the remainder of 2013 as confidence in the global economy continues to improve.

As shown in Chart B, EMS consolidations and vertical/horizontal convergences represented two transactions each, or 33% of total activity in Q2 2013, respectively. These are both flat in comparison to the prior quarter. There was one transaction classified as an OEM divestiture in Q2 2013, up from zero in the prior three quarters. There was one private equity investment in Q2 2013, down from two each of the prior two quarters. The continued high level of EMS consolidations and vertical/horizontal convergences suggests electronics companies remain focused on using available cash to build on their core competencies and expand their overall business portfolio.

As illustrated in Chart C, three transactions occurred within the U.S. / Canada in Q2 2013, or 50% of total transactions, representing a decrease from two transactions in the U.S. / Canada in the previous quarter. There were two European deals, level with those in Q1 2013. There was a cross-border transaction between high and high cost regions (China and U.S.), down from two in this classification during Q1 2012.

As shown in Chart D, transactions by size for the quarter were primarily within the Small tier, with four of the transactions, or 66%, falling into this tier. The other two transactions were split between the Large and Mid Tier. Flextronics' acquisition of Motorola Mobility's manufacturing operations, which closed in Q2 2013, represented the one Large tier transaction in Q2 2013. Benchmark's acquisition of Suntron Corp. was the sole Mid tier transaction recorded in Q2 2013.

EMS Size Guide

(Sales Dollars)

Large (Tier I)

Greater than \$3 billion

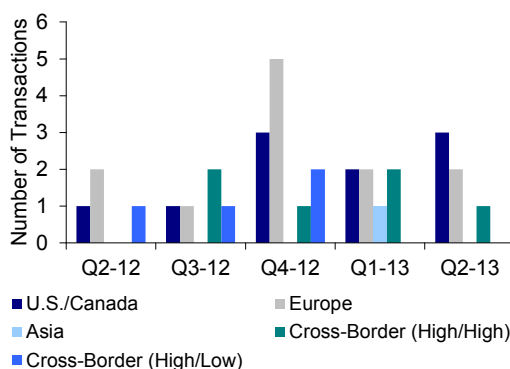
Mid (Tier II)

\$300 million to \$3 billion

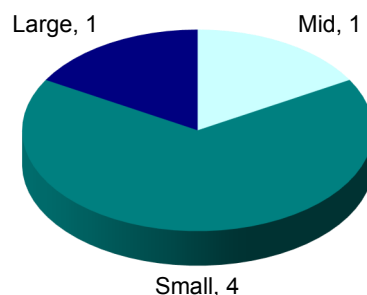
Small (Tier III)

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.

Chart C: Quarterly 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.

Chart D: Q2 2013 Mergers and Acquisitions by Size


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

EMS companies have exhibited mixed results with varying margin fluctuation across industry tiers.

The three graphs below provide an overview of gross margin, operating income margin, and EBITDA margin performance from 2000 through LTM Q2 2013. Each graph shows the margin performance by tier.

The Large Tier EMS companies' gross margin and operating income margin remained flat at 6.8% and decreased to

2.7%, respectively, in the last twelve months ("LTM"), down from 3.0% for the same period in 2012. EBITDA margin decreased to 4.5%, from 4.6% in the previous year. Mid Tier companies' gross margin, operating income margin and EBITDA margin increased to 11.9%, 4.5% and 6.9%, respectively, on an LTM basis, up from 10.0%, 2.7% and 5.0% for the same period in 2012. The Small Tier shrunk in all three metrics on an LTM basis to 12.5%, 2.8% and 4.8% for gross margin, operating income margin and EBITDA

margin, respectively, down from 13.7%, 4.3% and 6.2% for the same period in 2012.

On a percent change basis comparing the Q2 2013 results with the same period a year ago, in the Large Tier, Flextronics showed the most improvement in operating margin to 2.3% from 2.0%; Nam Tai led the Mid Tier in operating margin improvement, up to 6.4% from 0.7%; and Nortech Systems led the Small Tier, improving operating margin to 1.5% from 1.3%.

Chart E: Average Gross Margin Performance

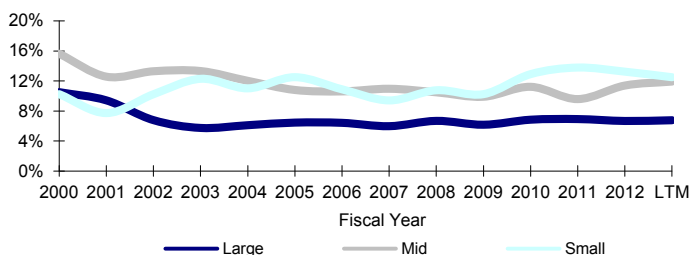


Chart F: Average Operating Income Margin Performance

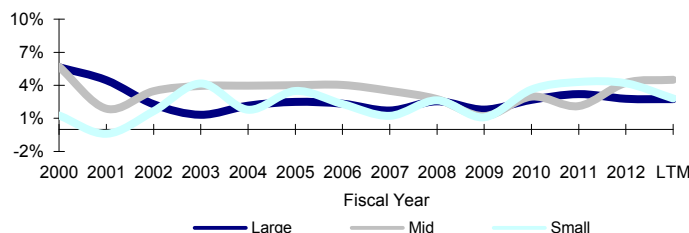
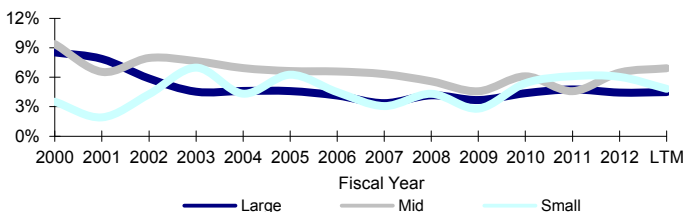


Chart G: Average EBITDA Margin Performance



(LTM)	Gross Margin	Operating Margin	EBITDA Margin
Celestica Inc.	6.7%	2.5%	3.8%
Flextronics International Ltd.	5.9%	2.3%	4.2%
Jabil Circuit Inc.	7.4%	3.5%	5.7%
Sanmina Corporation	7.1%	2.7%	4.3%
Large Group Average	6.8%	2.7%	4.5%
Benchmark Electronics Inc.	7.2%	3.4%	5.0%
CTS Corporation	24.3%	6.3%	10.1%
Key Tronic Corp.	9.7%	5.2%	5.9%
Nam Tai Electronics, Inc.	8.8%	6.4%	8.8%
Plexus Corp.	9.5%	4.3%	6.5%
Sypris Solutions Inc.	12.1%	1.4%	5.2%
Mid Group Average	11.9%	4.5%	6.9%
IEC Electronics Corp.	14.4%	3.3%	6.6%
Nortech Systems Inc.	12.1%	1.5%	3.3%
SigmaTron International Inc.	10.0%	0.8%	3.1%
SMTC Corp.	9.0%	2.8%	3.9%
Sparton Corp.	17.0%	5.6%	7.1%
Small Group Average	12.5%	2.8%	4.8%

About Lincoln International

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