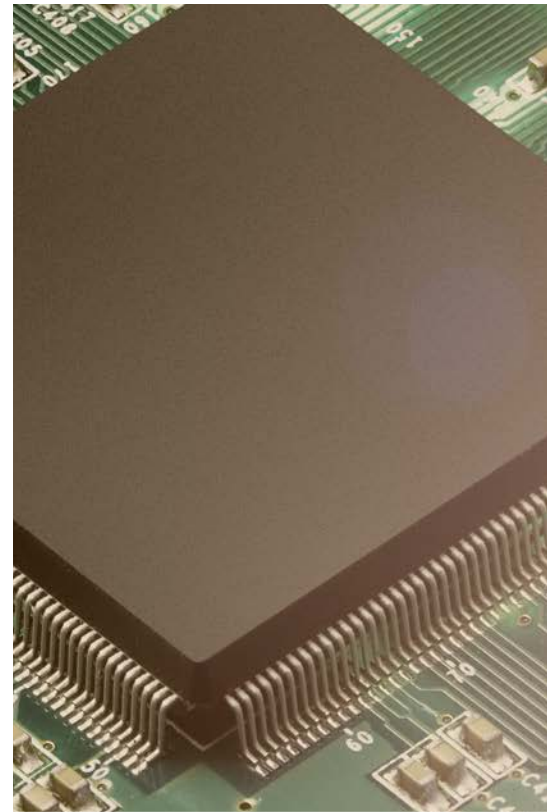


Inside This Issue

- Q3 2018 Summary
- Recent EMS Transaction Announcements
- An Analysis of Growth Trends Affecting the EMS Industry



Announcements

EMS Firm Camtronics Vale spins off parent company in management buyout (July-18)

Hidden Harbor Capital acquires Masterwork Electronics (July-18)

Sverica Capital acquires Gener8, Inc. (Aug-18)

VirTex acquires PPI-Time Zero (Sept-18)

Foxconn has acquired Belkin (Sept-18)

East West Manufacturing has acquired Team Manufacturing (Sept-18)

Q3 2018 Summary

There were 6 EMS transactions recorded in Q3 2018, slightly down from the 9 recorded in Q2 2018. EMS consolidations accounted for 2 transactions in Q3 2018, or 33% of total activity, compared to 67% in the prior quarter.

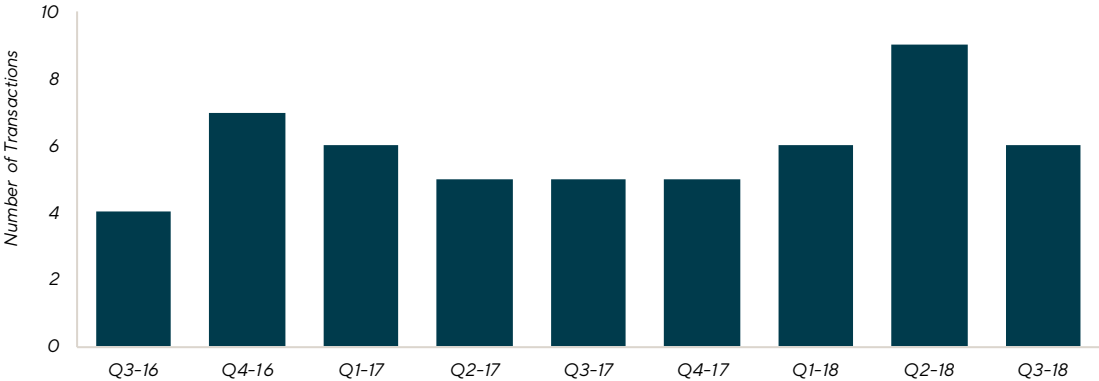
In Q3 2018, there was 1 vertical/horizontal convergence, the same amount recorded in Q2 2018, or roughly 17% of total activity for this quarter. There were 3 Private Equity Investment transactions, or 50% of total activity, representing an increase over the previous quarter, where no Private Equity transactions were recorded.

Transactions categorized as Diversification into EMS and EMS Divestitures did not account for any transactions in Q3 2018.

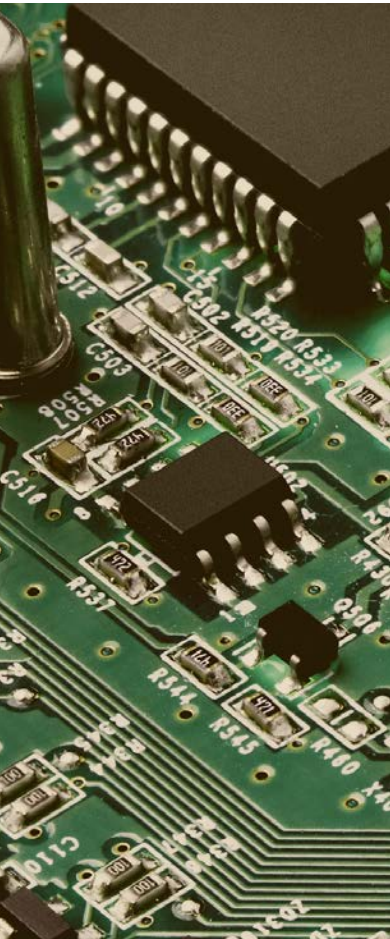
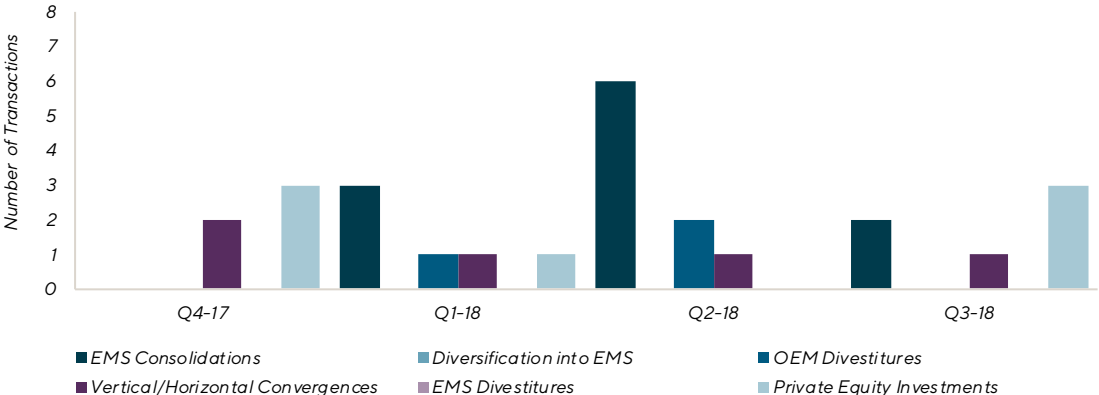
In terms of geography, North America recorded 4 transactions, representing 67% of total activity in Q3 2018. The remainder of activity took place between high-cost regions, representing 2 transactions and 33% of total activity for this quarter. No transactions in Q3 2018 occurred between a high-cost region and a low-cost region, within Europe, Asia or South America.

In terms of transaction size, Large Tier EMS providers accounted for 1 transaction in Q3 2018, representing 17% of activity. Mid Tier EMS providers did not account for any transactions during the quarter. The remainder of transactions for Q3 2018 were classified as Small Tier EMS providers, representing 5 transactions, or approximately 83% of the total.

Completed EMS Transactions



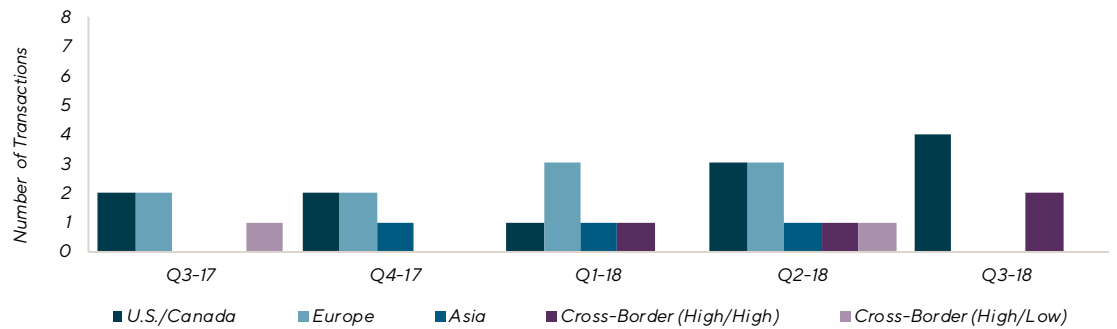
Quarterly Comparison—EMS M&A by Deal Type



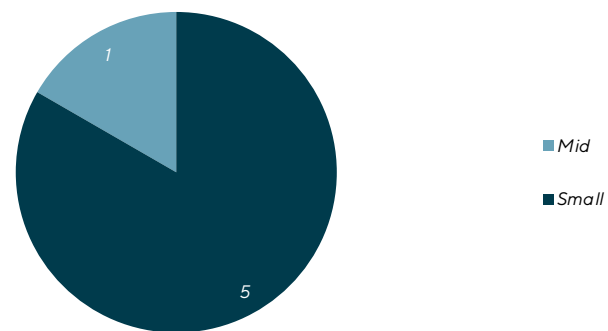
- Large (Tier I)
Greater than \$3 billion
- Mid (Tier II)
\$300 million to \$3 billion
- Small (Tier III)
Below \$300 million

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.

Quarterly Comparison—EMS M&A by Geography



Q3 2018 Mergers and Acquisitions by Size



An Analysis of Growth Trends Affecting the EMS Industry

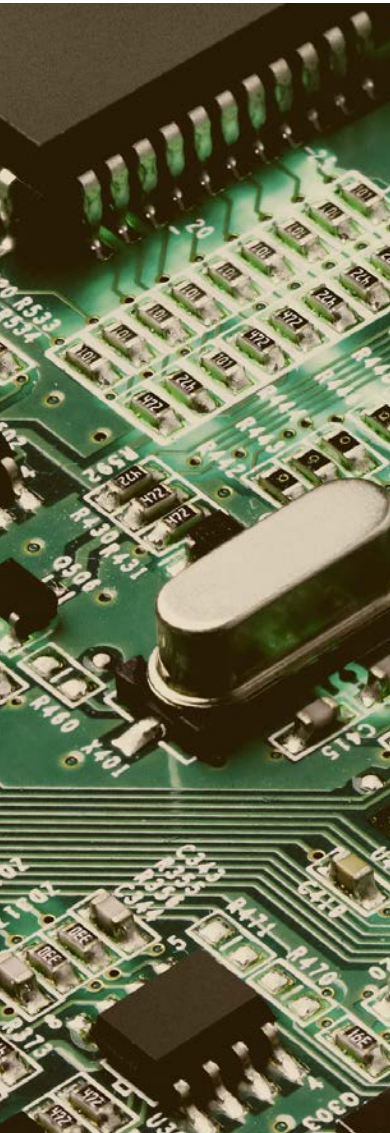
EMS industry revenue increased by 10.7% in 2017, following the 1.0% decrease exhibited in 2016.

As shown in the chart on the following page, overall LTM Q3 2018 revenue increased substantially across Large, Mid and Small tier EMS providers. Large tier EMS providers' revenue increased 8.0% on an LTM Q3 2018 basis versus an increase of 4.2% in LTM Q3 2017. The Mid tier experienced improvement as well, with LTM Q3 revenue increasing 6.0% year-over-year from 3.0% in LTM Q3 2017 to 9.0% in LTM Q3 2018. Small tier EMS providers experienced the largest growth, representing 9.6% in LTM Q3 2018, versus a decrease in growth of 8.9% in LTM Q3 2017.

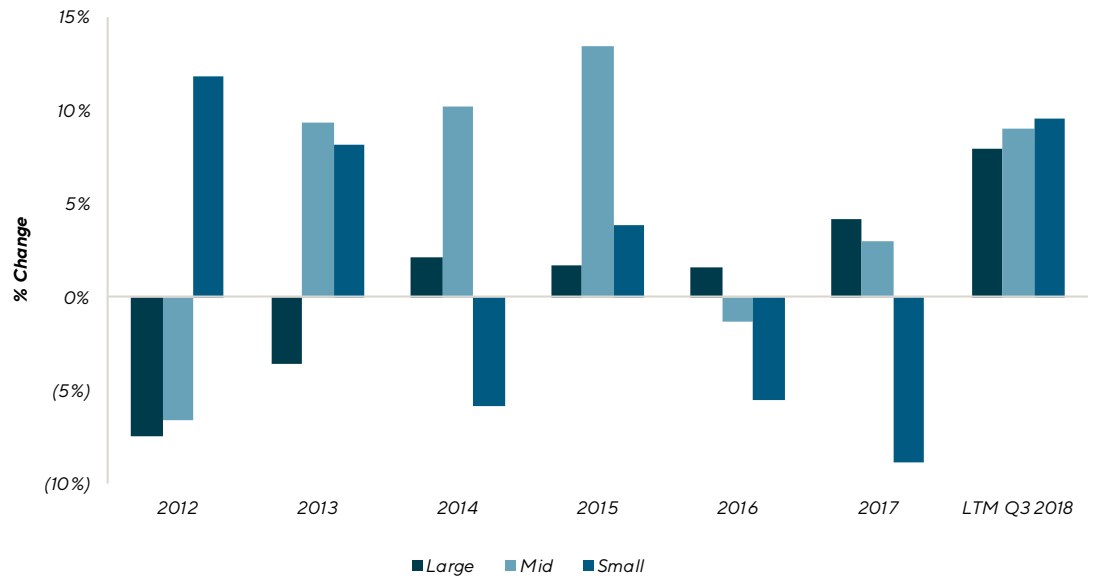
In the most recent industry forecast, the communications segment is expected to exhibit the most significant growth within the EMS industry over the next five years, with a CAGR of 9.2% from 2017 to 2022. The automotive and computer segments are also expected to show strong growth, with CAGRs of 8.4% and 7.6%, respectively, over the next five years. Also anticipating

strong growth are the medical and industrial segments with expected CAGRs of 6.2% and 5.9%, respectively, through 2021. Overall, the global EMS market is expected to grow 5.4% annually from a \$365 billion market in 2017 to a \$520+ billion market in 2022

The global shift in production to low-cost offshore areas appears to have ceased given that there are many low-cost countries in every key geographic region. However, OEM customers continue to require their EMS partners to manufacture products near the regions where they are being sold. Certain high-volume products, including consumer electronics, require OEMs to achieve the lowest cost in manufacturing, leaving China, and other Asian countries, as preferable destinations. Yet, certain circumstances, such as low-volume production, transportation and logistical issues, have made the labor cost differentials of offshoring less significant. Offshoring will still occur, according to New Venture Research's estimates, but in many cases production will return to areas in which the product is sold.



Year-Over-Year Revenue Growth by Tier

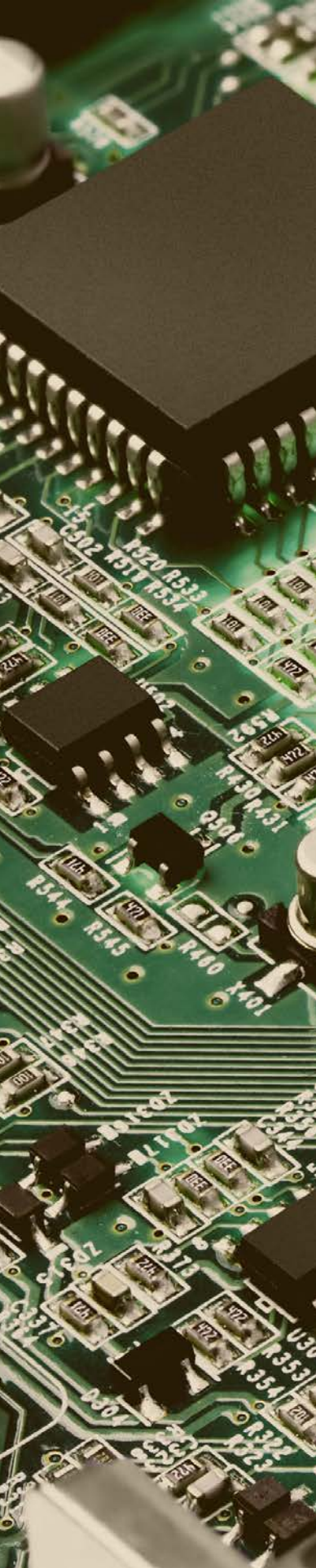


Note: Chart represents companies from Lincoln's quarterly Stock Index

Global EMS Market by Industry Segment

	2017		2022		CAGR
	Revenue (\$ in mm)	%	Revenue (\$ in mm)	%	
Automotive	\$12,644	3.5%	\$18,924	3.6%	8.4%
Communications	\$151,700	41.6%	\$235,559	45.0%	9.2%
Computer	\$85,005	23.3%	\$122,655	23.4%	7.6%
Consumer	\$55,293	15.2%	\$66,882	12.8%	3.9%
Industrial	\$29,814	8.2%	\$39,667	7.6%	5.9%
Medical	\$18,359	5.0%	\$24,843	4.7%	6.2%
Commercial Aviation	\$5,980	1.6%	\$7,771	1.5%	5.4%
Defense / Other	\$5,746	1.6%	\$7,058	1.3%	4.2%
Total	\$364,542	100.0%	\$523,359	100.0%	7.5%

Source: The Worldwide Electronics Manufacturing Services Market - 2018 Edition, New Venture Research Corp.



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