



SECTORWATCH:
**Electronic
Manufacturing
Services**

March 2018

7 MILE 
ADVISORS

SECTORWATCH:
Electronic Manufacturing Services

March 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix



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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↑ **1.6%**

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

↓ **-0.31%**

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↓ **-0.4%**

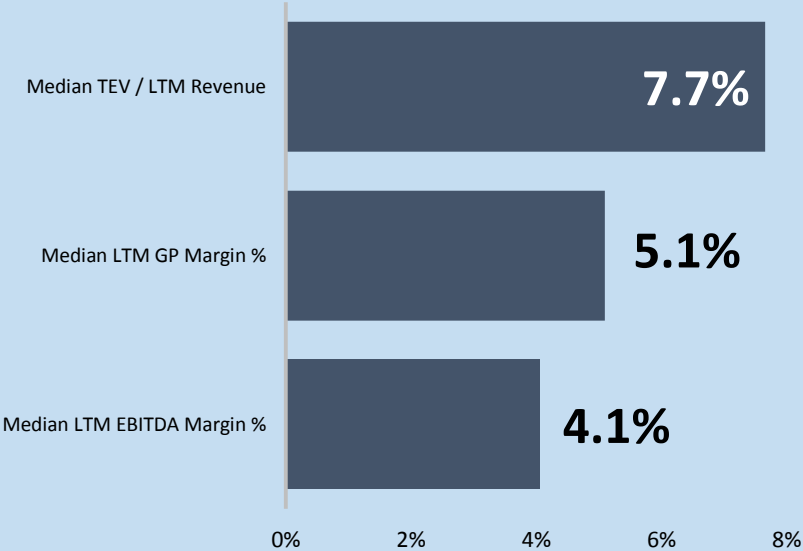
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

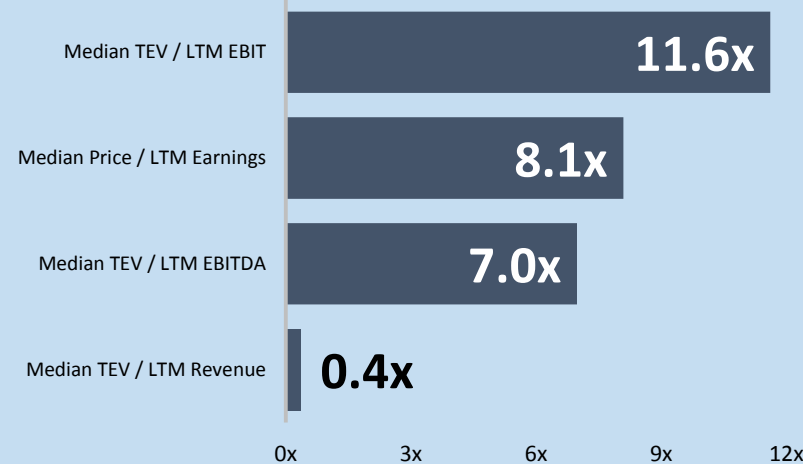
PUBLIC BASKET CONSTITUENTS

nyse:bhe NasdaqGS:PLXS nyse:jbl
tsx:cls NasdaqGS:SANM NasdaqGS:FLEX

Operating Metrics



Valuation



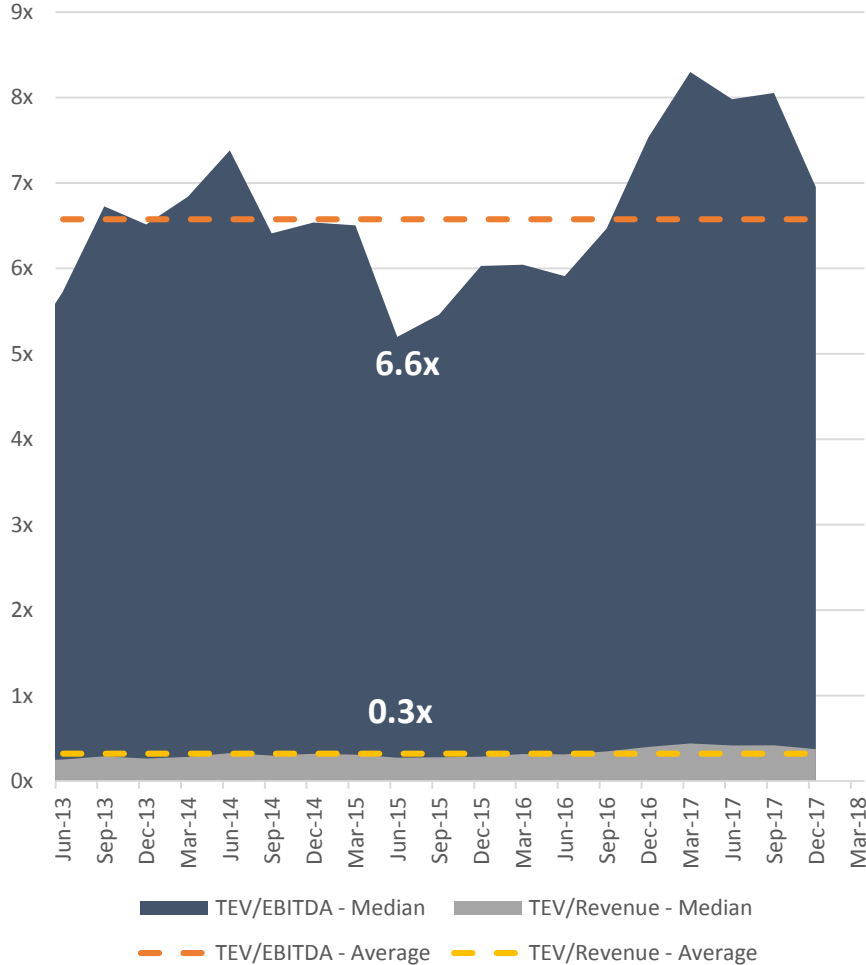
PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Benchmark Electronics, Inc.	997	2,467	7%	9%	5%	0.4	7.4	10,600	233
Celestica Inc.	1,304	6,111	2%	7%	4%	0.2	5.4	23,400	261
Plexus Corp.	1,852	2,570	0%	10%	7%	0.7	10.7	16,000	161
Sanmina Corporation	2,144	6,893	3%	7%	5%	0.3	6.5	35,500	194
Jabil Inc.	6,331	19,544	7%	8%	7%	0.3	4.9	170,000	115
Flex Ltd.	11,357	24,893	5%	7%	5%	0.5	9.9	200,000	124

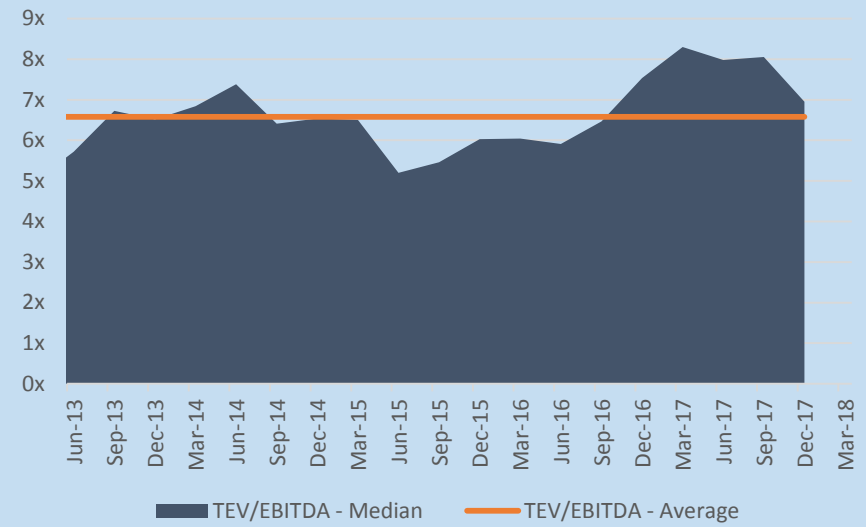
Average	3,998	10,413	4%	8%	5%	0.4	7.5	75,917	181
Median	1,998	6,502	4%	8%	5%	0.4	7.0	29,450	177

share price as of 15Mar18

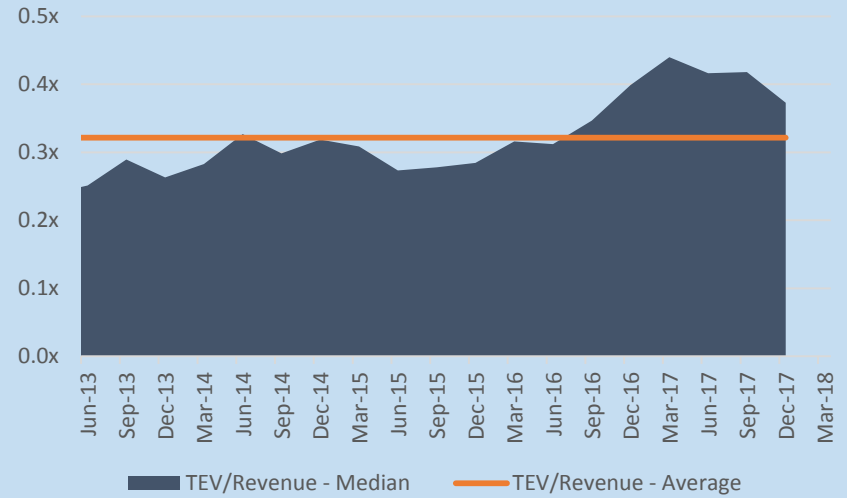
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time



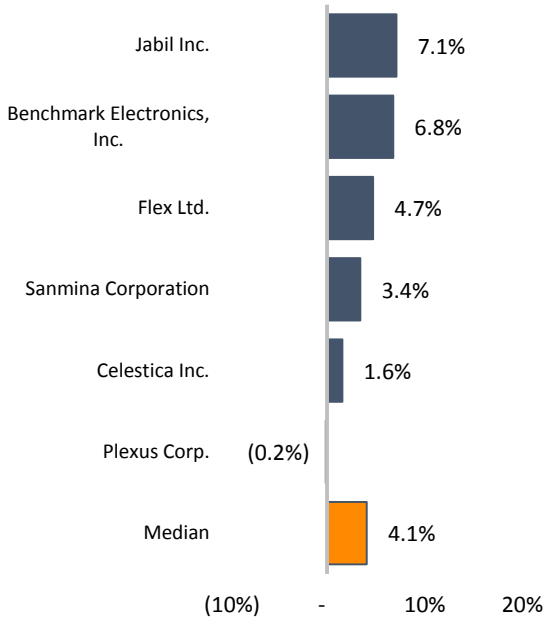
Public Revenue Multiples Over Time



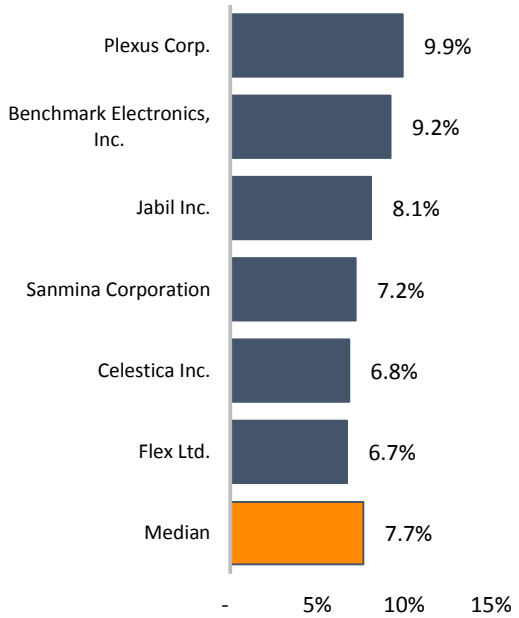
OPERATIONAL METRICS



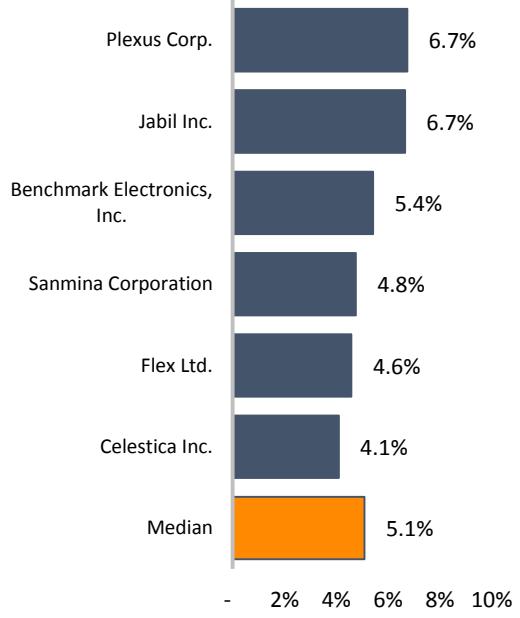
LTM REVENUE GROWTH %



LTM GROSS PROFIT MARGIN %



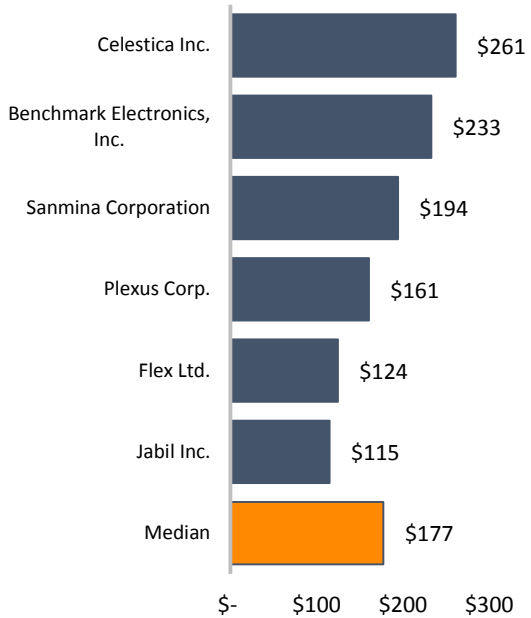
LTM EBITDA %



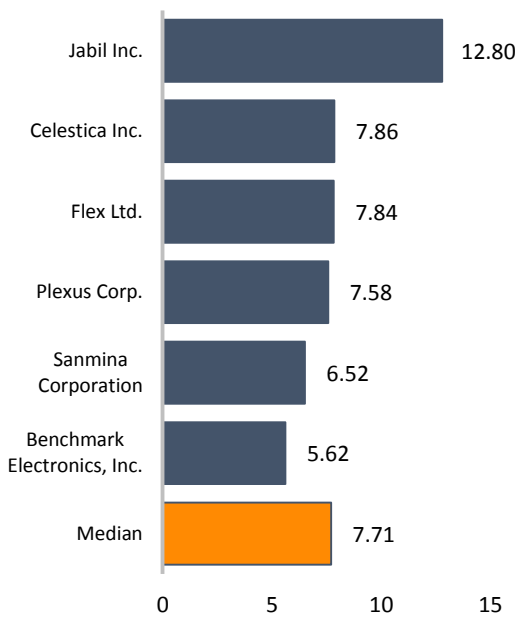
OPERATIONAL METRICS



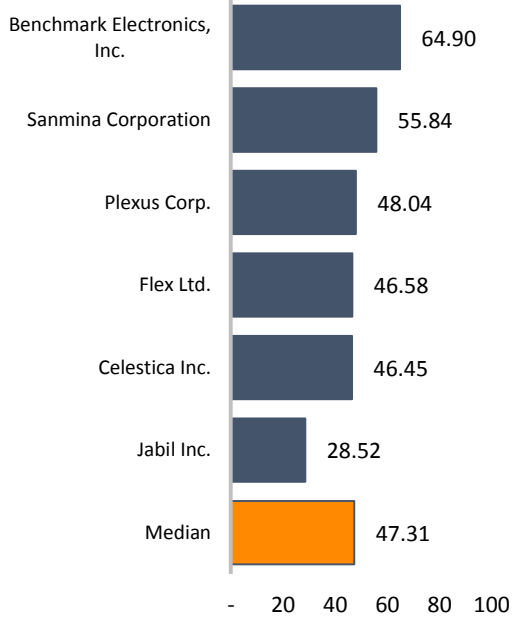
LTM Rev. per FTE x 000's



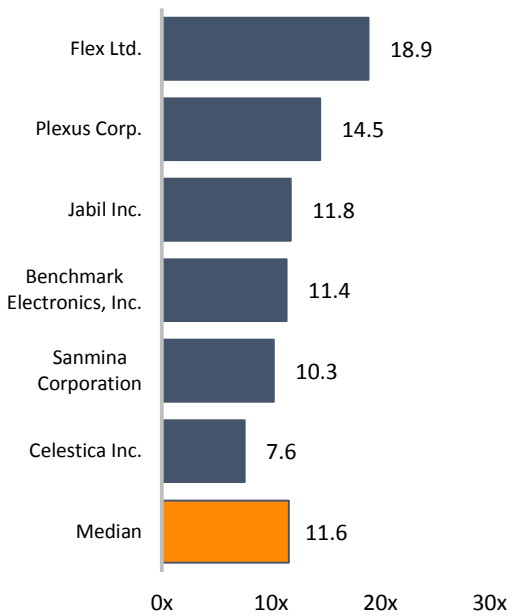
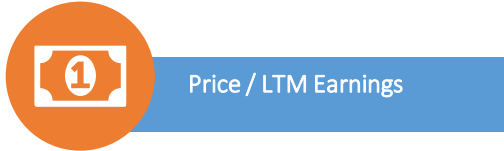
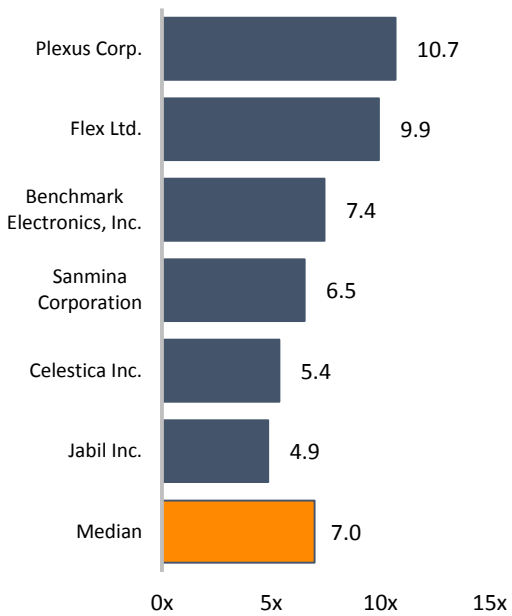
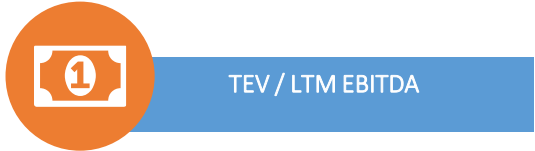
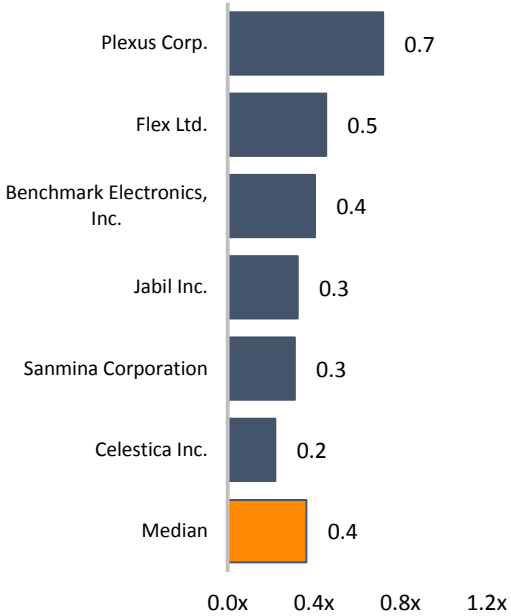
Accounts receivable turnover



Avg days sales outstanding



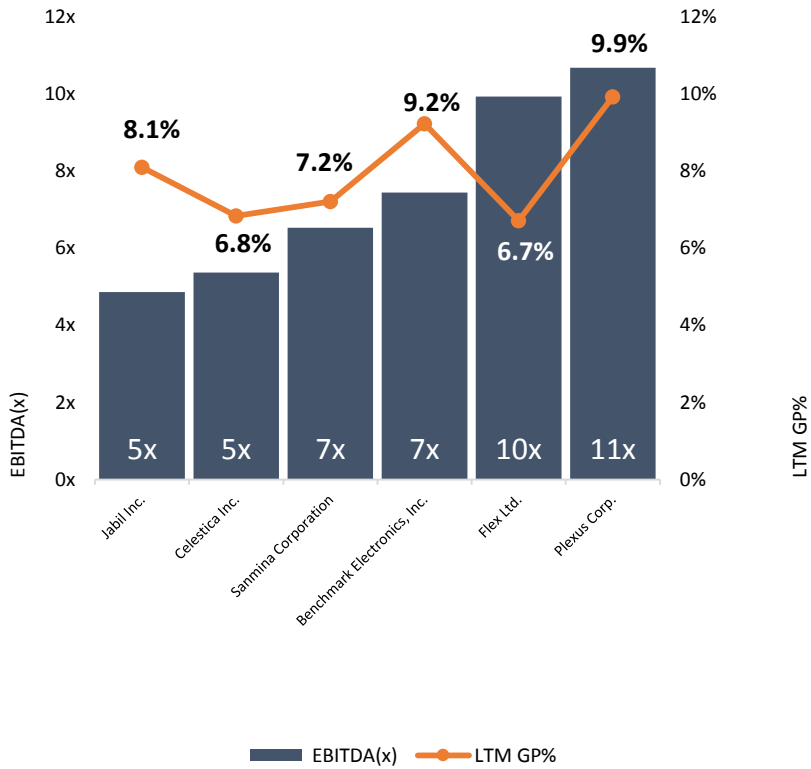
VALUATION



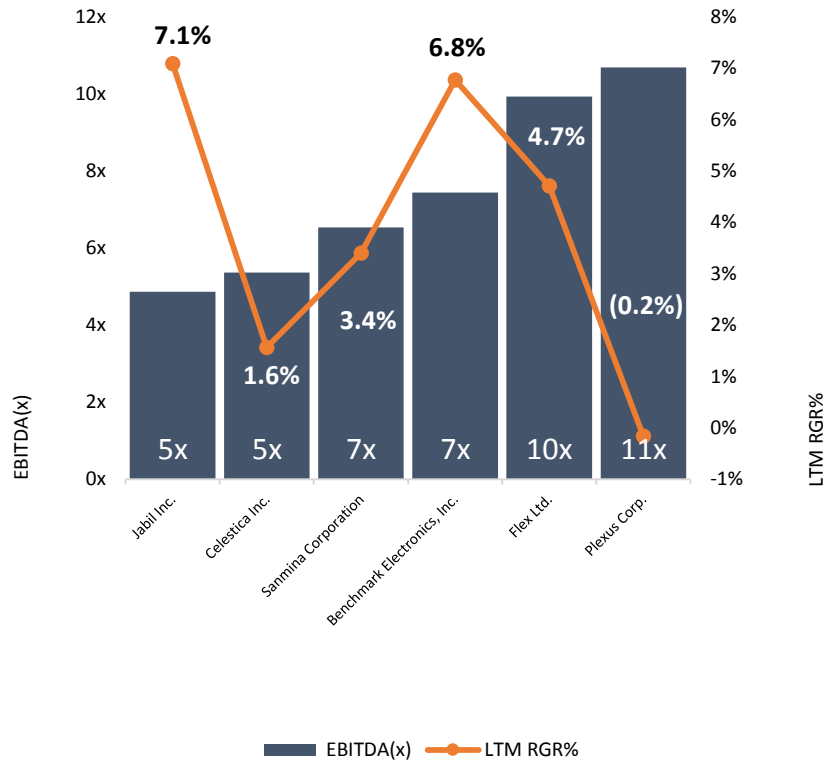
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
13Mar18	Magnum Electronics Limited	Hindley Circuits Limited	-	-	-	-
22Feb18	Procond Elettronica SRL	De'Longhi S.p.A.; Shenzhen H&T Intelligent Control Co., Ltd.	9.49	66.03	-	-
21Feb18	iCAM Solution Pvt. Ltd.	SFO Technologies Pvt. Ltd.	-	-	-	-
20Feb18	Corfin Industries LLC	Behrman Capital	-	-	-	-
15Feb18	Stadium Group plc	TT Electronics plc	79.27	79.03	0.9x	10.1x
30Jan18	Camtronics Vale Limited	-	0.86	2.47	0.3x	-
24Jan18	Atrenne Integrated Solutions, Inc.	Celestica Inc.	139.00	-	-	-
2Jan18	Key Assets And Agreements of IoT Group of Anaren, Inc. (nka:Atmosphere IoT Corp.)	-	-	-	-	-
29Dec17	NSG Technology, Inc.	FOXCONN CZ, s.r.o.	42.67	-	-	-
11Dec17	Concurrent Manufacturing Solutions, LLC	Cypress Holdings, Inc.	-	-	-	-
1Dec17	Anaren, Inc.	TTM Technologies, Inc.	775.00	-	-	-
14Nov17	Innovolt, Inc.	East West Manufacturing, LLC	-	-	-	-
25Oct17	PowerbyProxi Limited	Apple Inc.	-	-	-	-
6Oct17	Portfolio of Four Retail Warehouse Parks	Ediston Property Investment Company plc	187.82	-	-	-
31Jul17	Procond Elettronica SRL	De'Longhi S.p.A.	9.07	-	-	-
1Aug17	Synchroness, Inc.	Alten SA	-	-	-	-
27Jun17	Pacific Insight Electronics Corp.	Methode Electronics, Inc.	110.36	100.65	1.0x	9.2x
19Jun17	Innovative Laser Technologies Inc.	IPG Photonics Corporation	40.00	22.00	1.8x	-
12May17	Kinpo Electronics (Philippines), Inc.	Cal-Comp Technology (Philippines), Inc.	99.90	-	-	-
2May17	Avatar Engineering, Inc.	Pivot International, Inc.	-	-	-	-
6Apr17	STI Enterprises Limited	Integrated Micro-Electronics UK Limited	28.53	73.68	0.5x	-
31Mar17	Smart Technologies Inc.	Hon Hai Precision Industry Co., Ltd.	271.47	331.81	0.7x	27.3x
28Mar17	ICsense	Micronas GmbH	-	-	-	-
17Aug16	VIA optronics GmbH	Integrated Micro-Electronics, Inc.	53.42	38.30	1.8x	27.4x
5Dec12	Universe Group plc, Contract Electronics Manufacturing Division	Custom Keyboard Electronics Limited	0.10	2.58	0.0x	-
3Dec12	Flextronics Automotive USA, Inc.	Flextronics International Ltd. (nka:Flex Ltd.)	208.70	300.00	0.7x	-
3Dec12	NOTE AB	Lifco AB	48.83	164.01	0.3x	-
15Nov12	Orb Optronix, Inc.	CSA Group	-	-	-	-
13Nov12	Technical Mandala	Zebulon Solutions, LLC	-	-	-	-
7Nov12	Pi Shurlok (Pty) Ltd.	PFK Electronics (Pty) Ltd.	-	45.08	-	-
31Oct12	Höntzsch GmbH	DMT GmbH & Co. KG	-	-	-	-
2Nov12	Onyx EMS, LLC (nka:Sparton Onyx, LLC)	Sparton Corporation	50.12	50.23	1.0x	11.6x
28Oct12	EEMS Suzhou Technology Ltd. and EEMS Suzhou Co. Ltd.	Wuxi Taiji Industry Company Ltd.	42.39	-	-	-
26Oct12	Realise Tech-Service Co., Ltd.	Action Electronics Co., Ltd.	-	-	-	-
25Oct12	DSP Design Ltd.	Season Group International Co., Ltd.	-	-	-	-
18Oct12	Simclar Inc., Assets in Hialeah, Florida; Ozark, Missouri; and Matamoros, Mexico (nka:Concurrent Manufacturing Services, LLC)	Balmoral Funds LLC	-	-	-	-

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Appendix: Public Basket
Constituents



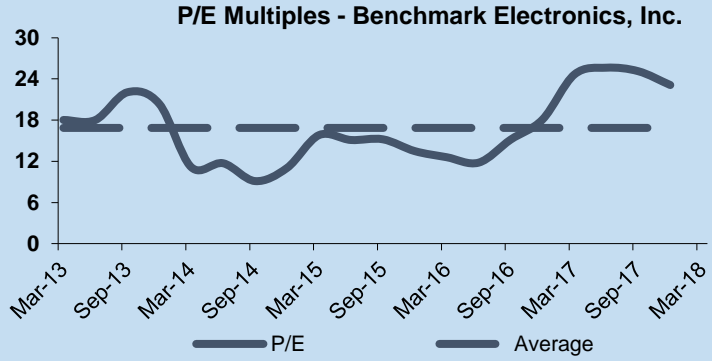
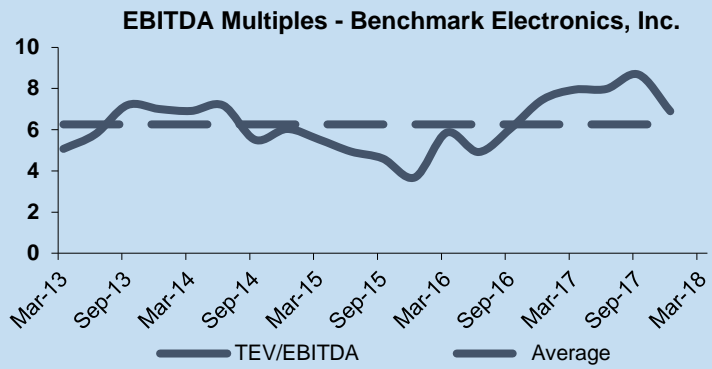
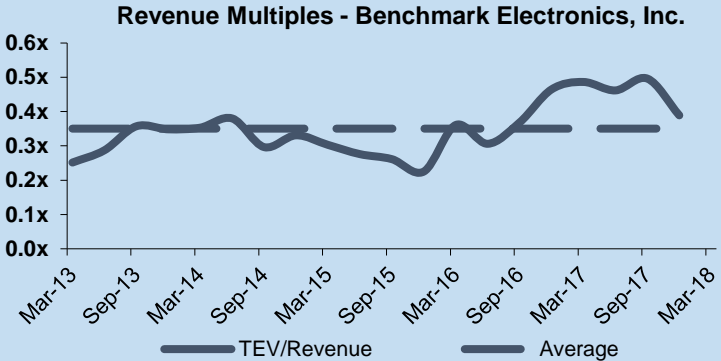
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PUBLIC BASKET CONSTITUENTS

Benchmark Electronics, Inc.

Benchmark Electronics, Inc., together with its subsidiaries, provides engineering services, integrated technology solutions, and manufacturing services in the Americas, Asia, and Europe. The company offers engineering services and technology solutions, including new product design, prototype, testing, and related engineering services; and custom testing, and automation equipment design and build services. It also provides electronics manufacturing and testing services, such as printed circuit board assembly and test solutions, assembly of subsystems, circuitry and functionality testing of printed assemblies, environmental and stress testing, and component reliability testing; component engineering services; manufacturing defect analysis, in-circuit testing, functional testing, flexible test solutions, environmental stress tests of assemblies of boards or systems; and failure analysis. In addition, the company offers precision machining, metal joining, and electromechanical manufacturing services; and subsystem and system integration services, including assembly, configuration, and testing of industrial equipment, telecommunication equipment, computers, and related products. Further, it provides value-added support systems; supply chain management solutions; direct order fulfillment; and aftermarket non-warranty services, including repair, replacement, refurbishment, remanufacturing, exchange, systems upgrade, and spare parts manufacturing throughout a product's life cycle. The company serves original equipment manufacturers of industrial control equipment, telecommunication equipment, and computers and related products for business enterprises, medical devices, and testing and instrumentation products. Benchmark Electronics, Inc. sells its products primarily through direct sales force. The company was formerly known as Electronics, Inc. Benchmark Electronics, Inc. was founded in 1979 and is headquartered in Scottsdale, Arizona.

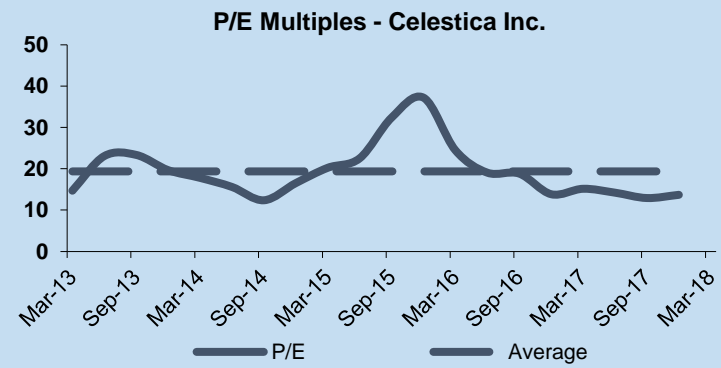
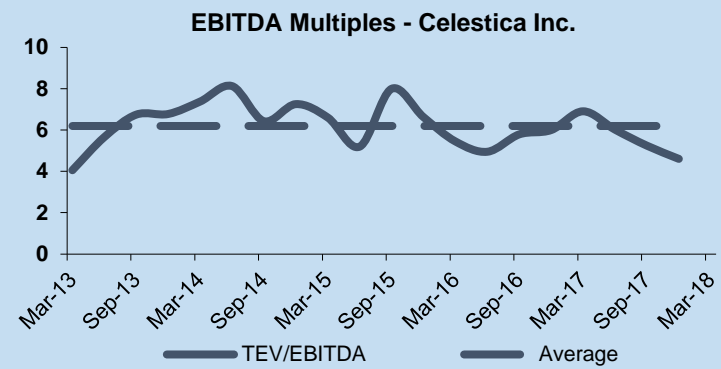
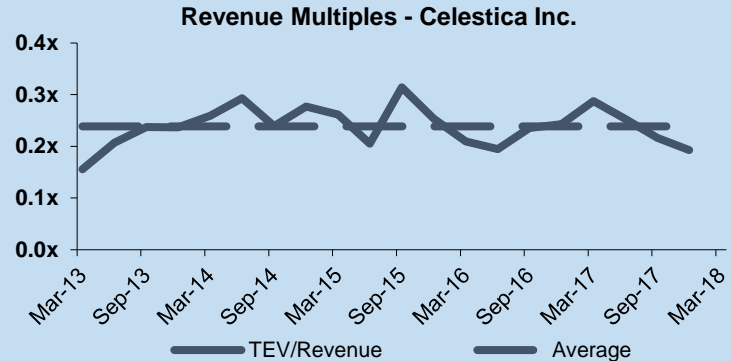


PUBLIC BASKET CONSTITUENTS

Celestica Inc.

Celestica Inc. provides design, manufacturing, hardware platform, and supply chain solutions in Canada and internationally. The company offers a range of services, including design and development, engineering, supply chain management, new product introduction, component sourcing, electronics manufacturing, assembly and test, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics, and after-market repair and return services. Its products and services are used in various applications, such as servers, networking and telecommunications equipment, storage systems, converged systems, optical equipment, aerospace and defense electronics, healthcare products and applications, semiconductor equipment, and industrial and alternative energy products. The company serves customers in the aerospace and defense, industrial, smart energy, healthcare, semiconductor equipment, consumer, communications, and enterprise end markets. Celestica Inc. was incorporated in 1996 and is headquartered in Toronto, Canada.

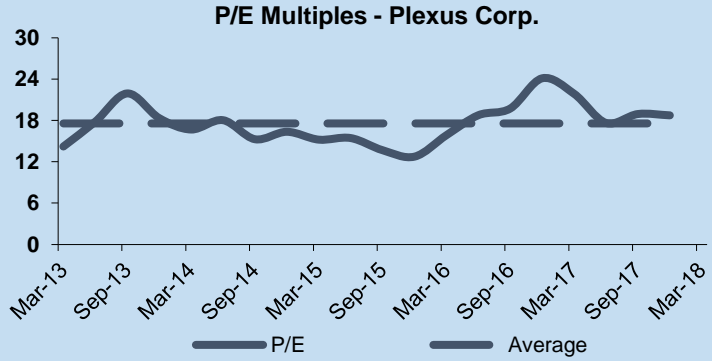
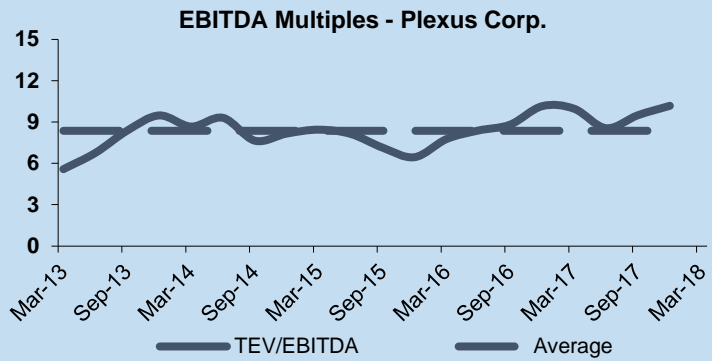
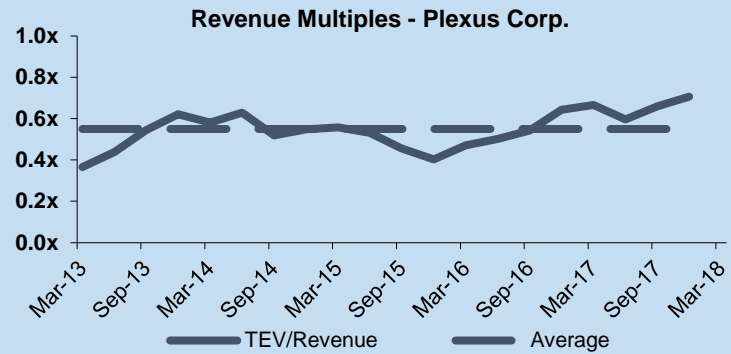
Date	Key Development Headline
1/23/18	Celestica Inc. (TSX:CLS) entered into a definitive agreement to acquire Atrenne Integrated Solutions, Inc. for approximately \$140 million.
10/26/17	Celestica Seeks Acquisitions
8/8/17	Microsemi Corporation Announces Collaboration with Mellanox Technologies, Ltd. and Celestica to Develop Innovative NVMe-oF Architectures



PUBLIC BASKET CONSTITUENTS

Plexus Corp.

Plexus Corp., together with its subsidiaries, provides electronic manufacturing services in the Americas, Europe, the Middle East, Africa, and the Asia-Pacific. It offers product conceptualization solutions; and product design and value-engineering solutions, including program management, feasibility studies, specification development for product features and functionality, circuit design, field programmable gate array design, printed circuit board layout, embedded software design, mechanical design, test specifications development and product verification testing, and automated production solutions and complex automation design. The company also provides commercialization solutions, such as prototyping, new product introduction, design for supply chain, test development, and transition management; manufacturing solutions; and fulfillment and logistics solutions. In addition, it offers sustaining solutions, which include aftermarket services, such as screening, loaner program, part harvesting, in/out warranty repair, advanced exchange, part repair, upgrade, demo unit management, warranty redemption, refurbishment, recycling, part fulfillment, decontamination, destruction, part fulfillment with warranty redemption, complaint handling, and part sales. The company provides its solutions to companies in the networking/communications, healthcare/life sciences, industrial/commercial, and defense/security/aerospace sectors. Plexus Corp. was founded in 1979 and is headquartered in Neenah, Wisconsin.

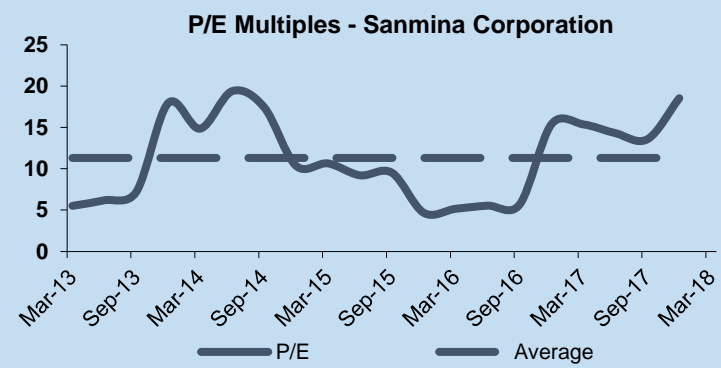
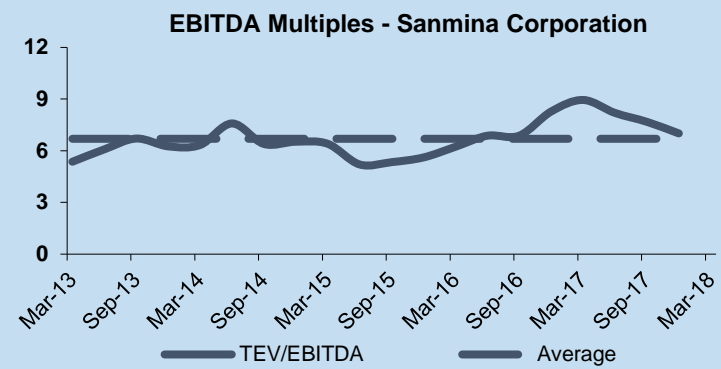
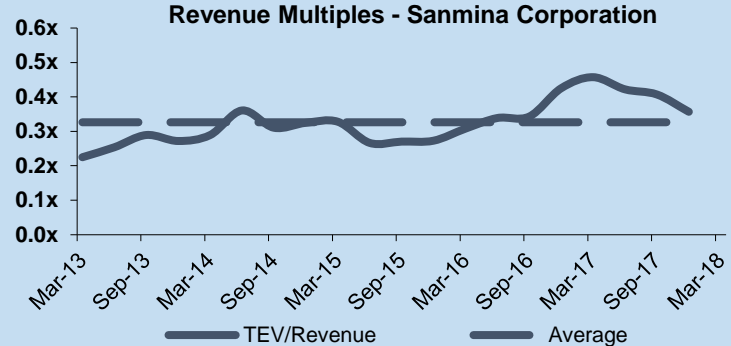


PUBLIC BASKET CONSTITUENTS

Sanmina Corporation

Sanmina Corporation provides integrated manufacturing solutions, components, products and repair, logistics, and after-market services worldwide. The company offers product design and engineering solutions, including concept development, detailed design, prototyping, validation, preproduction, and manufacturing design release; manufacturing solutions of components, subassemblies, and complete systems; final system assembly and test services; direct order fulfillment and logistics services; after-market product service and support; and supply chain management services. It also provides interconnect systems, such as printed circuit board fabrication, backplane, cable assemblies, and plastic injection moldings; mechanical systems comprising enclosures and precision machining; memory, radio frequency, optical, and microelectronic solutions; defense and aerospace products; storage solutions; and cloud-based manufacturing execution software. Sanmina Corporation offers its solutions primarily to original equipment manufacturers in the communications networks, computing and storage, multimedia, industrial and semiconductor capital equipment, defense and aerospace, medical, energy, and automotive industries. The company was formerly known as Sanmina-SCI Corporation and changed its name to Sanmina Corporation in November 2012. Sanmina Corporation was founded in 1980 and is headquartered in San Jose, California.

Date	Key Development Headline
1/29/18	Sanmina Corporation Seeks Acquisitions
9/6/17	Sanmina Seeks Acquisitions
6/6/17	Sanmina Corp. Seeks Acquisitions

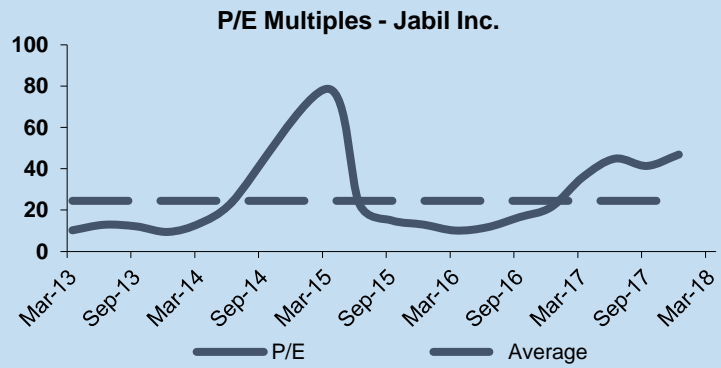
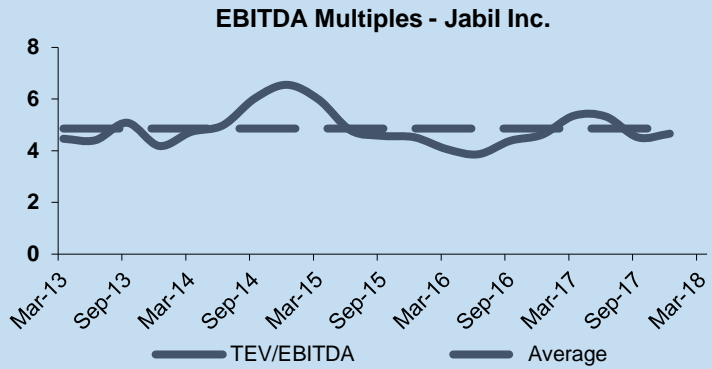
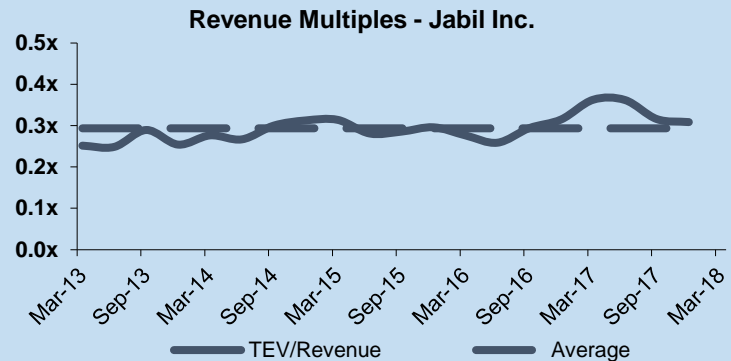


PUBLIC BASKET CONSTITUENTS

Jabil Inc.

Jabil Inc. provides electronic manufacturing services and solutions worldwide. The company operates through two segments, Electronics Manufacturing Services and Diversified Manufacturing Services. It offers electronics design, production, and product management services. The company provides electronic circuit design services, such as application-specific integrated circuit design, firmware development and rapid prototyping services; and designs plastic and metal enclosures that include the electro-mechanics, such as the printed circuit board assemblies (PCBA). It also specializes in three-dimensional mechanical design comprising the analysis of electronic, electro-mechanical, and optical assemblies, as well as offers various industrial design, advance mechanism development, and tooling management services. In addition, the company provides computer-assisted design services consisting of PCBA design, and PCBA design validation and verification services; and other consulting services, such as the generation of a bill of materials, approved vendor list, and assembly equipment configuration for various PCBA designs. Further, it offers product and process validation services that include product system, product safety, regulatory compliance, and reliability tests, as well as manufacturing test solution development services. Jabil Inc. was founded in 1966 and is headquartered in St. Petersburg, Florida.

Date	Key Development Headline
9/4/17	MGS Mfg. Group, Inc. acquired 125,000-square-foot injection molding facility in Juarez from Jabil Inc. (NYSE:JBL).
9/1/17	Enviroleach Announces Strategic Global Partnership with Jabil for E-Waste Processing
8/10/17	Jabil Circuit Team Up with eyeSight Technologies to Develop Next-Generation In-Car Sensing Technology

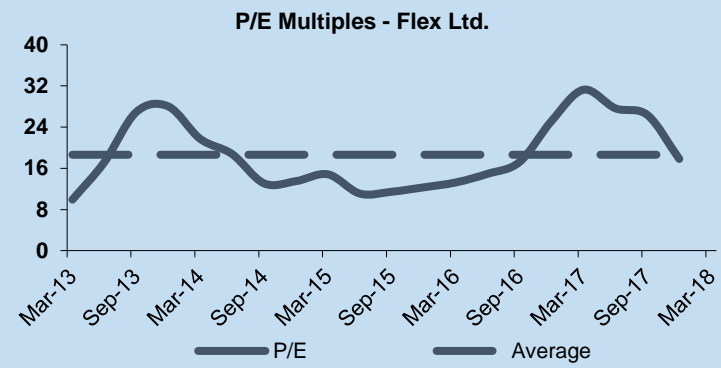
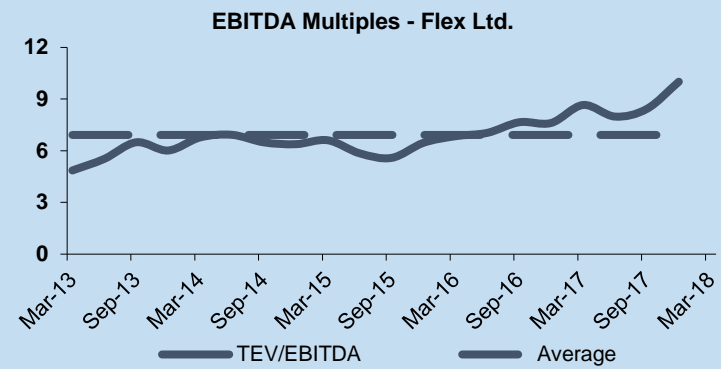
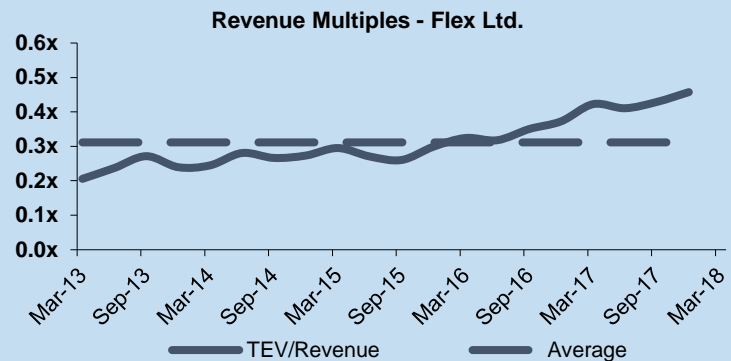


PUBLIC BASKET CONSTITUENTS

Flex Ltd.

Flex Ltd. provides design, engineering, manufacturing, and supply chain services and solutions to original equipment manufacturers worldwide. It offers innovation services, such as innovations labs for supporting customer design and product development services from early concept stages; collective innovation platform, an ecosystem of technology solutions; Lab IX, a startup accelerator program; centers of excellence solutions in critical areas; interconnect technology center for printed circuits; and CloudLabs that enables customers to accelerate a spectrum of cloud, converged infrastructure, and datacenter strategies. The company also provides design and engineering services, including contract design and joint development manufacturing services, which cover various technical competencies, such as system architecture, user interface and industrial design, mechanical engineering, technology, enclosure systems, thermal and tooling design, electronic system design, reliability and failure analysis, and component level development engineering; and systems assembly and manufacturing services.. Flex Ltd. was founded in 1990 and is based in Singapore.

Date	Key Development Headline
7/27/17	i.am.plus electronics, inc. acquired Wink, Inc. from Flex Ltd. (NasdaqGS:FLEX).
5/16/17	Flex Enters into Joint Development and Licensing Agreement with Caruma Technologies, Inc
4/3/17	Flex Ltd. (NasdaqGS:FLEX) completed the acquisition of AGM Automotive from Triangle Capital Corporation, Trive Capital and others for approximately \$220 million.



CONTACT INFORMATION

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