

EMS Europe Telegram 2. Edition 2022

Summary: The last annual results for 2021 of the large European EMS were published in March. The growth rates for 2021 are considerable and sometimes differ significantly from those of smaller companies. In addition, the first insolvencies of smaller EMS are now appearing and M&A is still an issue every week. The gap between high-revenue and low-revenue companies shown in the annual statistics is becoming more and more visible, also in the results published for the 1st quarter of 2022. Several companies are desperately looking for assembly capacities, while other capacities are only utilized in one shift or even partially on short-time work. The marketing and sales activities are still completely unsatisfactory at many EMS companies and are partly responsible for the fact that the capacity utilization is insufficient. Liquidity is increasingly becoming an issue and the big death in the EMS industry is expected towards the end of 2022.

March 4, 2022 With sales of 3.2 billion DKK in 2021 (~430 million euros, +11% compared to 2020), Denmark-based European electronics manufacturer **GPV** has had another record year. For the full year 2021, GPV reports an EBITDA of 342 million DKK (~46 million euros, 10.7% of sales) compared to 270 million DKK (36.2 million euros) in the previous year, an increase of no less than 27 percent. For 2022, GPV expects sales in the range of 3.2 - 3.4 billion DKK. EBITDA is expected to be in the range of 300-340 million DKK, which is in line with 2021 levels.

March 8, 2022 A small prototype manufacturer in the Netherlands (500 T Euro, 3 employees) is looking for a buyer. Seriously interested parties can contact in4ma.

March 10, 2022 The sales of the **Cicor Group** recovered in 2021 and grew by 11.2% compared to the previous year to CHF 239.0 million/221.1 million euros (2020: CHF 214.9 million/200.7 million euros). Order intake reached a historic high of CHF 286.6 million (2020: CHF 216.0 million) and exceeded the previous year by 32.7%, resulting in a book-to-bill ratio of 1.20. The acquisition of Axis Electronics Ltd. as of November 30, 2021 contributed around CHF 3 million to sales growth. On a pro forma basis, which includes the consolidation of Axis Electronics Ltd. as of January 1, 2021, Cicor would have achieved pro forma sales of around CHF 277 million and pro forma EBITDA of around CHF 31 million in 2021. At 9.7% (2020: 9.0%), the operating margin at EBITDA level was almost at the pre-crisis level (2019: 9.8%). The generated EBITDA was CHF 23.1 million, 19.4% above the previous year's figure of CHF 19.4 million. Depreciation on fixed assets fell slightly, which led to the increase in EBIT before acquisition-related amortization of intangible assets by 46.5 percent to CHF 13.0 million (2020: CHF 8.9 million), corresponding to a margin of 5.4% (2020: 4.1%).

March 12, 2022 EMS companies and their customers in the networking equipment, notebook and server sectors will need to monitor inventory levels closely this year as unfavorable macro factors have clouded their demand outlook, according to industry sources. The shortage of components and associated inventory build-up has become a top concern among IT organizations. Taiwan-based network equipment makers **Sercomm**, **Arcadyan**, and **Wistron NeWeb** all recorded their year-end 2021 inventories each well exceeding NT\$10 billion (US\$347.58 million), more than 50% more than the amounts released they had in stock at the same time a year ago. Sercomm held inventory totaling NT\$14.21 billion at the end of December, up 61% year-on-year. Wistron NeWeb had inventory of NT\$13.45 billion, up 62.47% year-on-year, while Arcadyan had NT\$12.5 billion, up 55% year-on-year. Arcadyan President Edward Tseng pointed out that the company has seen improved lead times and delivery schedules for its chip orders compared to Q3 2021 and the company has already started making precautionary adjustments to its inventory levels. Rugged PC brand **Getac**, which is also a supplier of plastic cases, has also seen a change in

attitude from its suppliers since the second half of 2021. Although component shortages are still severe at the moment, Getac has already started to slow down order placements. Getac inventories at the end of 2021 were NT\$7.59 billion, up 39.5% year-on-year. In Europe, average inventory levels are currently over 38% of annual sales, sometimes even over 40%.

March 12, 2022 Cumulative fourth-quarter revenue for the world's top 10 semiconductor foundries hit a record \$29.55 billion, up 8.3% sequentially, according to TrendForce. Two important factors play a role here: the available production capacity on the one hand and the price increases of the foundries on the other. At present, the shortage of some components for TVs and laptops has decreased, but there are other peripheral components that are made with mature processes, such as Power management circuits (PMIC), Wi-Fi circuits and some microcontrollers, which are still scarce. TrendForce estimates that the value of production from the world's top 10 foundries will maintain a growth trend in the first quarter of 2022, with higher prices being the main reason for this growth. However, since the first quarter in Asia has fewer working days due to the Chinese New Year holiday and some foundries are planning an annual maintenance period at this time, the growth rate in Q1 2022 will be slightly lower than in Q4 2021. The top 5 foundries represent almost 90% of the global foundry market.

As for the top five players in the industry, **TSMC**'s revenue reached \$15.75 billion in the fourth quarter, up 5.8% sequentially. While TSMC's 5nm technology revenue increased thanks to the new iPhone, revenue related to 7/6nm technologies fell due to the weakness of the Chinese smartphone market, becoming TSMC's sole technology hub in the fourth quarter. However, TSMC still represents more than 50% of the global foundry services market. **Samsung** saw its fourth-quarter foundry services revenue rise 15.3% sequentially to \$5.54 billion, reflecting the gradual completion of its new advanced technology (5/4nm) manufacturing capacity and the mass production of new flagships of its main customer **Qualcomm**. UMC's fourth-quarter revenue rose 5.8% to \$2.12 billion due to limited growth at its new manufacturing capacity. For its part, Global Foundries revenue hit \$1.85 billion, up 8.6% sequentially. **SMIC** reported revenue of \$1.58 billion, up 11.6% from the third quarter of 2022.

March 16, 2022 In the 2021 annual report, **KATEK SE** is expected to report consolidated sales of EUR 540.1 million (previous year: EUR 414.2 million) and a consolidated EBITDA of EUR 28.7 million (previous year: EUR 12.9 million). The EBITDA margin reached 5.3% (previous year: 3.1%). The operating result (EBITDA adjusted) rose from EUR 20.8 million to EUR 30.3 million. With a further improved value of 5.6% (previous year: 5.0%), the targeted increase in the operating margin (EBITDA margin adjusted) and thus the profitable growth path could be consistently continued. The company's growth of 30.4%, which would have been around ten percent higher without the delivery bottlenecks caused by the pandemic, was based on a very positive development in almost all industries that KATEK serves with high-value electronics. The future markets of tele-care, e-mobility/charging and solar/renewables developed particularly well, with total sales increasing by 64.8% and now accounting for EUR 114.0 million a significant share of 21.1% of total sales.

March 17, 2022 **HANZA Holding AB** has opened a new production facility with around 12,000m² of production space in Tartu, Estonia. The investment costs were around 8 million euros.

March 23, 2022 **Integrated Micro-Electronics, Inc.** (IMI) posted revenue of \$1.3 billion in 2021, growing 15% year-over-year. The focus market segments of automotive (+24%), industrial (+16%) and aerospace (+15%) all grew year-on-year. However, the company ended the year with a net loss of \$10.6 million due to increased growth and technology-related investments in non-owned subsidiaries, along with high commodity prices and increased logistics costs. In Europe, IMI has plants in Bulgaria, the Czech Republic, Serbia and the UK (not including Via Optronics in Germany) and generates sales of around EUR 350 million there, mainly in the automotive segment. This makes Europe an important market for IMI with a sales share of almost 32%.

March 24, 2022 Actia, All Circuits and Lacroix, the three main French automotive electronics suppliers, have launched the PREMS (Power Electronic Manufacturing Services) project to accelerate the manufacturing of power electronics for the next generations of electric vehicles in France. With a budget of €2.25 million shared equally by the project partners, PREMS benefits from support from the Electronics of Power program and funding from France Relance. The coordination and management of the project is the responsibility of the We Network Technical Center, which has been managing cooperation projects in the field of electronic assembly in Angers in France since 2016. According to the project partners, the new generations of SiC and GaN components are at the heart of hybrid and electric vehicle architectures. They bring with them technological and industrial challenges that need to be addressed as soon as possible with a view to ramping up production by 2025. The challenges are diverse and sometimes difficult to reconcile, e.g. B. integration, reliability, repairability or even recycling while ensuring compatibility with the cost/volume constraints of the automotive sector. In this context, the PREMS program specifically addresses the assembly, control and testing processes of these new performance functions. Based on projects based on the progress of R&D work in the automotive sector, PREMS aims to make it possible to have, by 2024, the production know-how in France that can be activated by the expected increase of electric vehicles in the automotive sector between 2025 and 2030.

March 25, 2022 The French EMS provider **Laudren Electronique**, Lanester/Brittany, (approx. EUR 20 million/150 employees) was bought by the **Synov group** from Lyon. Laudren was previously part of the **Laudren Atlantique group**. The Synov Group already includes the French EMS providers **Arthèse, Setric, A2E, OEM** and **JFIE**, which together generate more than 40 million euros. In addition they have **Tunisie Electronique** in Bizerte with a production facility with 250 employees in Tunisia. The total sales of the Synov Group now exceeds EUR 100 million.

March 27, 2022 **Incap** closed the first quarter of 2022 with sales of EUR 53.3 million and thus increased sales by 41.4% compared to the same period of the previous year (EUR 37.7 million Q1 2021). The operating result (EBIT) increased by 22.8% to EUR 6.8 million, which corresponds to an EBIT margin of 12.7%.

March 29, 2022 French automotive supplier **Plastic Omnium** is multiplying its external growth activities: Following the announcement of the acquisition of **ams Osram's** automotive lighting business, the French group is negotiating the **Actia Power** division of the French **Actia Group**. Actia Power, which today employs more than 200 people in France, Germany, the United Kingdom and the United States, achieved sales of 22 million euros in 2021, with the order book supporting strong growth in the coming years. Actia Power specializes in the design and manufacture of on-board batteries, power electronics and electrification systems mainly intended for electric mobility of trucks, buses and coaches, trains and construction machinery. The Plastic Omnium Group will thus be able to meet the needs of all electric vehicles, whether hybrid, plug-in hybrid, battery or fuel cell. Negotiations with Actia Group are expected to result in a definitive agreement by the end of Q2 2022. This is still subject to the approval of the responsible authorities.

March 29, 2022 As part of succession planning, the entrepreneurial couple Dr. Sara and Christoph Hürlimann and Peter Huber took over **Werap AG**, headquartered in Bubikon, from the founder and sole owner Konrad Frischknecht. Dr Sara and Christoph Hürlimann are a married couple and entrepreneur duo and have already founded, developed and supported several companies in the Swiss healthcare sector. Peter Huber worked for the global British engineering group **Meggitt** for 30 years. Most recently, he led a division with over 3,000 employees in the aerospace and defense sectors. The current CEO, Daniel Rechsteiner, who has been with the company since 1993, will continue to work for the group. Werap AG is a competence center for electronic products (EMS), coil winding goods, cable assemblies and trading in power supplies. The

company was founded in 1971 and employs around 140 people at 3 locations in Bubikon, Wetzikon (**Rüegger Elektronik AG**) and Gerstetten (Germany).

April 4, 2022 A Finland-based EMS company with branches in Estonia and Russia (St. Petersburg), specializing in repair orders for well-known larger electronics companies in the telecommunications industry, is looking for a successor. Please only serious inquiries, sale takes place on success commission. There is also a smaller EMS provider in Germany (~4 million euros in sales 2021/47 employees, working profitably, also in 2020!) who is also looking for a successor.

April 5, 2022 **ETK EMS Group** expands its activities in the Danish EMS market by acquiring all shares and activities of **ALPHA Elektronik A/S** based in Næstved, Zealand. With ALPHA Elektronik, the ETK EMS Group now has three locations in Denmark; Skanderborg, Sønderborg and Næstved. In addition to locations in Denmark, ETK EMS Group also serves the electronics market from its factories in Rayong, Thailand. To ensure seamless customer and system integration between the companies, ALPHA Managing Director André R. Grundahl and the management team will remain in their positions. The transfer of ownership took place on April 1, 2022. The company will continue to operate under the name ALPHA Elektronik A/S until it is fully integrated into ETK – which is expected to happen at the end of 2022.

April 6, 2022 **KATEK SE** has concluded a comprehensive, exclusive term sheet with **SigmaPoint Technologies Inc.** in Cornwall, Canada, for the acquisition of all shares in the Canadian company. The negotiation of the associated share purchase agreement is to be concluded in the short term, with the closing planned for the end of Q2 at the latest. SigmaPoint is not only one of the leading electronics service providers in Canada, but is also known for its decades of series production based on strict lean principles in the field of high-value electronics. In addition to the medical, industrial controls, embedded electronics and IoT sectors, SigmaPoint is opening up new markets for KATEK in the homeland security and defense sectors. According to D&B, SigmaPoint currently has a turnover of around USD 82 million/280 employees and, according to its own information, is planning annual sales of over USD 100 million in the medium term. Sigmapoint's largest customer in North America is already one of KATEK's top 5 customers in Europe.

April 7, 2022 **PRETTL Electronics Automotive** and **MAHLE chargeBIG** have agreed on a development cooperation for the development of fast charging solutions up to 750 kilowatts (kW). PRETTL Electronics Automotive GmbH (PEA) is part of the **PRETTL Electronics Group** and is a specialist in the development of power electronics. Through the cooperation with MAHLE chargeBIG, PRETTL Electronics Automotive is accelerating the market launch of its fast charging products. The DC charging solution has a charging capacity of up to 750 kW, is scalable, shortens the charging time and is suitable for charging parks with up to 20 charging points.

April 12, 2022 The Bad Aibling-based EMS service provider **PCB Systems GmbH** has filed for bankruptcy. In the 2020 annual financial statements, a shortfall not covered by equity was already reported, which was covered by the contribution of a silent partner. It will not be the last bankruptcy of smaller companies. The biggest problem is the complete misjudgment of one's own situation.

April 14, 2022 **Scanfil** revises 2022 sales upwards due to purchases to ensure material and component availability, particularly spot market purchases of semiconductors. In 2021, these purchases to secure customer supplies totaled EUR 32.0 million and were mostly executed in the second half of the year. The company expects the level to stay high in 2022, which led to the change in the company's outlook. The sales prospects have no impact on the operating result; the forecast range remains at EUR 43-48 million. The new outlook for 2022: Scanfil estimates its sales for 2022 at EUR 750-820 million (previously EUR 710-760 million) and its adjusted operating profit at EUR 43-48 million (previously EUR 43-48 million). The guidance contains uncertainties, which result in particular from the availability and price level of semiconductors and the ability of

the supply chain to deliver. In addition, the war in Ukraine and COVID-19 could create risks and uncertainties.

April 14, 2022 **Cicor Technologies Ltd.** has carried out a capital increase by issuing 340,000 new registered shares. The aim of this capital procurement measure is to create flexibility for short-term partial financing of future acquisitions. The company also announces the completion of the integration of Dresden-based SMT Elektronik GmbH.

April 19, 2022 Taiwan's Hon Hai Technology Group (**Foxconn**) announces the acquisition of **arQana's** wireless telecommunications business in Taiwan and Belgium and its merger with **AchernarTek**, a US subsidiary wholly owned by Foxconn. The transaction creates **iCana**, a global supplier of RF semiconductors, with the aim of supporting Foxconn and the subcontractor's customers in the wireless telecommunications markets, including automotive applications and 5G infrastructure. This transaction not only enables arQana Taiwan, arQana Belgium and AchernarTek to further develop their wireless telecom infrastructure products and improve 5G sub-6 GHz and mmWave (millimeter radio wave) product developments, but also the company's presence in the connected car sector and expand electric vehicles. AchernarTek, arQana Taiwan and arQana Belgium will combine their activities and expertise under the new brand "iCana". The acquisition will leverage Foxconn's current development capabilities and also strengthen the supply chain in the semiconductor industry. Under the Foxconn umbrella, iCana will be able to share Foxconn's new expertise and solutions, enabling iCana to meet the growing demand of the 5G connected electric vehicle market.

April 20, 2022 The Swedish EMS provider **Note AB** has announced its quarterly results Q1.22. Turnover increased by 64% to SEK 821 (502) million. Adjusted for acquisitions and currency effects, growth was 35%. Operating profit increased by 90% to SEK 76 (40) million. THE EBIT margin increased by 1.3 percentage points to 9.3% (8.0%). Profit after financial items increased by 85% to SEK 69 (38) million. Profit after tax increased by 83% to SEK 56 (31) million, which corresponds to SEK 1.95 (1.08) per share. The main reason for the positive development is the partnership with an established international customer in its industrial segment, which developed well above expectations. While this new deal was previously forecast to grow to SEK 50 million, sales of over SEK 130 million are now expected this year. In addition, several new projects with high potential in medical technology have gone into series production in Sweden.

April 21, 2022 **Neways International** reported net sales in Q1. 2022 of 134.2 million euros, an increase of 12.4% compared to the same quarter last year. Order intake in Q1 2022 increased by 7.7% and backlog at the end of Q1 2022 was 50.2% higher than at the end of Q1 2021.

April 22, 2022 **Kitron's** sales were NOK 1,429 million in the first quarter, compared to NOK 938 million a year earlier. Revenue growth reflects the acquisition of Danish EMS provider **BB Electronics AS**, which was consolidated as of January 1st. Adjusted for this, organic sales growth was 4 percent. Demand is very strong, but sales growth has been limited by ongoing component shortages. Nonetheless, there was strong growth in the connectivity market sector, partly reflecting BB Electronics' strong position in the sector. The EBIT margin was 5.5 percent in the first quarter compared to 7.0 percent in the same quarter of the previous year. The order backlog ended at NOK 4,222 million, an increase of 105 percent compared to last year. This is a record and is impacted by the acquisition of BB Electronics. But even without BB Electronics, the organic growth in the order backlog was 53 percent. This reflects a strong overall demand situation, but also includes sales delays due to component shortages.

April 25, 2022 **in4ma** has entered into a cooperation agreement with the Swedish electronics association **Svensk Elektronik** and will present its work at the annual general meeting of Svensk Elektronik on June 2nd, 2022 in Stockholm. The aim of this partnership is to further increase the number of participants in the Europe EMS annual statistics.

April 29, 2022 At the Annual General Meeting of **Incap Corporation**, a 1:5 stock split was approved, resulting in the issuance of 23,397,308 new shares free of charge (4 shares in addition to each old share). The aim of issuing shares free of charge is to increase the liquidity of the company's shares. The total number of shares of Incap Corporation after the share issuance without payment is 29,246,635 shares.

29. April 2022 Weiss Engineering with its brands **in4ma** and **EMS Scout** together with its two cooperation partners **Matthias Holsten e²consulting** and **Künsebeck e²consulting** will be exhibiting at SMTconnect in Nuremberg hall 5-303 from May 10-12, 2022. In particular, the EMS Scout will be presented and explained there. In addition, there will be daily lectures (see exhibition program). On May 11, 2022. in4ma together with **IPC** invited to a discussion on changes to the in4ma EMS Europe annual statistics in room "Oslo" (2nd floor, NCC East) from 3:30 p.m. to 4:30 p.m.

The following cooperation partners of in4ma will be exhibiting as well:

IPC , Handsoldering competition, Hall 4-557

MTM Ruhrzinn, Hall 4-218

Kolb Cleaning, Hall 4A-420

Stannol, Hall 4-211

Ilfa, Hall 5-115G

We also recommend to attend the presentation about "Advanced Packaging" by Dr. John Mitchell and Sanjay Huprikar, IPC in Hall 4A-300 on Wednesday, May 11, 2022 from 2:30 p.m. to 3:15 p.m.

Development of public EMS companies in comparison*:

EMS	28./29.12.2020	30.12.2021	2.5.2022	change to 30.12.21
Cicor	46.50 CHF	52.80 CHF	51.00 CHF	- 3.4%
Hanza	13.95 SEK	64.40 SEK	40.00 SEK	- 37.9%
Incap	18.45 Euro	78.50 Euro	13.86 Euro*	- 11,7%
Inission	34.33 SEK	33.70 SEK	29.70 SEK	- 11,9%
Katek	27,90 Euro (IPO4.5.21)	25.95 Euro	18.90 Euro	- 27.2%
Kitron	18.12 NOK	23.60 NOK	18.00 NOK	- 23.7%
Norbit	17.80 NOK	31.30 NOK	26.70 NOK	- 14.7%
Note	60.60 SEK	231.00 SEK	202.80 SEK	- 12.2%
Scanfil	6.52 Euro	7.46 Euro	6.84 Euro	- 8.3%
Europe EMS		arithmetic average		- 16.8%
*Share split 1:5				
Benchmark	27.01 USD	27.08 USD	23.69 USD	- 12.5%
Celestica	8.07 USD	11.03 USD	10.78 USD	- 2.3%
Flex	17.98 USD	18.39 USD	16.65 USD	- 9.5%
Jabil	42.53 USD	70.07 USD	57.88 USD	- 17.4%
Kimball	15.82 USD	21.81 USD	18.12 USD	- 21.7%
Plexus	78.21 USD	95.84 USD	82.83 USD	- 16.9%
Sanmina	31.89 USD	41.60 USD	41.05 USD	- 1.3%
Global EMS		arithmetic average		- 11.7%

***The above information does not constitute investment advice within the meaning of Section 1 Paragraph 1a Clause 2 No. 1a of the KWG and should not be viewed as a personal recommendation.**