

EMS Europe Telegram

4. edition 2023

Today we are pleased to present you with a new edition of the EMS Europe Telegram. We have modernised the presentation and now grouped the topics by blocks so that you can more easily dive into the issues that are important to you. On the following page you will also find a table of contents that allows you to jump directly to the block of topics by clicking on the heading.

Summary:

A whole range of listed companies have published corporate data for the first two quarters of 2023. Compared to the record year 2022, the companies have again grown strongly. The companies are positive about further development and expect further growth in the second half of the year, but no longer at the same level. We asked ourselves how this factual situation compares to the public discussions especially in Germany, where we are confronted with negative headlines from the industry almost daily. For this reason, we have started a half-year survey of DACH companies and will complete the evaluation by mid-September. Many companies in our industry are increasingly expanding capacities due to the positive order situation and rising customer demand.

In the component sector, the development looks different. Semiconductor manufacturers are still struggling with buying restraint in the computer and communication products sector. Even though the industrial and automotive sectors are stable, they cannot compensate for the slump. The component distributors have posted record sales in the first two quarters, especially in Germany, but at the same time the companies are reporting a historically low order intake. This is perhaps also due to the rigid NCNR (non-cancellable, non-returnable) policy. At the very least, we do not currently see any significant progress among EMS companies in terms of inventory reduction. Many companies have set the reduction of far too high inventories as their top operational goal; however, the implementation seems to take longer. The high turnover and the simultaneously low order intake in distribution could be signs that the inventory reduction is taking longer than previously expected. However, the market is also changing due to various M&A activities by companies. We see an increasing rise in activity here. Consolidation in our industry continues to pick up speed.

Development of public EMS companies in comparison*:

EMS	30.12.2021	30.12.2022	31.08.2023	change to 30.12.22
Cicor	52,80 CHF	42,90 CHF	45,00 CHF	4,9%
Hanza	64,40 SEK	51,10 SEK	77,10 SEK	50,9%
Incap	78,50 EUR	17,10 EUR*	9,99 EUR*	-41,6%
Inission	33,70 SEK	32,00 SEK	58,00 SEK	81,3%
Katek	25,95 EUR**	14,15 EUR	14,10 EUR	-0,4%
Kitron	23,60 NOK	28,05 NOK	37,75 NOK	34,6%
Lacroix	31,00 EUR	26,80 EUR	41,00 EUR	53,0%
Norbit	31,30 NOK	28,05 NOK	65,60 NOK	133,9%
Note	231,00 SEK	179,00 SEK	174,20 SEK	-2,7%
Scanfil	7,46 EUR	6,58 EUR	9,40 EUR	42,9%
Europe EMS			arithmetic average	35,7%
*Stock split 1:5				
** IPO 4.5.21				
Benchmark	27,08 USD	26,69 USD	25,74 USD	-3,6%
Celestica	11,03 USD	11,27 USD	23,31 USD	106,8%
Flex	18,39 USD	21,58 USD	27,59 USD	27,8%
Jabil	70,07 USD	68,05 USD	114,42 USD	68,1%
Kimball	21,81 USD	22,59 USD	30,19 USD	33,6%
Plexus	95,84 USD	102,93 USD	101,55 USD	-1,3%
Sanmina	41,60 USD	57,29 USD	55,70 USD	-2,8%
USI	14,20 CNY	13,70 CNY	14,74 CNY	7,6%
Global EMS			arithmetic average	32,7%

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

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On our own behalf

23. August 2023

in4ma publishes article on high inventory levels at EMS providers

in4ma has published a report at **EMSNOW** on the high **inventory levels** at EMS service providers. Inventories of raw materials have already reached new record levels in the European EMS industry in 2022, with partial increases of 60 to 80% compared to the years 2017 to 2020. The development of inventories at the largest EMS providers worldwide also show comparable trends, even if the framework conditions are not 100% comparable here due to a more deeply developed value creation. In addition, the data of the listed companies currently show that a possible reduction in inventories has so far only taken place marginally. Some large companies have also built up further inventories. The current situation is unhealthy, especially as rising interest rates, inflation and a weakening of the growth curve are having a further impact on companies' liquidity. Falling prices of materials are also affecting results, as inventory devaluations may be the consequence. Read the entire report with corresponding charts on www.emsnow.com

31. July 2023

IPC Initiative: First position paper on reducing dependencies in electronics products prepared for EU Commission

After the European Chip Act was waved through in Brussels, IPC, in particular IPC Europe, has been working to convince the Commission in Brussels that the Chip Act alone is not the solution to reducing dependencies for critical electronic products. Semiconductors cannot be used on their own, but must first be packaged (first level packaging) and then placed on a carrier, usually the printed circuit board. Already on 13 April, under the coordination of the IPC (IPC office with Alison James), a first meeting with the Commission took place in Brussels together with other European associations and European electronics producers. In a second meeting on 22 June 2023, it was agreed to work through the problem in more detail for the Commission and to draw up a position paper. A first draft of this paper was delivered on 31.7.23, in which in particular the insufficient supply of European PCBs was pointed out, as globally only 1.9% of PCBs are still produced in Europe. This percentage is even lower than that for European semiconductor production. However, this has not bothered OEMs or EMSs so far, as long as cheap PCBs from the Far East were available. This short-sightedness must urgently change and capacities must also be created for first level packaging or the direct assembly of semiconductors on PCBs by EMS companies in order to secure European electronics production. With the cooperation of in4ma and Data4PCB, an overview of the interrelationships and the importance of electronics and PCB production for Europe has been created as a first step. Industry is now called upon to provide the relevant data in terms of technologies and capacities and to support the IPC in its activities. Please feel free to contact the IPC office in Brussels: AlisonJames@ipc.org

31. August 2023

New cooperation partners and sponsors of in4ma

In the last few months, in4ma has been able to gain a number of new cooperation partners and sponsors. We are happy about the cooperation with: HansaMatrix AS/Latvia, CLOOS electronic GmbH/Switzerland, Luminovo GmbH/Germany, Sunshine PCB GmbH/Germany, KSG GmbH/Germany and RÖSNICK GmbH/Germany.

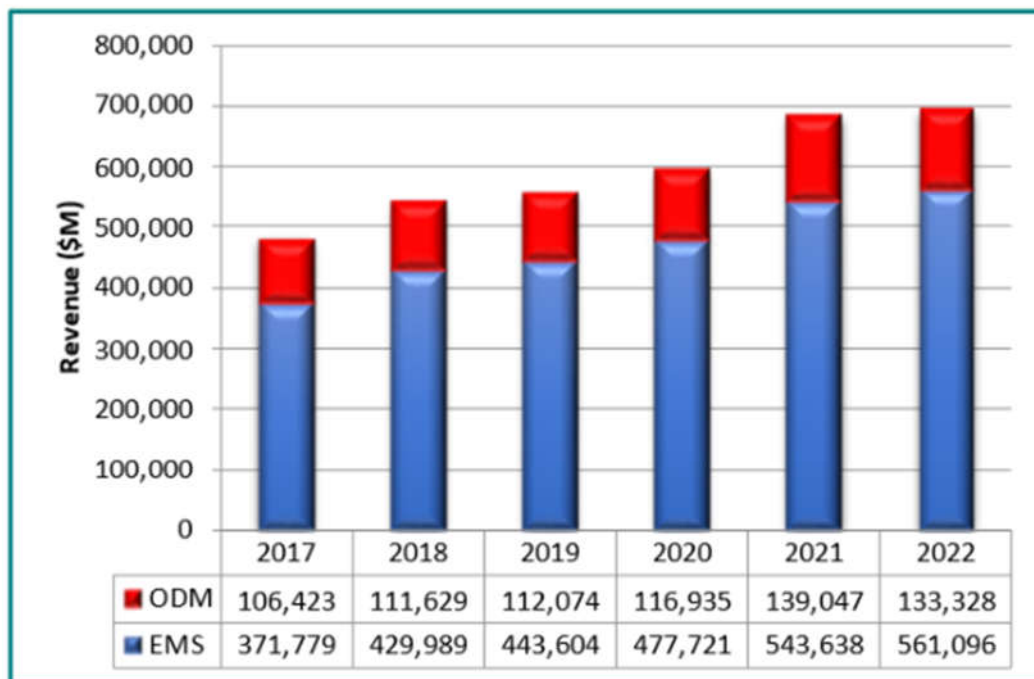
Market analysis

16 August 2023

New Venture Research publishes new market figures on contract manufacturing

The American market analysis company **New Venture Research** (NVR) has published the latest market figures for the **CM industry worldwide** (CM = Contract Manufacturing). According to the analysis, this market grew by only 1.7% in 2022. NVR puts the volume in 2022 at 694 billion USD. NVR distinguishes between EMS and ODM and indicates different growth rates here. in4ma, on the other hand, does not consider this distinction to be applicable in the survey of sales, as this separation cannot be comprehended by the companies. Thus, from in4ma's point of view, an ODM also very often works as an EMS provider. This separation is therefore dispensed with in the corresponding analyses by in4ma. NVR also refers to the slump in the PC and smartphone segment, which had a major impact on the larger suppliers with a disproportionate market share in 2022.

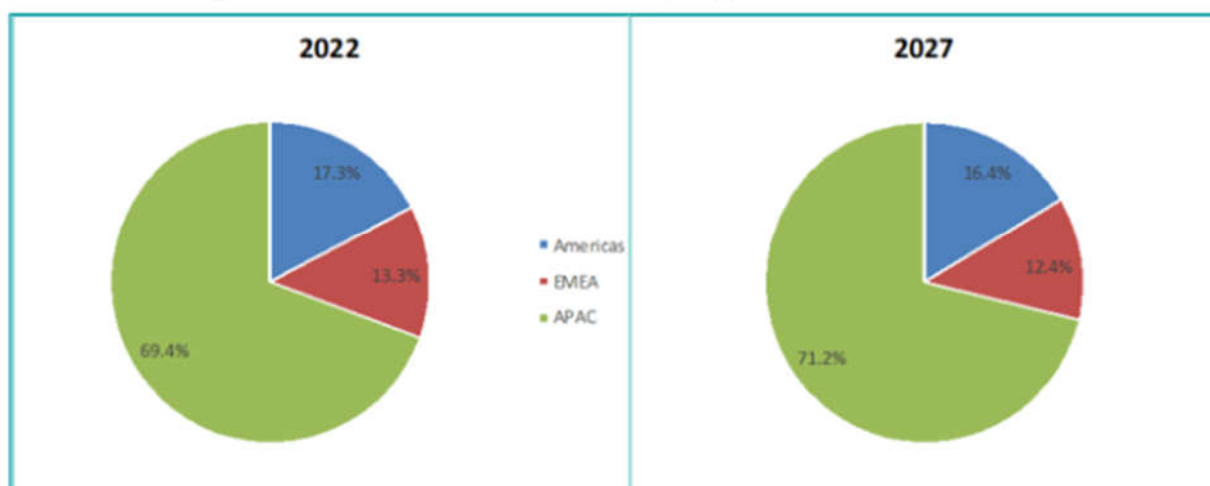
Figure 1 The Worldwide Market for Electronics Assembly by Supplier (\$M), 2017–2022



NVR also makes statements on how the shares of the global market are represented today and are expected to develop by 2027. According to this distribution, EMEA and the Americas will lose slight shares. However, this contradicts the current movements in the market, according to which the supply chains are being examined by many market participants, especially OEM companies, and there are tendencies to move production closer to the sales markets again.

When it comes to changes in market distribution, NVR's report sees little change. According to the report, the communications segment will grow in market share until 2027 at the expense of the computer and consumer segments.

Figure 3 The Worldwide CM Market by Region, 2022 and 2027



Finance & Corporate Strategy

03 July 2023

Finland: Incap issues more shares

Finland-based **Incap** has announced the issuance of 152,379 **new shares** in the company. The shares now issued will be used to partially finance the purchase price for the acquired Pennatronics Inc. in the USA. The total number of shares will then be 29,437,214.

05 July 2023

Austria: cms electronics offers online platform for prototype production via pcbshiz

The Austrian EMS provider **cms electronics** is expanding its product portfolio with the founding of **pcbwhiz** Limited. pcbwhiz offers an online platform for prototype production. The company operates independently of cms electronics on the market. According to its own statements, this AI-supported platform is revolutionary. For example, the software used automatically analyses the enquiry data and checks the specifications, feasibility and also the availability of materials. In the future, alternatives for materials will also be offered while the process is still underway. Currently, production sites in Europe and Asia are being used. Further locations in South America and Southeast Asia are to follow.

06 July 2023

Germany: Limtronik with successful business year 2022

According to a report in **evertiq**, the German EMS provider **Limtronik** from Limburg had a successful year in 2022. According to the report, the company's turnover almost doubled and 50 new employees were hired in the past business year. The company also reports investments of around EUR 2 million to expand its capacities.

13 July 2023

Norway: Kitron publishes positive half-year results 2023

Kitron ASA from Norway announces its **results** for the first half of 2023. Turnover increased to EUR 396.9 million (previous year EUR 300.9 million). The company was also able to increase earnings and reports EBIT of EUR 36.5 million, which is EUR 18.6 million higher than in the same period of the previous year. The highest growth rates were achieved in the electrification, defence and aerospace segments. The order backlog decreased compared to the previous quarter, also as a result of improved component availability and shortened delivery times. Kitron is investing in new facilities in the Czech Republic and Malaysia. With this move, the company aims to offer customers further opportunities to diversify capacity outside China. Kitron expects sales between EUR 750 and 800 million and EBIT between EUR 65 and 75 million for 2023.

13 July 2023

Sweden: Note increases revenue by 24% in first half of 2023

Note from Sweden also announces its **results** for the first six months of 2023. Sales increased by 24% to now SEK 2,129 million (approx. EUR 182 million). The company reports organic growth, adjusted for acquisitions and currency effects, of 10%. Note also saw an increase in profit, which rose by 43% to SEK 164 million (approx. EUR 14 million) after tax. Note also sees an improvement in the procurement market. Delivery times for components are shortening. According to the company, this will have a negative impact on the order book, as customers will no longer have to order with such long lead times. For 2023, Note expects sales of SEK 4.3 billion (approx. EUR 368 million) and a further improved operating profit situation.

26 July 2023

Switzerland: Cicor raises expectations for the second half of 2023

The Swiss **Cicor** Group was able to increase **sales** in the first six months of 2023 by 26.2% to CHF 199.2 million (approx. EUR 209 million) compared to the same period last year. EBITDA also increased year-on-year to now 10.7% or CHF 21.3 million (approx. EUR 22.3 million) (previous year 9.5% or CHF 15.0 million (approx. EUR 15.7 million)). Incoming orders also developed positively with a ratio of 1.1 to current sales. Cicor is positive about the second half of the year. The company reports organic growth of 9.5% in local currencies. Acquisitions contributed 20.2% to growth, with the appreciation of the Swiss franc negatively impacting results. Cicor is raising its expectations for the current year, with sales now expected to be between CHF 380 and 410 million (about EUR 398 to 430 million). The EBITDA margin is expected to be between CHF 40 and 45 million (approx. EUR 42 to 47.2 million).

28 July 2023

Finland: Incap presents half-year results

The Finnish **Incap** announces its **results** for the first six months of 2023. At EUR 129.1 million, turnover is approx. 12.7% higher than in the previous year. At EUR 18.8 million, EBIT is also higher than in the previous year, even by 22.4%. However, the values in Q2 2023 have declined compared to Q2 2022. Incap had already adjusted its expectations for sales and earnings for the current year downwards in April this year, as the most important customer postponed orders to 2024. Incap reports increases in orders from most customers, but these

cannot compensate for the postponements. The company has continued to expand capacity at its factories in Estonia and Slovakia. Meanwhile, the third factory in India has also been completed. However, the production volume in India has to be adjusted due to the adjustment of customer orders from the major customer. In the long term, Incap sees itself well positioned, also thanks to the latest acquisition in the USA, and the prospects in the EMS business are positive.

02 August 2023

Germany: Schweizer Electronic publishes half-year results and completes the sale of its Chinese subsidiary.

The German PCB manufacturer **Schweizer** Electronic AG completes the sale of its Chinese subsidiary Schweizer Electronic (Jiangsu) Co., Ltd. as of 01 May 2023. This transaction resulted in income of EUR 46.9 million. Further, the company reports revenue of EUR 68.7 million in the first half of the year compared to EUR 64.6 million in the first half of 2022. Adjusted EBITDA is higher at EUR 5.7 million compared to EUR 1.6 million in the previous year. For the current year, the company expects the situation to remain tight and anticipates growth of up to 5%. Schweizer expects an EBITDA ratio of between 6 and 9%, not considering the former company Schweizer China and the deconsolidation proceeds.

04 August 2023

Austria: AT&S with negative net result in the second quarter of 2023

AT&S of Austria reports first quarter **results** for financial year 2023/2024. Revenues of EUR 361.7m are 28% lower than in the same quarter of the previous year. The company reports EBITDA of EUR 74.9m, 45.5% lower than in the previous year. The consolidated result for the past quarter was even negative at EUR minus 2.5 million. AT&S has restructured its business segments as of 1 April 2023. The "Electronics Solution" segment bundles the printed circuit board and modules areas. The "Microelectronics" division focuses on IC substrates. In particular, weak demand for IC substrates and the absence of a new model series in mobile phones led to the current decline. AT&S already initiated a cost and efficiency programme in the past financial year in response to the current situation. Overall, the company expects cost savings of EUR 440m for the next two years compared to the last financial year. AT&S currently assumes that the deterioration in the market environment, which has already begun in 2022, will continue. The company expects a gradual improvement in results in the coming quarters and anticipates annual revenues of between EUR 1.7bn and EUR 1.9bn.

04 August 2023

Finland: Scanfil publishes half-year results and raises expectations for 2023

The Finnish **Scanfil** generated a **turnover** of EUR 486 million in the first 6 months of 2023. Compared to the same period of the previous year, turnover increased by 14.3%. The company even reports an increase in net profit of 73.5% to EUR 26.3 million. Due to the positive development and expectations for the rest of the year, SCANFIL is raising its turnover expectations to between EUR 900 and 950 million (previously EUR 880 - 940 million). The earnings target has also been adjusted upwards. The company also reports high investments in the Atlanta plant, as customer demand in North America has risen sharply. In addition, inventories were reduced by EUR 7.5 million despite the higher turnover.

11 August 2023

Decrease in sales for notebook producers

The world's largest producers of **notebook** computers (ODM) continue to report a **decline** in units shipped and sales in July. Compal, Wistron, Quanta and Inventec have all seen sales fall between 6% and 15% in the first seven months of this year compared to the same period in 2022. Demand has fallen again compared to the weak 2022. Companies are also reporting that shipments of servers and consumer electronics products are also low. It is expected that the demand for AI servers will not have a positive effect on the companies' sales development until the end of the 3rd quarter or in the 4th quarter.

15 August 2023

Germany: KATEK publishes half-year results

KATEK SE from Germany reports on the first six months of 2023. **Turnover** in this period increased by 23.6% compared to the previous year and now amounts to EUR 390.4 million. About 43% of the total growth is due to the consolidation with KATEK Canada Inc (formerly SigmaPoint Technologies Inc). KATEK reports EBITDA of EUR 14.2 million, up from EUR 12.0 million in the previous year. The company also reports success in reducing inventories, which currently stand at EUR 243 million. The Executive Board confirms the previous forecasts for 2023. The company expects a significant improvement in the economic situation as a result of the measures introduced and the improvements in material procurement.

17 August 2023

Denmark: GPV with positive development in the first half of 2023

In the first six months of 2023, the Danish **GPV** Group generated a **turnover** of DKK 5.4 billion (approx. EUR 724 million) and an EBITDA of DKK 368 million (approx. EUR 49 million). Based on this positive development (comparative values are currently of little use, as the acquired Enics has only been included in revenue since 10/2022), GPV is raising its expectations for the current year. It is now planning for revenue of between DKK 9.9 and 10.3 billion (approx. EUR 1,328 to 1,381 million), which is approx. DKK 1.1 billion (approx. EUR 148 million) higher than originally. The company also now expects EBITDA to be DKK 60 million (approx. EUR 8 million) higher and sets a range between DKK 650 million and DKK 700 million (approx. EUR 87 million to EUR 94 million). Since the focus is on supplying customers, the high capital commitment due to the shortage of materials will not be significantly reduced, according to GPV. Overall, the company sees an improvement in the availability of materials and is working to reduce capital commitment. The company also reports on various measures to expand capacities worldwide (we also reported on this) and to meet the changing customer requirements.

Merger & Acquisitions

05 July 2023

UK: Note from Sweden takes over DVR Ltd.

The Swedish **Note** Group announces the **acquisition** of DVR Ltd. in the UK. With this step, Note further expands its activities in the UK and expects strong growth for the UK market in the coming years. DVR plans to have a turnover of GBP 12 million (approx. EUR 14 million) in 2023 and a profitability comparable to Note. A large proportion of DVR's customers come from the industrial and greentech sectors. The previous owner and manager will continue to support the company with its 95 employees. With this acquisition, Note now has four plants in the UK. The purchase price is GBP 9 million (approx. EUR 10.5 million) – on a debt-free basis – and includes a further component of GBP 3 million (approx. EUR 3.5 million) linked to future results in growth and profit.

06 July 2023

USA: Finland's Incap completes acquisition of Pennatronics Inc.

Incap from Finland completes the acquisition of **Pennatronics** Inc. in the USA. On 03 July Incap had announced the acquisition of 100%, already on 05 July the takeover was completed. Pennatronics Inc. is renamed Incap Electronics US, Inc.

06 July 2023

France: Cordon Group strengthens its after-sales services division

The **Cordon** Group from France takes over the entire after-sales service of the French SBE Group. **SBE** specializes in the repair of electronic devices and generates approximately 148 million euros in sales with about 1,200 employees. With this acquisition, Cordon Group comes a big step closer to its goal of generating more than EUR 500 million in 2025 and becoming a global player in the after-sales service sector. Today, Cordon employs approximately 2,800 people at 26 locations in eight countries and achieved a turnover of EUR 282 million in 2022. The necessary approvals from the authorities for the takeover have already been obtained.

10 July 2023

USA: KATEK completes acquisition of EMS service provider Nextek

The German **KATEK** SE completes the **acquisition** of the American EMS service provider Nextek announced last year. Nextek generated approx. 43 million USD in 2022 with 160 employees. In addition to ISO 9001 accreditation, the company has further certifications in aerospace with AS 9100D, medical with ISO 13485 and military with ITAR registration. KATEK thus has two locations in North America and promises to benefit from the current trend of relocations back from Asia.

18 July 2023

Switzerland: Exista AG acquires Fabrimex AG and strengthens its position in power supply solutions

Fabrimex AG from Switzerland, a specialist in the field of power supplies, is sold to Exista AG. Until now, Fabrimex AG belonged to the **Werap** Group, which is active in the areas of

electronics manufacturing and inductive winding goods, among others. With the sale, the Werap Group wants to concentrate more on the remaining and strongly growing areas.

26 July 2023

Singapore: Chinese Victory Giant Technology Huizhou acquires PCB manufacturer MFS Technology

Victory Giant Technology Huizhou of China announces the acquisition of **MFS Technology** for USD 460 million. MFS Technology is a Singapore-based PCB manufacturer specializing in the production of flexible PCBs, according to the report. Victory Giant, for its part, is strong in the production of rigid PCBs and wants to further diversify its product range with this step.

31 July 2023

France: SYSTECH ÉLECTRONIQUE takes over TR2E

The French EMS provider **SYSTECH ÉLECTRONIQUE** has acquired the market companion **TR2E** from Lyon, France. With this acquisition, SYSTECH will continue the strong growth of recent years and will now serve the rail market in addition to the defence and aerospace sectors.

01 August 2023

Germany: DIE SBF AG expands its depth of added value by acquiring AMS Software & Elektronik GmbH

Leipzig, Germany-based **SBF AG** announces the acquisition of **AMS Software & Elektronik GmbH**. SBF AG is a provider of LED lighting systems for rail vehicles, municipalities, railways and industry. With this step, SBF expands its depth of value creation and increases sales and earnings. Based on 2022, the turnover will increase by approx. 47%. The purchase price is expected to be in the low single-digit million range. SBF expects this acquisition to close in Q3 2023 and AMS management will continue to work for the company. AMS generated revenues of EUR 16.4 million in 2022 with approximately 100 employees. According to the company, EBITDA is in the high six-digit range. SBF also sees this acquisition as strengthening its own supply chain, which has suffered greatly in recent years due to material problems.

06 August 2023

Slovenia: TQ acquires EMS provider FTA d.o.o

The Slovenian EMS provider **FTA d.o.o.** was already taken over by the German **TQ** Group in March this year. FTA d.o.o. was founded in 2003 and manufactures electronic products on 1,500 square metres with more than 71 employees. Turnover in 2021 was EUR 11.53 million, data for 2022 has not yet been published.

09 August 2023

Germany: Acquisition of Elmos Semiconductor SE by Littelfuse Inc. approved

The American **Littelfuse** Inc. is allowed to take over the wafer production of **Elmos Semiconductor SE** from Dortmund, Germany. The Federal Ministry of Economics and Climate Protection has now given the go-ahead. The net purchase price is stated at EUR 93 million.

The closing of this transaction is planned for 31 December 2024. The Dortmund wafer factory with currently about 225 employees will be taken over. Elmos and Littelfuse have also concluded a supplier agreement until 2029. With this agreement, Elmos secures the capacities for the manufacture of its products in the now sold plant. Elmos also purchases wafers from other foundry partners.

28 August 2023

USA: Jabil sells mobile phone division to BYD Electronic

Jabil from the USA, one of the 10 largest EMS in the world, wants to sell its mobile phone division to **BYD Electronic** from China. BYD Electronic is a subsidiary of the car manufacturer BYD and is also one of the ten largest EMS providers in the world. The mobile phone division is based in Singapore and China. The transaction is valued at approximately USD 2.2 billion.

31 August 2023

Sweden: Orbit One acquires part of Spectrum Technology

Orbit One acquires an undisclosed stake in the Swedish company **Spectrum Technology**, a provider of automation solutions. Orbit One is thus strengthening its service offering with the development of automation solutions. Based on this know-how, the company sees advantages in the topic of "nearshoring", where customers produce their products manufactured close to their markets.

Structural and personnel changes

03 July 2023

Slovakia: Incap completes expansions at Slovakian plant

Incap from Finland has completed the **expansions** at its Slovakian plant. A further 1,200 square metres of space has now been added to the existing 5,200 square metres. This capacity expansion became necessary to meet increased customer demand. The box-building capacity can now be increased by 50%. Incap currently employs around 250 people at this location and is also planning to grow here through a special programme to recruit new employees.

04 July 2023

Romania: SCHURTER plant expansion completed

SCHURTER Electronic Components s.r.l. in **Romania**, part of the Swiss Schurter Group, is completing the expansion of its existing plant. A third building and a total of 2,000 square metres for EMC production, logistics and office space were added to the plant. With this step, the location has its own purchasing department and logistics centre. Schurter employs more than 300 people at this location.

18 July 2023

Germany: Change of name of Dittrich & Greipl GmbH

Dittrich & Greipl GmbH from Grafenau in Germany announces the company's **change of name**. The company is now active on the market under the name GREIPL GmbH and has also changed its corporate logo in the process.

25 July 2023

Sri Lanka: GPV increases total production area to 180,000 square metres worldwide with new factory building in Sri Lanka

As early as 19 July 2023, **GPV Electronics LK** took over a **new factory building** with 11,400 square metres in Sri Lanka. With this new factory building, the area for electronics manufacturing now increases to 18,000 square metres. In order to meet customer requirements to ship complete products to end users in the future, preparations were made for cable assembly, additional test systems and box building. The GPV Group has also invested heavily in expanding capacity in Asia to meet the increasing demand from existing and new customers. The GPV Group will subsequently have production space of 180,000 square metres.

25 July 2023

Poland: Kimball completes expansion of Polish site

Kimball Electronics Poland, part of the American Kimball, has completed the expansion of its site in **Poland** by a total of 3,800 square metres. The production area was expanded by 2,300 square metres (38%).

25 July 2023

Germany: Foxconn acquires 50% of ZF Friedrichshafen subsidiary ZF Chassis Modules GmbH

The world's largest EMS provider **Foxconn** acquires a stake in ZF Friedrichshafen AG's subsidiary **ZF Chassis Modules GmbH**. Foxconn is taking over 50% of the company for EUR 500 million (valuation of the company is EUR 1 billion). The low-margin division supplies axle modules with assembled brakes and entire driveline systems directly to the carmakers' assembly lines. In total, the company has 25 factories and generates about EUR 4 billion in sales with 3,300 employees. The factories are located in the immediate vicinity of the customers in order to enable delivery according to demand. Foxconn strategically wants to play a major role in the field of electromobility.

03 August 2023

Poland: Expansion of the Polish Scanfil site by 70%.

Scanfil expands the existing plant in **Poland**. The existing plant in Sieradz, Poland will be expanded by 14,000 square metres. This will increase the current area by more than 70%. Scanfil expects the expansion to be completed in the second quarter of 2025, with the project starting this month. Approximately 20 million EUR will be invested with this step. Further investments for new machines etc. will follow as the production volume increases. At the beginning of this year, 6 million EUR were already invested in this location to expand the

electronics production. This investment is to be completed in August. With these investments, Scanfil is continuing to expand its capacities for European customers in a targeted manner and is developing the Polish location into one of the largest in the company.

10 August 2023

Sweden: Change in leadership at Inission

Sweden's **Inission** announces management changes. Mikael Fryklund moves from CEO of Enedo to a new role as COO (Chief Operating Officer) of the Inission Group at its headquarters in Sweden. The CEO position at Enedo will be taken over by Kalle Huittinen, who brings with him many years of management experience at ABB. Mikael Fryklund has achieved a turnaround with Enedo and qualified for the new position. Enedo is now generating positive EBIT after many years of high losses. Enedo is active in the field of power electronics and systems and belongs to the Inission Group.

11 August 2023

Germany: Spree Hybrid & Kommunikation takes over the business activities of BEK Systemtechnik, which will be discontinued at the end of 2022

BEK Systemtechnik GmbH & Co. KG from Berlin has discontinued its **business operations** at the end of 2022 due to the economic situation in recent years. Spree Hybrid & Kommunikation, also from Berlin, has taken over employees, business equipment, machines and existing customer relationships as well as orders.

18 August 2023

Germany: Weidmüller builds new electronics production facility

Weidmüller from Detmold, Germany is building a **new electronics production facility** at the group's headquarters. Weidmüller is known as an electronics and connection technology company. In addition to electronics production, the new building will also house assembly and plastics production. The investment amounts to EUR 60 million and will be spread over a period of three years.

21 August 2023

Morocco: éolane plans to increase production capacities

éolane from France is increasing its **production capacities** in Morocco. The existing plant in Berrechid is to be expanded by another building with approx. 2,000 square metres. éolane currently expects an increase in sales of 30% in Morocco in 2023. The company focuses on eight markets, including defence, industrial, telecommunications, rail, automotive, healthcare, energy and aerospace.

21 August 2023

Germany: ETB invests in assembly modules

The German EMS provider **ETB** electronic from Am Mellensee near Berlin is investing in new **assembly modules** from Fuji. With this investment, the company is increasing its current placement performance and intends to successively convert a total of four lines to Fuji. With this step, ETB also wants to react faster and more flexibly to customer needs.

23 August 2023

Germany: Volkswagen changes its strategy for purchasing semiconductors

The lack of sufficient semiconductors in recent years has prompted car manufacturer Volkswagen to adjust its procurement. In future, the company wants to buy important semiconductors directly from the manufacturers and thus reduce the power of the suppliers, according to the report. Volkswagen will thus have more influence on the supply chain and at the same time gain more transparency. In the future, suppliers will be increasingly prescribed which components are to be procured from which manufacturers. In addition, the company hopes that this measure will enable bottlenecks to be recognised earlier and countermeasures to be taken at an early stage. Due to the crisis, the Volkswagen Group and its subsidiaries had set up a semiconductor task force with about 1,000 employees from various departments. A new team of about 40 employees will in future deal with the supply and risks of semiconductors. These measures will primarily affect the Tier1 suppliers, who previously had more influence on the selection of components. Volkswagen has already reached agreements with the leading semiconductor manufacturers. In addition, the stockpiling of semiconductors is to be expanded and the number of different components reduced.

31 August 2023

Sweden: New CFO at Orbit One as of 1 October

Orbit One announces changes in management. Current CFO Joakim Bengtsson is retiring; the position will be taken over by Jessica Krantz, who joined the company in August, on 1 October 2023. Ms. Krantz has many years of experience in the EMS industry, having worked at Flex for 14 years.

Material & Components

03 July 2023

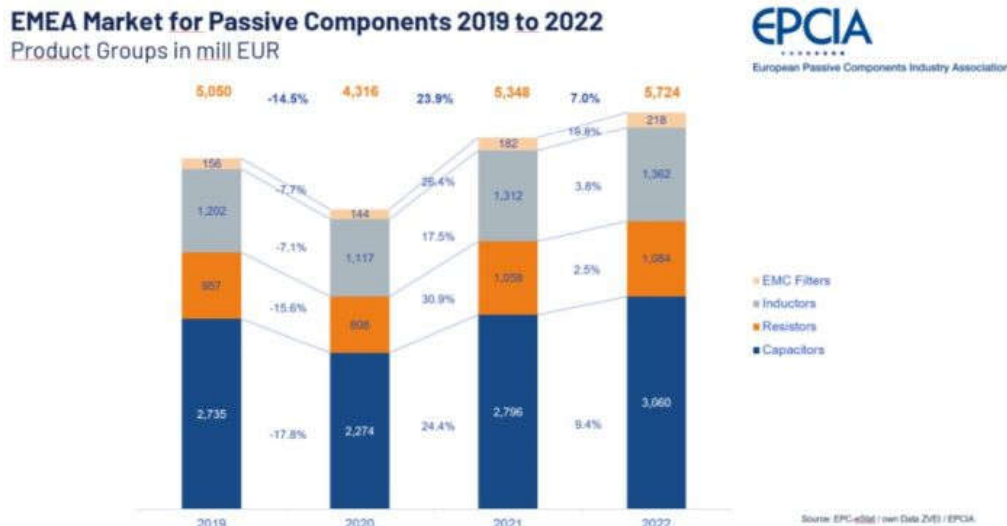
IC Insights report on the situation in the semiconductor industry

According to a report by **IC Insights**, investments in the **semiconductor industry** are expected to decline again in 2023. The institute assumes minus 14% compared to the previous year and refers to a survey of market participants. In 2021, investments rose by 35% and in 2022 by another 15%. Memory manufacturers in particular are scaling back their investments more sharply in 2023. TSMC is also cutting investment by 12% this year. Texas Instruments, STMicroelectronics and Infineon, on the other hand, will increase investment significantly in 2023 compared to the previous year. These three manufacturers are more closely linked to the automotive and industrial sectors, which are currently stable. The companies with declining investments are generally more dependent on PC and smartphone markets, which are still struggling with a slump in demand. The three manufacturers TSMC, Intel and Samsung account for 60% of total investments. According to the report, cyclical changes in investment, coupled with demand trends, have been observed for some time and always lead to shortages followed by overcapacity with falling prices. However, a continuous investment in the overall increasing demand over a longer period of time does not seem possible due to investors' expectations. According to the report, a further downturn in the semiconductor market of 15 to 20% is expected for 2023.

05 July 2023

Record figures for passive components

New **record values** were also achieved in the **passive components** sector in 2022. According to EPCIA, the market in EMEA grew by 7% to EUR 5.7 billion. The market for passive components is dominated by the automotive and industrial segments. Capacitors have a market share of 53%, followed by inductors with 24% and resistors with 19%.



27 July 2023

USA: Texas Instruments publishes half-year results and lowers expectations

Texas Instruments (TI) from the USA reports **weaker sales** than previously expected. In the second quarter of the current business year, turnover was 13% lower than in the same period last year. TI reports weak demand in all sales markets except the automotive sector. The group has lowered its outlook for the following quarter accordingly.

01 August 2023

South Korea: Samsung with loss in semiconductor division

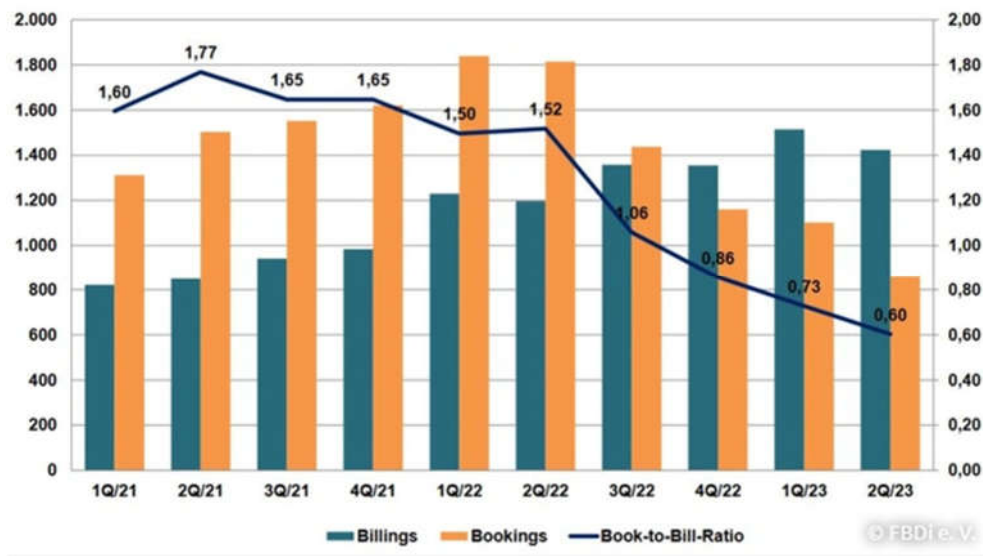
Samsung will reduce the production of **semiconductors**. The company announced that due to the restrained demand for NAND memory chips, for example, the production of various products will be adjusted. Samsung reports a loss of EUR 3.1 billion in its semiconductor division compared to a profit of about EUR 7 billion in the same period last year. The company currently expects the situation to recover and believes that demand has bottomed out.

08 August 2023

Germany: FBDi reports high growth in components distribution

The German **components** distribution sector was also able to **grow** significantly in the 2nd quarter of 2023. According to FBDi (Fachverband der Bauelemente Distribution), the turnover of the reporting companies increased by 19% to EUR 1.42 billion compared to the same quarter of the previous year. The main driver is semiconductor sales, which are 31.5% higher in Q2 2023 than in the same period in 2022. The situation is different for incoming orders,

which slumped by 53% to EUR 859 million. With a book-to-bill of 0.6, the lowest value ever published by the FBDi was achieved. The decisive factor here is also the order intake for semiconductors, which plummeted by 62%.



10 August 2023

SIA publishes semiconductor industry revenues as of Q2 2023

The SIA publishes the worldwide **sales** of the **semiconductor** industry. In the second quarter of 2023, they increased by 4.7% compared to the first quarter to 124.5 billion USD. Compared to the same quarter of the previous year, however, sales are 17.3% lower. The fact that global sales have increased every month in the last four months makes analysts positive for a recovery of the market in the second half of the year.

25 August 2023

Market research institute TrendForce reports growth in dram memory sales

According to the market research company **TrendForce**, the slump in **dram memory** sales has been broken. In the second quarter of 2023, sales increased by 20.4%. In relation to the previous quarter, this is the first increase in four quarters. However, this increase is dominated by SK hynix, which was able to increase its sales by 50%. The leading manufacturers were all able to show growth rates with one exception (PSMC).

Incoming orders

10 August 2023

Norway: Kitron wins order from defence contractor Northrop Grumman

Kitron will manufacture additional assemblies for the F-35 fighter aircraft in Norway. **Northrop Grumman** Corporation has placed an order with Kitron for navigation, integrated communications and identification assemblies. The contract is valued at \$13 million and will run until the end of 2025. The new contract relates to a long-term supply agreement already agreed in 2015.

V.i.S.d.P. Michael Künsebeck, künsebeck e² consulting, Jupiterstraße 14a, 32130 Enger –
on behalf of in4ma

Sources: All the articles listed come from publications in various trade journals, from different market analysis institutes, directly from the companies, from in4ma or from other reputable media. In order to improve the presentation, we have refrained from printing a separate source reference for each report in the 02/2023 issue. We assure you that we have researched the reports with due diligence. If you would like the sources of the respective reports, you can request them by e-mail at kuensebeck@in4ma.de.

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