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First-Half M&A Up by 15%

The number of M&A deals done in the EMS industry increased in the first half of 2017 versus the year-earlier period. According to *MMI's* count, 15 M&A transactions closed in the EMS industry during the first six months of the year, up from 13 in the first half of 2016 (Chart 1). That's an increase of 15%. If deal making continues at this pace in the second half, then 2017 will go down as the busiest year for industry M&A since 1995.

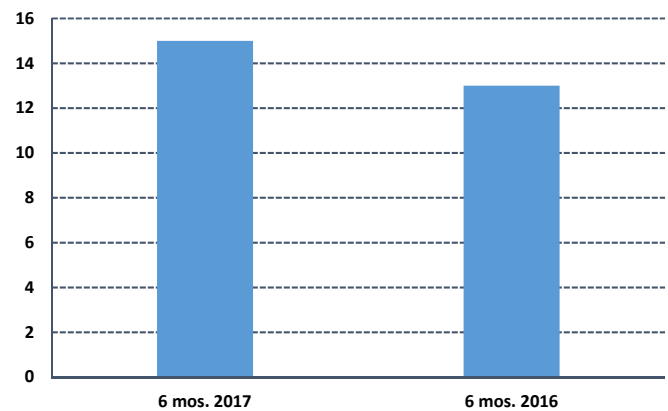
What's fueling the growth in M&A activity? Industry data presents a strong argument that the uptick in M&A activity has been fueled by corporations' quest for growth. Rather than spin their wheels trying to do it all internally, it's easier to buy another company's existing products, profits, and market share. The availability of debt financing at historically low financing rates is also a boon for M&A activity, especially in the healthcare and tech sectors. In the tech sector, it's large organizations that are using their significant liquid assets to continue buying up the products and intellectual property of their smaller competitors.

There is pressure to improve efficiencies and profitability in a slow-growth economy. Amid the slow economic recovery, companies turn to M&A as a means to achieve previously unattainable growth. Also, cheap debt financing has a role. Despite the recent rate increase, interest rates still remain at historically low levels, and this rate hike is unlikely to increase corporate borrowing costs dramatically, or significantly impact M&A in a negative way.

First-half transactions were up from a year earlier in two out of five categories tracked in last year's analysis of the period (Chart 2, p. 2). Service or supply chain extension type of deals continued to be by far the most popular type of M&A transaction. During the first half, nine such deals went through, up 29% from seven transactions closed in the year-earlier period.

Obviously, more providers were interested in buying a competitor operation than acquiring a capability. During a period of weak demand when growth is hard to come by, acquiring the revenue and customers of a competitor can do wonders for the top line. By contrast, capability deals may be less attractive when demand is soft if they don't add a significant

Chart 1: EMS Industry M&A Deals



amount of revenue. Customers often pull back in a weak-demand environment rather than ask for new capabilities.

The nine capabilities deals that closed in the first half of 2017 were: **Acal** acquired **Variohm Holdings**; **EC Electronics** acquired **Hunter Cable Assembly**; **Stadium Group** acquired **PC Peripherals OEM**; **Kaifa Technology** acquired **Payton Technology**; **Flex** acquired **AGM Automotive**; **TDK** acquired **Invensense**; **TE Connectivity** acquired **MicroGroup**; **ams** acquired **Princeton**

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Chart 2: Deal Breakdown for the First Half 2017 versus the First Half 2016

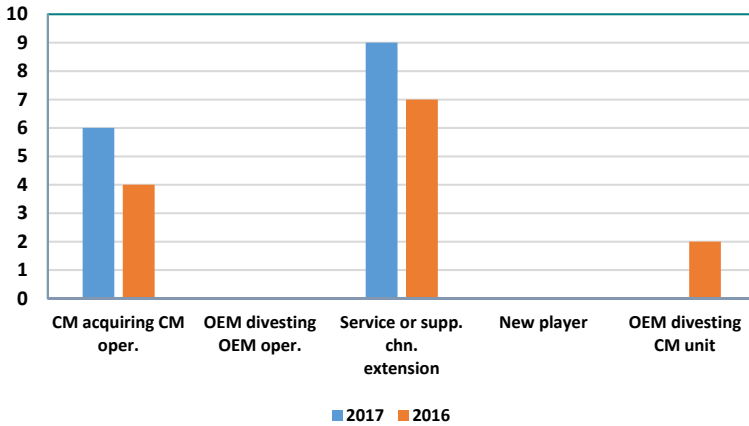
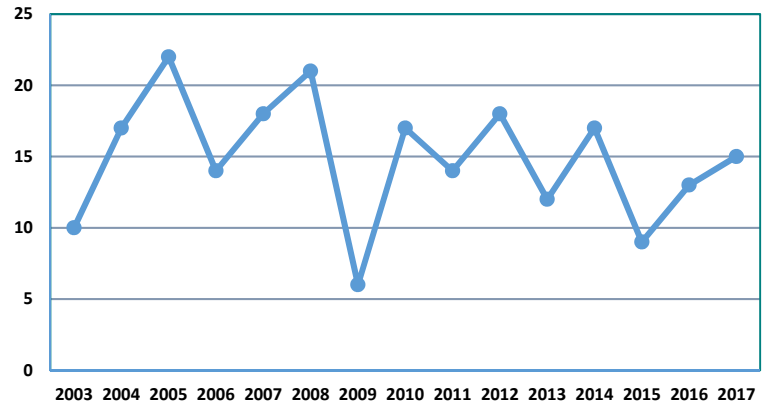


Chart 3: First-Half Consolidation Deals Over Time



Optronics; and PKC Group acquired Fortitude Industries.

Acquiring an EMS operation of another provider continued to be the second most popular type of M&A transaction. During the first half, six such deals went through, up from four transactions closed in the year-earlier period.

As has been written here before, these deals can offer geographic expansion, complementary customers, diversification, more revenue, increased capacity, and additional capabilities. Depending on the buyer’s needs, one or more of these benefits will act as motivation for a deal.

The largest of the first-half CM operation purchases was **Motherson Sumi Systems, Ltd.** acquiring Finland-based global auto component major **PKC Group Plc** for approximately €571 million, a move that will help it to expand its footprint significantly in the American and European commercial vehicle market segment. In addition, **Enics AG** acquired **PKC Electronics**; **GPV** acquired **BHE**; **Salcomp** has acquired an antenna plant in India from **Laird Technologies**; **Analog Devices (ADI)** completed the **Linear Technology** buyout; and **IMI** acquired **STI Enterprises**.

Five of the acquisitions of EMS operations resulted in the loss of an independent EMS provider, defined as consolidation. So of the six acquisitions of EMS activities, five were consolidation deals; only one wasn’t.

In comparison, four consolidation deals occurred in the first half of 2016. Still, first-half consolidation activity has fluctuated considerably over the last 10 years.

Obviously, more providers were interested in capability deals during a period of strong demand, as customers ask for new capabilities to be installed. By contrast, capability deals may be less attractive when demand is soft if they don’t add a significant amount of revenue. And, as mentioned earlier, customers often pull back in a weak demand environment rather than request new capabilities.

Three other categories in *MMI’s* system for classifying deals were not represented in the first half of 2017. No new players emerged from the sale of a manufacturing business, no OEMs divested OEM operations, and no OEMs sold off an EMS unit. In the year-earlier period, there were two transactions of an OEM divesting an EMS unit (Chart 2).

Of the 15 transactions that closed in the first half, six resulted in the purchase of a North American operation; seven targeted operations in the EMEA (Europe/Middle East/Africa) region; two called for the acquisition of a unit in Asia; and none added operations in more than one region (Chart 4, p. 3). The number of deals done was stagnant in North America and Asia, but increased for the EMEA region by 40% compared with the first half of 2016. However, multiregion

deals remained stagnant from the year-earlier period when there were none also (Chart 5).

Of course, there are alternatives to making an acquisition when a provider needs to add a capability or expand its geographic reach. The provider can form an alliance, take a minority stake in a partner, or enter into a joint venture. Such partnerships can also give a company access to technology that it covets. During 2017’s first half, providers made three such arrangements, far fewer than the 7 partnerships counted in the year-ago period (Chart 6).

However, the year-earlier (2016) total of seven was closer to the overall number of deals in the same period. The current number of partnerships falls well below the 2017 overall deal count (Chart 7).

Over the years, providers have entered into alliances with engineering firms to jointly offer design and manufacturing. The first half of 2017 was no different, with two EMS players, **Compal** and **LeEco**, teaming up with design partners.

An EMS provider can also use an alliance to gain access to back-end capabilities. To that end, **Kitron** has signed a new agreement with **HMS Industrial Networks**. The agreement involves newly developed logistics and distribution services to support HMS Industrial Networks in the region, in line with Kitron’s strategy of increasing service sales.

Chart 4: Percentage of Deals by Target's Region

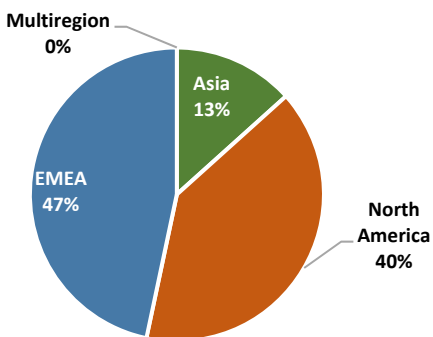
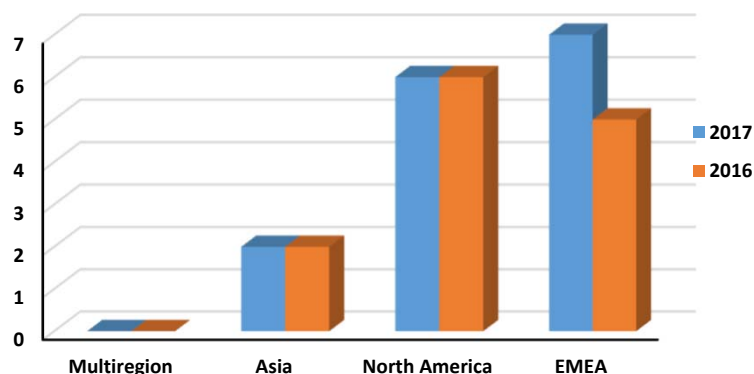


Chart 5: Deal Breakdown by Target's Region Comparing First-Half 2017 versus First-Half 2016



Another familiar strategy is to find a partner that will provide you with manufacturing in a region that you want to enter. During 2017's first six months, one EMS company formed a partnership with this goal in mind. An alliance with EMS provider **Firstronic** gave **LACROIX** access to North America.

Publisher's note: First-half 2017 statistics published here should be treated as preliminary. It is possible that *MMI* will come across additional first-half transactions after this article is published. Also, be advised that this analysis excludes private equity deals as well as divestitures by EMS providers unless the operations sold are retained within the EMS industry.

Some Quarterly Results

Jabil, Inc. (NYSE: JBL). For the third quarter of its fiscal year 2017, Jabil

reported May quarter results of \$4.49B/\$0.31. Revenues were up 4.0% y-o-y and up 1% q-o-q. Overall operating margins were 2.5%. On a segment basis, DMS came in at \$1.66B (up 15% y-o-y, down -7% q-o-q), while the EMS segment came in at \$2.83B (down -1% y-o-y, up +6% q-o-q). Operating margins were 2.5%, 10 bps above *MMI's* expectation. On a segment basis, DMS operating margins were ~0.2% (down -290 bps q-o-q) and EMS margins came in at 3.9% (up 20 bps q-o-q). Finally, JBL had a ~\$10M charge-off due to an energy customer that is excluded from the May quarter actual results (\$0.06 EPS benefit).

End-market analysis: a) Diversified Manufacturing Segment (DMS, 37% of revenue) revenues were up 15% y-o-y at \$1.66B. The better than expected results were driven by the strength in the green-point (mobility), packaging, healthcare, and consumer lifestyle segments. DMS margins were at 0.2%, which was down

-290 bps q-o-q. DMS was guided to \$2.05B, up 26% y-o-y for the August quarter, and management expects the packaging and healthcare businesses to grow core earnings at a 20% CAGR through FY19E. b) Electronic Manufacturing Segment (EMS, 60% of revenue) revenues were down -1% y-o-y to \$2.83B and operating margins came in at 3.9%, which was up 20 bps q-o-q. EMS was guided to \$2.85B, slightly up (2%) y-o-y in the August quarter. JBL is guiding to EMS margins improving to >4.0% by 4Q17.

Balance sheet and cash flow: JBL generated \$186M in CFO for the quarter and capex of \$137M, which resulted in FCF of \$50M. For FY17E, the company guided CFO to \$1B+, capex to ~\$500-600M, and FCF of ~\$450M. JBL continues to target returning 40% of cash flow from operations to shareholders long term.

Chart 6: EMS Industry Alliances, Equity Partnerships, and Joint Ventures

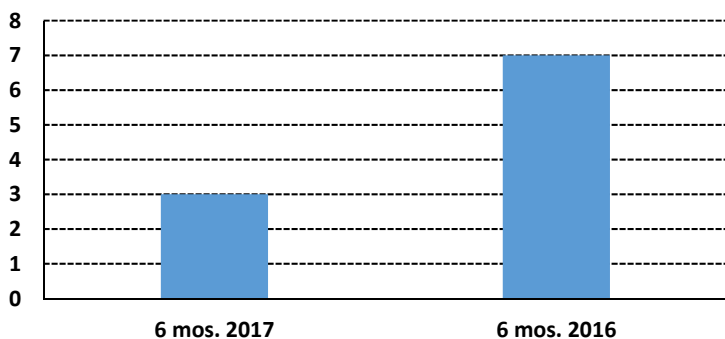
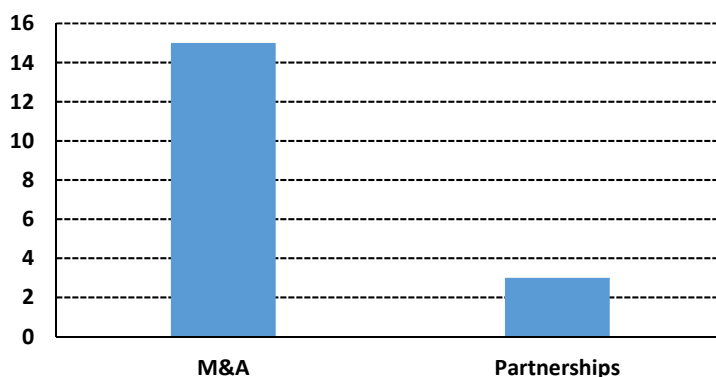


Chart 7: First-Half 2017 M&A versus Partnerships



Guidance: JBL provided August quarter revenue/EPS guidance ahead of expectations at \$4.7–5.1B/\$0.50–0.74. From a segment standpoint, the company is calling for \$2.05B (+26% y-o-y) in revenue from DMS and \$2.85B (+2% y-o-y) in the EMS segment. Management guided to a >4.0% operating margin for EMS in 4Q17. Finally, JBL expects to achieve \$2.60 EPS in FY18 and \$.300 EPS in FY19.

Fabrinet (NYSE: FN). Revenue for the third quarter of fiscal year 2017 was \$366.8 million, an increase of 46% compared to revenue of \$250.9 million for the comparable period in fiscal year 2016. Non-GAAP net income in the third quarter of fiscal 2017 was \$30.5 million, an increase of 46% compared to non-GAAP net income of \$20.8 million in the third quarter of fiscal year 2016. Non-GAAP net income per diluted share in the third quarter of fiscal 2017 was \$0.80, compared to non-GAAP net income per diluted share of \$0.56 in the third quarter of fiscal year 2016.

Fabrinet is issuing guidance for the fourth quarter of fiscal year 2017. Fabrinet expects revenue for the fourth quarter to be in the range of \$361 million to \$365 million. GAAP net income per diluted share is expected to be in the range of \$0.65 to \$0.67. Non-GAAP net income per diluted share is expected to be in the range of \$0.82 to \$0.84.

Kitron ASA. Reported revenue in the second quarter of 2017 amounted to NOK649 million, a 16% growth compared to NOK563 million in the same quarter last year. Growth compared to the same quarter last year was particularly strong in the Industry market sector. Defence/Aerospace and Energy/Telecoms also recorded solid growth.

Operating profit (EBIT) was NOK45.5 million, compared to NOK33.1 million last year, an increase of 37 percent. EBITDA was NOK59.0 million, an increase of 31 percent compared with last year.

Net profit amounted to NOK31.4 million, an increase from NOK21.4 million previously. This corresponds to earnings per share of NOK0.18, compared to NOK0.12 last year.

The order backlog ended at NOK1,018 million, an increase of 3 percent compared to last year. Orders received in the quarter were NOK590 million. In May, **Kongsberg Defence Systems** awarded Kitron an NOK34 million order for military communications equipment. In June, Kitron signed a contract with a potential value of NOK600 million over a five-year period with **Husqvarna Group**. The new agreement includes five products for the Husqvarna Robotic Lawn Mowers product range and is in addition to existing manufacturing volumes.

For 2017, Kitron expects revenue to grow to between NOK2,150 and NOK2,350 million. The EBIT margin is expected to be between 5.6 and 6.4 percent. Revenue is now expected to be at the higher end of the indicated range. The growth is primarily driven by customers in the Industry sector. The profitability increase is driven by cost reduction activities and improved efficiency.

KeyTronic Corporation (NASDAQ: KTCC). For the third quarter of fiscal year 2017, KeyTronic reported total revenue of \$113.6 million, compared to \$118.4 million in the same period of fiscal year 2016. Net income for the third quarter of fiscal year 2017 was \$1.0 million or \$0.09 per share, compared to \$1.8 million or \$0.16 per share for the third quarter of fiscal year 2016.

For the third quarter of fiscal year 2017, gross margin was 8.0% and operating margin was 1.6%, compared to 8.4% and 2.3%, respectively, in the same period of fiscal 2016.

For the fourth quarter of fiscal year 2017, the company expects to report revenue in the range of \$112 million to \$117 million, and earnings in the range of \$0.10 to \$0.15 per diluted share. These expected results assume an effective tax rate of 25% in the quarter.

Kimball Electronics, Inc. (NASDAQ: KE). Reported 3Q2017 net sales were \$233 million. Consolidated net sales increased 9% compared to the third quarter of fiscal year 2016, the fifth consecutive quarterly sales record. Net income increased to \$8.1 million

from \$7.5 million in the same quarter last year. The ramp-up of the company's Romania facility negatively impacted net income by \$0.9 million during the quarter, compared with a \$0.4 million net impact from incremental start-up costs in the prior-year quarter.

Benchmark Electronics, Inc. (NYSE: BHE) announced financial results for the second quarter ended June 30, 2017. Reported quarterly revenue was \$617 million and the quarterly operating margin was 3.6% (4.1% non-GAAP). Quarterly EPS was \$0.34 (\$0.38 non-GAAP) and the cash conversion cycle improved by 18 days, from 83 at June 30, 2016 to 65 days at June 30, 2017. Cash was \$749 million at June 30, of which \$92 million was available in the United States.

Overall revenue increased 6% year over year, driven by continued strong demand in Test & Instrumentation serving the semi-capital equipment market, Computing growth from existing storage and new security customers, and Aerospace and Defense (A&D) growth from defense programs. Industrial and Medical growth remained muted year over year from softness across several of Benchmark's top customers.

The company projects that new program bookings for the second quarter will result in annualized revenue of \$129 million to \$155 million when fully launched in the next 12–18 months. The new program bookings align with Benchmark's strategic focus on higher-value markets.

The company is in the process of relocating its corporate headquarters to Arizona and anticipates that the majority of this move will be completed in the third quarter. Mike Buseman joins the company as new head of Global Operations. Under Mike's leadership, Benchmark will attempt to accelerate its initiatives related to operational excellence and customer experience. Additionally, its market-sector sales focus is beginning to yield new customer growth, especially in its targeted higher-value markets, as reflected in its bookings for the quarter.

The company expects guidance of revenue around \$575–595 million. It expects diluted non-GAAP earnings per share to be between \$0.32 and \$0.36.

Company News

Princeton Optronics Now in the Hands of ams

Sensor solution supplier **ams** has completed the acquisition of **Princeton Optronics, Inc.**

In March this year ams announced that it had signed an agreement to acquire Princeton Optronics, a provider of high-performance vertical cavity surface-emitting lasers (VCSELs). And as of now, Princeton is in the hands of ams.

VCSELs are specifically gaining traction in optical sensor solutions for consumer 3D imaging, future autonomous driving applications, and the human-machine interface (HMI).

Compal Reportedly to Recruit Ex-Inventec Manager

Compal Electronics reportedly has recruited an executive from **Inventec** to lead its server department and has also integrated its server team's resources, looking to land orders from server players, according to sources from the upstream supply chain.

Since the executive had been serving **Hewlett-Packard Enterprise (HPE)** during his years at Inventec, the sources believe his move to Compal could bring in orders from the US-based vendor.

Because of the rising popularity of emerging applications, including big data analysis, artificial intelligence, and autonomous driving, server demand has been picking up over the past few years, but Compal was a latecomer and did not start pushing this business until five years ago.

However, Compal president Ray Chen is still optimistic about the business. Although the maker is unlikely to achieve profits from the business in 2017 and 2018, losses in 2018 are expected to be half of those in 2017.

Compal's main server clients are **Lenovo** and **Dell**, and it also manufactures server motherboards for Intel, the sources said.

HPE has already sent a small team to evaluate Compal's server manufacturing

plants in Kunshan, China, but so far the two have not yet established any partnership, the sources claimed.

Pegatron Sees Weak Smartphone and Notebook Orders

Pegatron Technology has seen weakening orders from clients recently, as **Apple** has yet to launch its next-generation iPhones and orders for **Microsoft's** Surface devices have been smaller than expected, according to sources from the upstream supply chain.

Since demand for Microsoft's Surface products has been seriously undermined by other first-tier vendors' similar devices, the software giant has been conservative about placing its orders, which have been much lower than Pegatron's original expectations, said the sources.

Although Microsoft has recently launched its inexpensive Surface laptop, looking to regain its momentum, the device is unlikely to start boosting Pegatron's revenues until later in the third quarter of 2017, the sources said.

Kinpo Electronics to Add 2 Factories in the Philippines

Kinpo Electronics will add to its two factories in the Philippines by establishing two more, due to increased OEM orders of home-use smart appliances from UK-based **Dyson**, with one to start production in the third quarter of 2017 and the other in the second half of 2018, according to a Chinese-language *Economic Daily News (EDN)* report.

Kinpo has a factory to produce medical devices and automotive electronics in Indiana, USA, and will expand production capacity to produce networking/communication devices in the second half of 2018, *EDN* said.

Foxconn Group to Make Large Investment in Kunshan

The **Foxconn Group** has signed an agreement with the government of Kunshan City, eastern China, for its

member companies to set up factories in the city, with total investment estimated at CNY25 billion (US\$3.7 billion), according to China-based media reports.

The planned investment covers a new energy-based battery R&D center, optical communication connecting modules, high-speed connectors, industrial computing devices, smart home-use devices, Internet of Things applications, and R&D for waste and pollution control.

Stadium Opens New Connectivity Division HQ in Sweden

Stadium Group has officially inaugurated the company's new headquarters for the connectivity division in Kista, Sweden.

According to Stadium, the 400-square-meter space includes a purpose-built laboratory, test facilities, a design and engineering zone, expansive office and meeting space, and break-out areas for the current team of around 20 staff now based in Kista, with space for further expansion.

The Group's connectivity division has quickly become a cornerstone of Stadium's design-led technology offering. The Kista site is supported by additional technical and commercial teams in the UK and China; manufacturing centers of excellence in the UK (Hartlepool) and Asia (Dongguan); an international purchasing office (IPO) in Shanghai; and regional fulfillment capability in Europe, Asia, and North America.

New CFO for Kongsberg

Gyrid Skalleberg Ingerø has been appointed new Chief Financial Officer (CFO) and Executive Vice President of **Kongsberg Gruppen ASA**.

Skalleberg Ingerø joins Kongsberg from the position of CFO of Telenor Digital Businesses. Prior to her current position, Skalleberg Ingerø was CFO of Telenor Norway; she has previously held the positions of CFO and head of investor relations at Komplet ASA and of auditor at Nordea and KPMG.

Clavister Gets EMS Provider Sanmina on Board

Clavister and EMS provider Sanmina have allied to produce “all Swedish” security appliances hardware in Örnköldsvik (Sweden).

Selected models of Clavister’s appliance hardware is now being produced at the Sanmina manufacturing facility in Örnköldsvik (Sweden). The production collaboration creates a total end-to-end Swedish product line, from innovation through software design, implementation, and testing, to final production and assembly.

Jabil’s New Silver Creek Facility

EMS provider Jabil is officially opening its new 110,000-square-foot Silver Creek mechanical integration facility in San Jose, California (USA).

Jabil’s new Silver Creek facility houses over 110,500 square feet of multiple-class clean rooms for high-purity assembly and welding operations, as well as manufacturing space for sheet metal fabrication, pipe bending, orbital welding, frame assembly, and system integration.

NOTE Becomes myFC’s Volume Manufacturing Partner

After a period of close collaboration, NOTE has been selected as myFC’s volume manufacturing partner. Production will be at NOTE’s unit in China, with scheduled start-up in the third quarter of this year.

Swedish innovator myFC develops green energy solutions and is a world leader in micro fuel cells. Its product JAQ Hybrid, which NOTE will manufacture, is a power bank for smartphones containing a fuel cell and battery, enabling it to create and store energy.

New EMS Plant Doubles Sinec’s Capacity

Sinec Technologies has moved into a new 75,000-square-foot electronics manufacturing services facility in Mexico.

The new site in the Guadalajara Technology Park more than doubles the firm’s capacity for SMT and PTH processing and also has box-build capacities.

Sinec was founded in 2010 and supplies the automotive, aerospace, industrial, and medical electronics sectors.

Cemtrex Establishes Advanced Electronics Subsidiary

Cemtrex has established a new subsidiary to pursue both organic and inorganic growth opportunities in the Internet of Things (IoT) and wearables markets.

Through its new subsidiary, Cemtrex Advanced Technologies, the company is leveraging its existing design and engineering experience in developing advanced electronic products for third parties to create its own proprietary products and solutions for IoT applications.

The company plans to pursue collaborative partnerships with OEMs seeking to incorporate intelligence and connectivity into everyday products such as furniture, consumer wearables, industrial safety wearables, and other enterprise and consumer devices. Cemtrex intends to focus on developing systems, hardware solutions for consumer and industry applications, and software applications.

Lite-On to Build 800,000-SF Factory in Taiwan

Lite-On Technology has broken ground on a massive new manufacturing site in Taiwan, where it will build LED automotive lighting and various cloud computing devices. The \$67 million site is expected to open in 2019.

The site is located in the Nantze Export Processing Zone in Kaohsiung City, in southern Taiwan.

The all-green factory will be 10 stories tall and have a total floor space of more than 800,000 square feet.

Ultra Electronics Finalizes Deal to Buy Sparton

Sparton announced that it has entered into a merger agreement with Ultra Electronics Holdings, pursuant to which Ultra will acquire Sparton for \$23.50 per share in cash. The price values Sparton at about \$235 million.

Sparton’s board of directors has unanimously approved the transaction. The transaction is subject to customary closing conditions, including regulatory clearances and approval of both companies’ shareholders, and is expected to close by January 1, 2018.

A deal had been expected since last year, when activist shareholders pushed for a breakup of the company, leading to the ouster of then-CEO Cary Wood. Additional details regarding the transaction will be set forth in a proxy statement that will be sent by Sparton to its shareholders in advance of the special meeting at which Sparton’s shareholders will be asked to approve the transaction, reports *Circuits Assembly*.

Sanmina’s Sola to Step Down

Sanmina said its CEO Jure Sola is stepping down. Sola has been CEO since 1991.

The electronics contract manufacturer said it is appointing chief financial officer Bob Eulau as chief executive officer, effective October 2. He has been CFO since 2009. At that time, Sola will assume the role of executive chairman.

NEOTech to Consolidate New England Facilities

EMS firm NEOTech plans to combine its two existing New England locations into a single site with a consolidated team.

The Wilmington and Springfield, MA, facilities will be relocated into one centrally located facility in Westborough, Massachusetts.

The new NEOTech location is scalable and features total space of 198,000

square feet, with 128,000 square feet of manufacturing space.

Consolidation of Wilmington manufacturing is now under way and expected to be complete in late July. Final consolidation is expected to be completed in the later part of the year. No financial terms were disclosed.

MC Assembly Hires Prunier as VP, New Business Development

MC Assembly hired David Prunier as vice president of new business development.

Prunier is responsible for growing and managing new business development for customers located in the Northeast Region, the second largest market in the country.

Prunier has more than 37 years of experience in high-end manufacturing operations and sales, including in the industrial, medical, defense, and commercial markets. He was previously president of Applied Technical Services, general manager at Plexus, vice president of operations for Three-Five Systems' EMS division, vice president of North American & Asian business development and director of operations for CTS Electronics Manufacturing Solutions, vice president of operations for Proto Pac Engineering, and business development executive for Benchmark Electronics.

Zollner Expands Zandt Location for More Production

German EMS provider **Zollner Elektronik AG** is expanding its main production facility in Zandt with a 12,500-square-meter production hall. The new production space is dedicated to the manufacture of FDA-approved medical products.

To finance this construction project—aimed at sustainable development in the German district of Cham—Zollner has invested over €15 million. This will also mean further job increases at the location.

Some of the production is scheduled to start during the first quarter of 2018. The new building will accommodate 65 office and 220 production staff.

Plexus Expands Design Engineering Business

Plexus announced the expansion of its Engineering Solutions business in the US and Mexico, enlarging an existing site and opening a second one.

Plexus increased the capacity of its Design Center in the US, moving to new offices in downtown Neenah, WI. The firm also opened an Engineering Solutions Design Center in Guadalajara, Mexico.

Jabil Launches Blue Sky Center in Spain

Jabil, Inc. announced the opening of its Blue Sky Innovation Center - Tortosa, strategically co-located with its manufacturing plant in Tortosa, Spain to provide pan-European support for advanced packaging customers across the continent.

The second of its kind in the world (Blue Sky - San Jose opened in April 2015) and the only one in Europe, Jabil's new 5,600-square-meter facility aims to enable competitive innovation for customers by helping them compress product life cycles, respond more quickly to changing market demands, and reduce the risks and costs associated with design, supply, and manufacturing.

Combined with a recent production floor expansion at its manufacturing plant, Blue Sky - Tortosa is anticipated to support the employment of more than 400 people in the region, with the addition of 80 more jobs following its complete buildout.

Benchmark Electronics Appoints Bruce Carlson to the Board Of Directors

Benchmark Electronics, Inc. announced the appointment of retired Air Force General Bruce Carlson to the company's Board of Directors, effective immediately.

Bruce brings to the position both extensive knowledge of the aerospace and defense sectors and a long career of distinguished leadership.

Flex Acquires Ericsson's Power Modules Business

Ericsson has signed an agreement with **Flex** to divest Ericsson Power Modules (EPM). The divestment is in line with Ericsson's focused business strategy to strengthen its core business and portfolio areas: networks, digital services, and IoT.

The Ericsson Power Modules business, excluding the brand, will on closing be transferred to Flex as part of the agreement. This includes Shanghai Ericsson Electronics Corporation, Ltd, a manufacturing site in China, and business assets in Sweden. More than 300 employees and consultants are expected to transfer from Ericsson to Flex Power.

The transaction is expected to close in the third quarter of calendar year 2017 and is subject to customary closing conditions, including regulatory approvals.

Apple Dominates Smartphone Sensor Market

Apple is expected to account for 28% of the total smartphone sensor market as a result of increased sensor adoption, says *TechSearch International*. Mobile devices, specifically smartphones, represent the greatest volume driver for microelectromechanical systems (MEMS) and other sensors.

With the trend toward smart factories, industrial applications are also expected to account for increased sensor demand, says the research firm.

Scanfil Boosts Investments in Sweden

As a result of increasing demand from existing and new customers, **Scanfil** has decided to further increase its surface-mount placement capacity in Sweden by investing in a SIPLACE SX2-Series from **ASM**.

The new investment enables high-speed mounting as well as fast rigging for maximum flexibility at Scanfil's site in Vellinge and will be up and running during July 2017.

IMI Manufactures KTM Bikes

Motorcycle production for Austrian motorcycle giant **KTM AG** is now in full swing at **Integrated Micro-Electronics, Inc. (IMI)**, Santa Rosa, Laguna.

IMI's state-of-the-art manufacturing facility for KTM Asia Motorcycle Manufacturing, Inc. (KAMMI) was inaugurated on June 6 in the company's complex at Laguna Technopark.

Benchmark Electronics Announces Appointment of Michael Buseman

Benchmark Electronics announced the appointment of Michael Buseman as Executive Vice President of Global Operations, effective August 7, 2017. Mr. Buseman will be based in the company's new corporate headquarters in Scottsdale, Arizona and will have responsibility for all worldwide manufacturing operations. Mr. Buseman replaces Jon King, who will remain with the company in an advisory role.

Mr. Buseman brings over 30 years of experience into this role and most recently served as Chief Global Logistics and Operations Officer of Avnet Corporation, a global electronics components company. Prior to that, he was Executive Vice President of Operations with Plexus Corporation and served in a variety of engineering and

operations roles for Celestica and Unisys. Mr. Buseman holds a bachelor's degree in Mechanical Engineering from South Dakota State University and a master's in Business Administration from the University of St. Thomas in Minnesota.

DAQRI Partners with Flex for Production of AR Headsets

Flex and **DAQRI**, the LA-based technology company and augmented reality (AR) platform pioneer, have entered into an agreement to manufacture DAQRI augmented reality headsets at the Flex facility in Cork, Ireland, beginning this summer.

In addition to manufacturing DAQRI Smart Glasses, Flex will manage logistics directly to the consumer and provide after-market services, including repair and maintenance.

Launched at CES 2017, DAQRI Smart Glasses are a powerful, lightweight, and comfortable headset designed for use in multiple settings, including medical, engineering, construction, and manufacturing.

Intervala Named Exclusive Manufacturer of TIAMA Inspection Machines

Intervala, LLC announced that it has reached a multiyear, multimillion-dollar agreement with **TIAMA AMERICAS** to manufacture numerous electronic, electrical, and mechanical components for glass container inspection machines that ultimately will become fully operational machines for TIAMA.

ST Electronics Secures Contracts Worth About €311 Million

ST Engineering's electronics arm, Singapore Technologies Electronics (**ST Electronics**), secured about SGD490 million (€311 million) worth of contracts in the second quarter of 2017.

Contracts were signed for Rail Electronics & Intelligent Transportation, Satellite & Broadband Communications, and Advanced Electronics and Information Communications Technologies (ICT) solutions.

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