

Manufacturing Market

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Major Hike for Top 25 in 2014

For only the third time in the past 12 years, combined revenue for the Top 25 contract manufacturers (EMS providers and ODMs) improved to grow in 2014. Last year, Top 25 revenue totaled \$383.8 billion, up 5.2% from 2013 (Chart 1). But the true number is \$326.6 billion, because of a new methodology not previously used. In past editions of *MMI's* April issue, all revenue for ODM companies was assumed to be EMS—but this is not accurate. Companies such as Quanta Computer, Compal, TPV Technology, Qisda, Delta, and Lite-On make their own branded products, which are sold directly into the marketplace. These private label figures are not released by these companies, and so until better information is obtained we assume that at least half of their revenue comes from private brands. Table 1 lists the total revenue for these companies and the proportion of EMS revenue. This resulted in the lower total number for true EMS production; however, for purposes of comparative analysis with the past we will use the total ODM numbers.

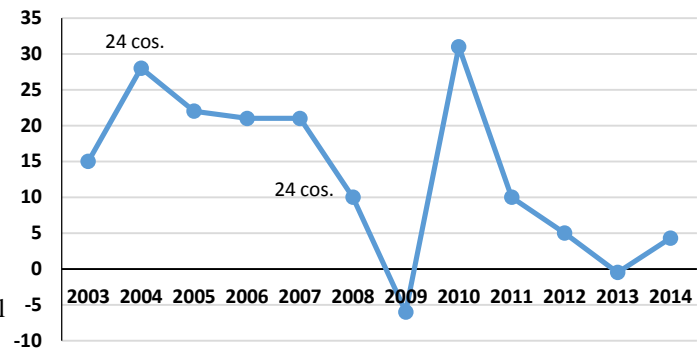
It was encouraging to see that the Top 25 increased more than the global economy, which grew at a 3.3% rate in 2014, according to the **International Monetary Fund**. In addition, M&A activity has picked up within the supplier (semiconductor) and customer bases (e.g., **Microsoft/Nokia** and **Nokia/Alcatel-Lucent**), creating more opportunities in the EMS sector.

Annual sales growth for the Top 25 over the last 12 years has averaged 9.3%. But annual results for the past two years haven't been anywhere near double digits (with few exceptions), much less at that level. The EMS industry does not operate under Moore's law and cannot sustain the growth rates of the last twenty years, but will generally grow faster than the overall OEM electronics industry.

ODM Providers Outgrow EMS

The Top 25 contract manufacturers for 2014 consist of 17 companies whose primary business is EMS—referred to here as the EMS business model—and eight companies that mainly rely on ODM work—similarly called the ODM business model. In 2014, the ODM group exceeded the EMS side by 5.8 percent; combined revenue for the EMS providers increased by just 2.8%, whereas that of the ODMs increased by 8.6% (Chart 2, p. 4). It's no surprise that 2014 was a tough year overall for the EMS group, given its reliance on the PC

Chart 1: Top 25 Growth Rates (%)



market and that market's worst-ever decline in 2014. For 2014, EMS providers contributed 73.6% of Top 25 sales, up from 70.2% in 2013. The primary reason for the share gain was due to double-digit sales growth at **USI**, **Plexus**, **Benchmark Electronics**, and **Zollner**.

Combined revenue in the EMS business model amounted to \$282.6 billion, while the ODM business model achieved sales of \$101.2 billion (26.5% of the total). As shown in Table 1 on the next page, *MMI* ranked the Top 25 contract manufacturers in order of calendar 2014 sales in US dollars.

It took significantly higher sales to make the 2014 edition of the Top 25 than the

continued on page 3

Some articles in this issue

Cover Story.....	1
For the Top 25 CMs overall, 2014 was a growth year.	
New Analysis of Market Segments.....	4
Company News.....	7
Quarterly Results.....	8

Table 1: Top 25 Contract Manufacturers for 2014

Business Model	Company	Head-quarters	Sales calendar 2014 (millions USD)	Actual or Estimated EMS or ODM Sales (millions USD)	Rank by 2014 (millions USD)	Sales calendar 2013 (millions USD)	2013 rank	Growth '13-'14 in US\$ (%)	No. of people	No. of plants	Total facility s.f.	No. SMT lines	No. of customers and/or notable customers
EMS	Hon Hai Precision Industry (Foxconn)	New Taipei, Taiwan	139,030	139,030	1	133,226	1	4.4%	1,700,000 (est.)	80 (est.)	100M (est.)	2,000 (est.)	Acer, Amazon, Apple, Blackberry, Cisco, Dell, HP, IBM, Intel, Nintendo, Sony, Visio, Xiaomi
EMS	Pegatron	Taipei, Taiwan	33,656	30,506	2	28,935	2	5.4%	250,000 (est.)	10	25M (est.)	350 (est.)	Acer, Apple, ASUS, Epson, Sony, Toshiba
EMS	Flextronics	San Jose, CA	26,921	26,921	3	24,680	3	9.1%	200,000	70	27M	400 (est.)	Alcatel-Lucent, Casio, Ciena, Cree Lighting, F-5 Networks, Ford, Google, HP, J&J, Lockheed, Motorola, NEC, Oracle, Pace, Q-Cells, Siemens, Sunpower, Xerox
EMS	Wistron	Taipei, Taiwan	19,950	19,950	4	21,341	6	-6.5%	150,000 (est.)	9	18M	400 (est.)	Acer, Dell, Google, HP, Lenovo, Sony
EMS	Jabil Circuit	St. Petersburg, FL	15,969	15,969	5	18,311	7	-12.8%	142,000	72	30M (est.)	300 (est.)	Agilent, Apple, Cisco, EchoStar, Ericsson, GE, HP, IBM, Medtronic, Motorola, NetApp, Nokia Siemens Networks, Novartis, Pace, Sunpower, Valeo
ODM	Quanta Computer	Taipei, Taiwan	30,573	15,287	6	29,051	2	5.2%	100,000	13	15M	300	Acer, Apple, ASUS, Dell, Fujitsu, Google, HP, Microsoft, NEC, Panasonic, Philips, Sharp, Sony, Toshiba
ODM	Compal	Taipei, Taiwan	27,912	13,956	7	22,857	5	22.1%	220,000 (est.)	8	13M (est.)	500 (est.)	Acer, Alcatel-Lucent, Dell, HP, Hitachi, Juniper, Linksys, Microsoft, Motorola, NEC, Panasonic, Toshiba, Vibo, Western Digital,
EMS	TPV Technology	Hong Kong	11,681	9,799	8	11,973	10	-2.4%	31,589	14	6M	130	Dell, HP, IBM, Inventec, Mitsubishi Electric, NEC, Panasonic, Toshiba
ODM	Inventec	Taipei City, Taiwan	14,377	7,189	9	15,215	n/a	-5.5%	60,000	12	8M (est.)	150 (est.)	Apple, Barnes & Noble, British Telecom, Cisco, Dell, Fujitsu, Google, HP, Psion, Siemens, TI, Toshiba, Xiaomi
EMS	Sanmina	San Jose, CA	6,438	6,438	10	5,870	11	9.7%	43,101	32	12.2M	130 (est.)	Advanced Digital Broadcast, AT&T, Brunswick, Canon, Ciena, Citizen, Dell, Diebold, GE, Harman, HP, IBM, Illumina, Panasonic, Philips, RF Surgical, Seagate, Trane
EMS	New Kinpo Group	New Taipei, Taiwan	7,230	5,780	11	6,625	9	9.1%	431,999	31	14.5M	295	ASUS, ASRock, Buffalo, Casio, Epson, Gigabyte, HP, Hitachi, GE, Lenovo, Nikon, Pace, Panasonic, Pioneer, Samsung, Seagate, Sony, TI, Toshiba, Western Digital
EMS	Celestica	Toronto, ON, Canada	5,630	5,630	12	5,796	12	-2.9%	33,000	75	5.5M	150 (est.)	Agilent, Alcatel-Lucent, Applied Materials, Baxter, Carrier, Cisco, EMC, HP, Hitachi, Honeywell, IBM, Juniper, NEC, Oracle
ODM	Qisda	Taipei, Taiwan	4,406	3,260	13	4,017	13	9.7%	35,000	3	4M	80	NEC, Philips (displays), Siemens, Sony
EMS	Benchmark Electronics	Angleton, TX	2,797	2,797	14	2,506	14	11.6%	11,000	23	3.1M	90 (est.)	Applied Materials, ARRIS Solutions, Emerson, IBM
EMS	Shenzhen Kaifa	Shenzhen, China	2,654	2,654	15	2,430	15	9.2%	21,000	7	5.4M	>100	ENEL, Epson, Hitachi, Huawei, Kingston, ResMed, Samsung, Seagate, Western Digital, ZTE
EMS	USI	Shanghai, China	2,579	2,579	16	2,303	16	12.0%	16,000	6	2.7M	120	100+
ODM	Delta	Taipei, Taiwan	6,292	2,517	17	5,965	n/a	5.5%	50,000	53	6M	125	Amazon, Apple, ASUS, Audi, Black & Decker, Dell, Cisco, Eaton, Ericsson, Facebook, Fujitsu, GE, Google, HP, IBM, Intel, Microsoft, NEC, Oracle, Rockwell, Sony, Toshiba
EMS	Plexus	Neenah, WI	2,509	2,509	18	2,228	17	12.6%	12,000	12	3.4M	90	ABB, AMX, ARRIS Group, Coca-Cola, Draeger, Dragonwave, GE, General Dynamics, Gotham Networks, Harmonic, Honeywell Aerospace, Inovonics, Juniper, Motorola, MNS, Patientline, Siemens, Tellular, Visual Networks

Business Model	Company	Head-quarters	Sales calendar 2014 (millions USD)	Actual or Estimated EMS or ODM Sales (millions USD)	Rank by 2014 (millions USD)	Sales calendar 2013 (millions USD)	2013 rank	Growth '13-'14 in US\$ (%)	No. of people	No. of plants	Total facility s.f.	No. SMT lines	No. of customers and/or notable customers
ODM	Lite-On	Taipei, Taiwan	7,612	2,284	19	7,022	n/a	8.4%	60,000	7	7M	150	Alcatel-Lucent, Dell, HP, Huawei, Microsoft, Philips, Siemens, Sony Ericsson
EMS	Venture	Singapore	1,950	1,950	20	1,865	18	4.6%	12,000	10	3.7M (est.)	180	ABB, Agilent, HP, Honeywell, IBM, Illumina, Keysight, Micros, NCR, Oclaro, Qlogix, Talaris/Glory, Toshiba-TEC, Verifone, Waters
EMS	Zollner	Zandt, Germany	1,423	1,423	21	1,180	21	20.6%	8,790	17	3.1M	48	>500
ODM	New Kinpo Group	New Taipei, Taiwan	7,230	1,450	22	6,625	n/a	9.1%	431,999	31	14.5 M	295	Asus, ASRock, Buffalo, Casio, Epson, Gigabyte, HP, Hitachi, GE, Lenovo, Nikon, Pace, Panasonic, Pioneer, Samsung, Seagate, Sony, TI, Toshiba, Western Digital
ODM	MicroStar	Taipei, Taiwan	2,802	1,401	23	2,422	n/a	15.7%	22,000	4	3M	50	Gateway, Fujitsu, IBM, Legend, NEC
EMS	SIIX Corp.	Osaka, Japan	1,139	1,139	24	1,240	20	-8.1%	8,862	9	1.4M	26 (est.)	200+
EMS	UMC	Saitama, Japan	1,034	1,034	25	1,293	19	-20.0%	9,825	8	1.4M	139	
Total/Average			383,794	326,600		364,976		5.2%					

Companies with multiple businesses were classified as EMS or ODM as indicated by the first acronym in the business model description. Model descriptions are not meant to capture every business a company might pursue. For Taiwan-based ODMs and Hon Hai, converting NT\$ into US\$ was done using average quarterly exchange rates based on US Federal Reserve data.

previous year. A place in the Top 25 required a minimum of \$1.03 billion, \$224 million above the 2013 cutoff of \$810 million. Sales growth among the bottom ranks of the Top 25 resulted in an increase of the cutoff. Interestingly, the cutoff has increased this year in contrast to its decline for three consecutive years following 2010 (Chart 3, p. 4). This would suggest that Tier 1 companies are getting larger as they assume more production from their customers and make strategic acquisitions.

Incidentally, it should be noted that New Kinpo Group is the only EMS supplier that generates both EMS and ODM revenue, thus ranking twice in Table 1. A company is considered an EMS company if its EMS sales are greater than half of its total sales. This year we have changed Wistron's designation to an EMS company for this reason.

At \$139 billion in sales for 2014, **Hon Hai Precision Industry** again stood unchallenged leading the Top 25. The company's share of Top 25 revenue decreased in 2014 but increased over the previous three years. Last year, revenue

for the remaining 24 companies grew at 4.3% from a year earlier.

Performing an analysis of the true positions of the Top 25 between 2013 and 2014 is not a meaningful exercise because of our new system of segmenting ODM/EMS sales by ODM supplier. For example, in 2013, Quanta Computer ranked second in revenue by counting all of its revenue as EMS, but this year because we estimated what we believe to be realistic EMS versus branded product revenue, it dropped down to fifth position. *MMI* believes that this new method presents a more accurate picture of the top EMS and ODM companies. (In contrast, the Top 50 EMS companies presented last month ranked only pure-play EMS companies. New Kinpo Group did not report its ODM revenue until this month.)

There were few new entrants in the makeup of the 2014 Top 25 when compared with the previous year's edition. Few spots on the 2014 list opened up when ODM providers **AmTRAN Technology** and **Ability Enterprise** (which is owned by

Pegatron) and EMS providers like **Sumitronics** and **Beyonics Technology**, a Top 25 member in 2013, failed to qualify because of sales declines. The departure allowed three new ODM providers, **Delta**, **Lite-On**, and **MicroStar**, and EMS provider **New Kinpo Group** to join the Top 25 group.

Sales were down at seven CMs, (Table 1, pp. 2 and 3), whereas six players posted double-digit growth. ODM provider **Compal Electronics** climbed the farthest—an ascent of two positions. It was no coincidence that Compal Electronics also achieved the highest sales growth at 22.1%.

Editor's note: While we strive for accuracy, most of the top-tier suppliers do not earn all of their revenue from EMS and ODM work. Most companies mix in revenue from other businesses such as components, connectors, switches, cable and harness, and subassemblies (LCD displays, hard disk drives, embedded PC technology) that is not separated out in their annual reports or government filings. To some degree, Top 25 sales and growth figures have

been influenced by revenue from businesses outside the realm of contract

manufacturing. There may be cases where the addition of other business to

contract manufacturing revenue might have unfairly boosted a provider's rank.

Chart 2: 2014 Growth Percentages in US\$

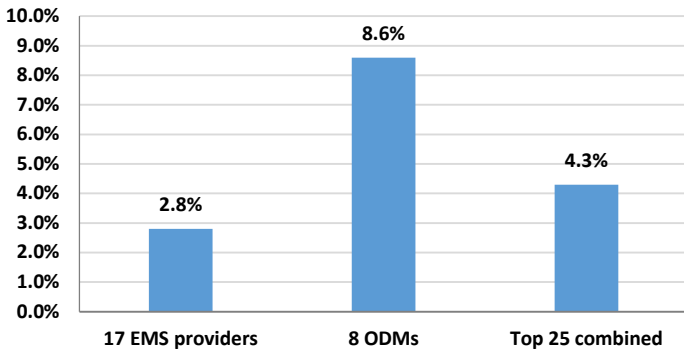
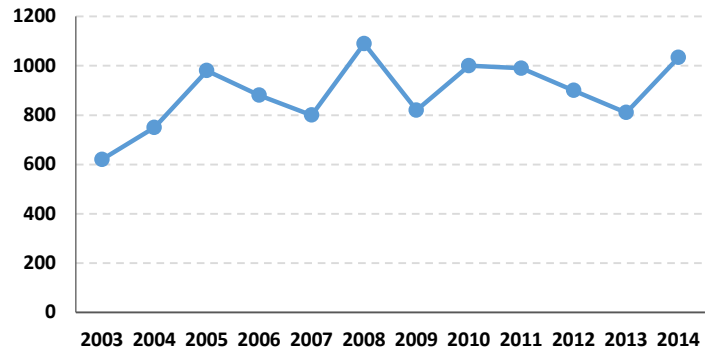


Chart 3: Top 25 Cutoff (Millions USD)



New Analysis of Market Segments

MMI has completed its latest analysis of EMS market segments by utilizing data from its annual Top 50 EMS™ survey. Unfortunately, data from only 38 of the Top 50 EMS providers was collected, leaving out major suppliers such as **Foxconn**. The results show that the telecom segment (both communications infrastructure and commodities) accounted for the single largest market segment among respondents. The smaller segments—industrial/commercial, medical, automotive, defense/security/aerospace, and other—together represented 45.0%, or nearly half, of the providers' total sales of \$90 billion (Chart 1A, p. 6). In a similar analysis of Top 50 data for 2013, the nontraditional areas claimed approximately a one-third share of total revenue (April 2013, p. 3). For many providers, nontraditional areas continue to be the most productive segments for their business development efforts.

The attraction of the nontraditional areas can be seen in the popularity of the industrial segment, which drew 35 out of 38 providers. No other segment in this analysis came close to getting that much industry activity.

Market segment percentages for the 38 Top 50 EMS providers appear in Table 1A on page 5. Percentages came directly from the providers' responses to the Top 50 survey. Twelve companies in the Top 50 either did not provide a breakdown of their sales by

market segment or supplied data inconsistent with MMI's categories.

Computer & Storage took the second largest share of the 40 providers' aggregate sales in 2014. The Computer & Storage segment accounted for 21.4% of combined sales. Two companies, **Shenzhen Kaifa** and **SMT Technologies**, obtained 86% and 85% of their sales from the segment, respectively. Other leaders (as a percent of sales) included **Global Brands Mfg.**, **Sumitronics**, **New Kinpo Group**, and **Di-Nikko Engineering**. For 17 providers out of 38, computing and storage was a segment to avoid, registering zero sales. Much of the outsourcing in the computing and storage space is controlled by ODM companies. Their considerable presence in the space shrinks the amount of business available to other EMS providers and even more so for those who eschew high volumes. Still, some providers showed fairly high volumes and revenue within the space, including **New Kinpo Group**, **Flextronics**, **Shenzhen Kaifa**, and **Jabil Circuit** (Table 1A).

The remaining segment, Consumer electronics, includes digital TVs, video console games and set-top boxes, audio-video equipment, appliances, and other high-volume products, and accounted for 9.2% of total revenue. Several EMS companies including Flextronics, Jabil Circuit, and New Kinpo Group generated several billion dollars in revenue from this segment. Generally, Tier 1 suppliers service this segment due to the high unit volumes and low profit margins that result.

Second- and third-tier providers that follow a lower volume, high-mix strategy want no part of the high-volume workplace.

Although 2014 was a year of modest growth for the Top 38, the same cannot be said for the four leading market segments. To see which areas grew and which did not, MMI performed an apples-to-apples comparison by using market segment data from 38 companies that were present in both the 2013 and 2014 analyses.

After combining the segment data from the 38 providers for both years, analysis showed that three sectors gained revenue in 2014 versus the prior year and two sectors saw lower sales last year. The computing and storage, communications infrastructure, and nontraditional sectors were the winners in this comparison, whereas the consumer (mobile phones and other high-volume markets) segment was on the losing end.

For the 38 providers as a whole, 2014 sales from the nontraditional segments (including "other") rose 89.7%, which was well above the group's average growth of 44.4%. The above-average growth of the nontraditional areas probably indicates a greater abundance of new outsourcing opportunities in those areas, which tend to be less penetrated than the more mature consumer and communications commodity segments.

Revenue from Computer & Storage products grew at a significantly lower rate than was observed for the nontraditional areas. Computer & Storage expanded 57.3%, perhaps a somewhat pleasant surprise in light of slower-than-expected overall growth in world markets. And yet, demand for consumer products in China and other developing countries continues unabated, giving this segment a built-in engine for growth. In this comparison, sales from the Communications Infrastructure segment increased 26.7% from 2013, a solid increase given that most sales of such equipment go to top-tier suppliers like Foxconn, Flextronics, Jabil, and Sanmina. Finally, Consumer products fell 29.9% from a year earlier.

The three top-tier providers in this analysis contributed 70% of total sales. As a result, these three providers heavily influenced market segment results for the entire group of 38.

What do the market segments look like for providers below the top tier? For the remaining 35 EMS providers, the nontraditional areas overall take on greater importance. In 2014, the nontraditional segments (plus “other”) accounted for 63.9% of the combined revenue of those 35 providers. This result is consistent with a 2013 analysis of 34 providers, in which the nontraditional areas captured share of 48.8% (April 2014, p. 6). If these results can be extrapolated to the industry at large, then it can be said that the nontraditional segments supply more than half of the revenue for providers below the second and third tiers. This is not surprising, as this group of EMS companies focuses on low-volume, high-mix assemblies that are not well suited for Tier 1 companies, often because of the size of the contract. Only a few new areas like clean energy have the kind of volume and contract size to draw the attention of the Tier 1 companies.

Table 1A: Market Percentages for 38 of the Largest EMS Providers in 2014

Organization	Auto-motive	Comm. Infra-structure	Comm. Commodities	Compu-ter & Stor-age	Con-sumer	Indus-trial	Medi-cal	Military/Avionics	Other
Flextronics	9.4	26.3	11.5	14.5	7.7	20.0	10.0	0.6	
Jabil Circuit	6	34	11	15	11	10	8	5	
New Kinpo Group		22.1		56.4	21.5				
Sanmina		41.6		12.1	9.3	16.0	12.0	9.0	
Celestica		40		27	5	12	9	7	
Benchmark Electronics		29		21		39	11		
Shenzhen Kaifa			7	86		4	3		
USI	8		41	39	12				
Plexus		37				25	25	13	
Venture		17		21		62			
Zollner	25	1		11	3	37	12	6	5
SIIX Corp.	36		1	12		42			8
Sumitronics	12		11	58	14	5			
Integrated Micro-Electronics, Inc.	40	22		6	13	13	3		3
Kimball Electronics	36					27	30	7	
Asteelflash	11			13		43	5	4	24
Global Brands Mfg.	2	20		70	8				
PKC Group	100								
V.S. Industry Berhad	1				99				
TT Electronics	58					23	11	8	
Wong's International Holdings				44		50			6
éolane	15	5	5			30	15	30	
Vtech Communications		2	14		69	10	5		
VIDEOTON	47	3				31			19
Creation Technologies	5	21		6		44	17	7	
Ducommun Inc.						12	6	82	
Neways Electronics Intl. NV	17.8	1.3				58.2	19.1	2.6	1.0
OnCore Manufacturing						46	35	19	
Orient Semiconductor Electronics		3.5		49.0	7.5	26.8	7.8	5.4	
ALL CIRCUITS	60	6	9		1	22	2		
Computime						100			
Key Tronic	6	21		4	30	25	12	2	
Di-Nikko Engineering	5	5	20	50	5	5	5	5	
PartnerTech		28				46	14	12	
Valuetronics Holdings					67.9	32.1			
SMT Technologies			0.01	85.1	14.6	0.1	0.2		
LACROIX Electronics	49	8	7		7	20	2	7	
Scanfil		21.8				37.8	7.9		32.5

Data from providers below \$3 billion in sales show how the individual segments within the nontraditional category break down for them. For this subgroup of 35 Top 50 EMS providers, the industrial/commercial area furnished one of the strongest segments for revenue. Representing 26.7% of total sales, it is one of the healthiest and most profitable market segments of all (Chart 2A). Industrial/commercial also came out number one in the 2013 analysis of 34 providers (April 2014, p. 5). If these results can be generalized, then the industrial/commercial segment has become the number-one revenue producer for providers below the top tier.

Next in size among the nontraditional areas was the automotive segment with 7.8% of revenue. Growth of the global auto industry in 2014 probably contributed to the automotive share, which was 310 basis points higher than in the 2013 analysis. Not far behind the automotive segment was the Defense/security/aerospace segment with an 11.2% share, which was 690 basis points higher than in the 2013 analysis.

Over the past five years of analysis, the medical share has ranged from 7.8% to 8.8%, evidence that the medical segment is not gaining market share despite the emphasis that many providers have placed on it. Business from the Communications Commodities segment came in at 3.8% of total sales, showing that there is business to be had even though it is smaller than the automotive or medical segments, at least for Top 50 providers below the industry's first tier. "Other" business that could not be categorized fell into the smallest segment, which claimed a share of 1.5% (Chart 2A).

Editor's note: This analysis covered providers who sometimes differ as to which products go in what categories. As a result, there is some uncertainty and inconsistency with respect to the results presented here.

Chart 1A: Market Mix for 38 Top 50 EMS Providers in 2014 (\$90 B)

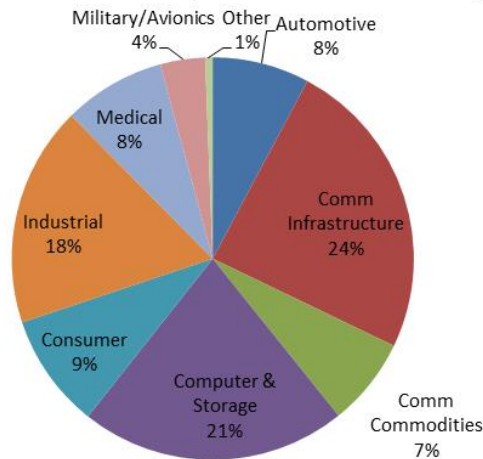


Chart 2A: Individual Markets for 35 EMS Providers Under \$3 Billion

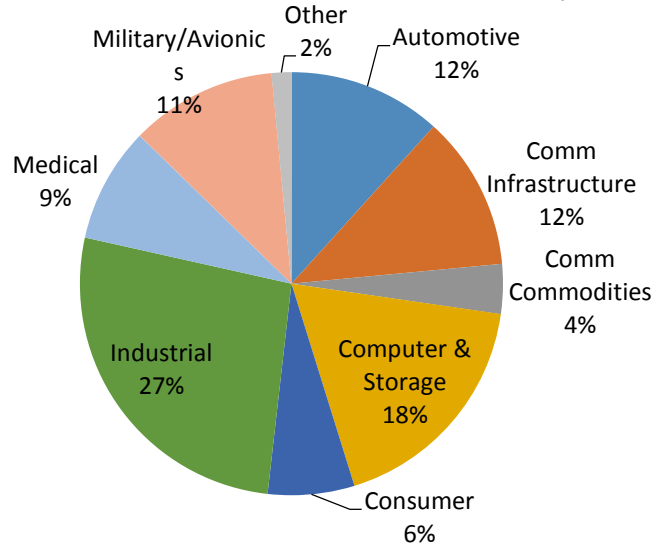


Table 2A: A Comparison of Segment Revenue for the Same 38 Top 50 EMS Providers

Segment	2014 share	2013 share	2014 sales (M)	2013 sales (M)	Change
Computer & storage	21.4%	19.7%	\$19,262	\$12,246	57.3%
Communications infrastructure	24.3%	27.7%	\$21,884	\$17,266	26.7%
Consumer, mobile, & other high volume	9.2%	18.9%	\$8,258	\$11,774	-29.9%
Nontraditional*	45.0%	33.7%	\$40,530	\$20,995	89.7%
Total			\$89,934	\$62,281	44.4%

* Includes other.

Company News

NATEL and OnCore Announce Completion of Merger Agreement

NATEL Engineering Co., Inc. (Chatsworth, CA) and **OnCore Manufacturing, LLC** (San Marcos, CA) have completed their merger. The new company is one of the largest privately held electronics manufacturing services (EMS) companies in North America, focused on the medical, industrial, and aerospace and defense markets through its combined thirteen facilities. The company will be headquartered in Chatsworth, CA. Sudesh Arora, Chief Executive Officer and President of NATEL, will become the CEO and President of the merged company. Sajjad Malik, CEO of OnCore, will join the management team as Executive Vice President.

The transaction is expected to close before the end of April 2015. NATEL has received a fully underwritten commitment from **Goldman Sachs Bank USA** and **GE Capital Corporation** to finance the transaction. **B. Riley & Co., LLC** acted as financial advisor for NATEL, and **Lincoln International** acted as financial advisor for OnCore.

Sparton Acquires Hunter Technology Corp.

Sparton Corporation (Schaumburg, IL) announced that its wholly owned subsidiary, Sparton Hunter Corporation, completed a merger with **Hunter Technology Corporation** (Milpitas, CA) in a \$55 million all-cash transaction. The merger is subject to certain conditional post-closing adjustments.

The addition of Hunter Technology meets the criteria of Sparton's growth strategy by providing further expansion regionally into Northern California, diversifying its customer base through both existing programs and a strong business development pipeline, increasing its engineering service capabilities, and continuing to increase the number of complex subassembly and full-device programs within Sparton.

Executive changes... **AccuSpec Electronics** (Erie, PA) has announced that

Marshall "Mac" Blythe has joined the company as President.

Blythe assumes the President role at AccuSpec after serving with **Celestica** for 11 years in various executive leadership roles, most recently as Vice President of Sales and Solutions for Celestica's Aerospace, Defense, and Healthcare businesses. During his time at Celestica, Mac played a key role in developing the organization, processes, and customer relationships that led to substantial growth, superior profitability, and exceptional levels of customer satisfaction for the business units within his scope. He earned his bachelor's degree from the University of North Carolina and an MBA from the University of Chicago... **Asteelflash Group** (France) announced the appointment of Pierre Labois to the position of Corporate Executive Vice President Sales & Marketing, effective March 2, 2015. In this role, Pierre will undertake all the strategy and actions linked to revenue generation to ensure the prosperous growth of the company.

Pierre comes to Asteelflash Group with over 20 years of experience in the electronics industry. He has an in-depth sales and marketing background and brings to Asteelflash his solid experience in complex solutions selling, as well as deep knowledge of Asian and American markets in addition to his European knowledge.

Prior to joining Asteelflash, Pierre served as Senior Vice President of Global Sales and Marketing in charge of Regional Sales and Marketing for Europe and Global Distribution for **NXP**, where he successfully led the company to the position of second largest semiconductor line in distribution. Pierre leveraged his extensive capabilities and experience to develop a vision and request the needed framework for successful execution.

Flextronics Interested in Alcatel-Lucent's China Business

EMS provider **Flextronics** (Singapore) is reportedly interested in acquiring the Chinese business of

Alcatel-Lucent (Shanghai Bell). The French telecom company is currently being taken over by Finnish **Nokia**. However, Flextronics is in advanced talks to buy the manufacturing unit of Alcatel-Lucent Shanghai Bell, which is the company's largest JV, according to a report in *Reuters*.

The Alcatel unit employs some 1,000 staff and is part of a JV that, along with its subsidiaries, generated revenues of €3.1 billion in 2014.

Expansion... **PKC Group** (Finland) is expanding its business in China and setting up a joint venture with a Chinese commercial vehicle EDS supplier. PKC Group has signed a framework agreement to establish a joint venture with **Jiangsu Huakai Wire Harness Co. Ltd. (Huakai)** (China). The joint venture aims to increase PKC's market share in the Chinese medium and heavy trucks segment by 8 percentage points, and also expand its clientele with new customers.

Huakai develops and manufactures electrical distribution systems for the truck, construction vehicle, and bus segments in China.

The companies will respectively own a 50% share in the new company, which will be established by Huakai in Danyang, in the Jiangsu province of China.

Partnerships... **Flextronics** has once again been selected to partner with **SunEdison** (Belmont, CA) to manufacture its solar modules—this time, in Mexico.

SunEdison is the world's largest renewable energy development company and these solar modules will be primarily used in the US for residential, utility, and commercial photovoltaic (PV) projects.

Flextronics states that it will begin full-volume manufacturing in the first quarter of calendar 2015 at its solar module manufacturing facility in Ciudad Juarez, Mexico. SunEdison chose to manufacture at Flextronics in Ciudad Juarez due to the strategic location bordering the United States, just south of El Paso, with access to all major US rail lines and highways for fulfillment... **PartnerTech** (Sweden) and **Picadeli AB** (Sweden), a provider of self-service salads in grocery shops in

Sweden, have signed a framework agreement regarding the industrialization and manufacture of Picadeli's new refrigerated counter.

The cooperation between PartnerTech and Picadeli began in 2014 regarding the further development of the product and adapting it for serial production. The agreement now signed encompasses PartnerTech's collective expertise in product development and production in electronics, mechanics, and systems integration. Initially, production will mainly be conducted at PartnerTech's unit in Ätvidaberg, Sweden, although PartnerTech's other units around the world will also be involved. The first revenues and deliveries under the agreement are expected in the second quarter of 2015.

New facilities... **New Kinpo Group (NKG)** (Taiwan) announced a new factory in Batangas, Philippines. NKG continues to invest throughout southeast Asia in order to offer customers greater flexibility, lower costs, faster delivery times, and world-class product quality. This is NKG's first factory in the Philippines and its 19th in southeast Asia. The overall campus space is 140,000 square meters and will include three facilities. The factory will be 45,000 square meters and is expected to be

completed by 2Q2015. This highly automated, vertically integrated factory will be dedicated to consumer product manufacturing.

Some Quarterly Results

Benchmark Electronics, Inc. reported revenue of \$621 million for the quarter ending March 31, 2015, which had decreased by 2.8% compared to the same period last year. Operating margin non-GAAP was 3.8%, which improved 20 basis points year over year. Inventory was \$427 million on March 31, 2015; inventory turns were 5.3 times compared to 6.5 on December 31, 2014 and 5.3 on March 31, 2014. Restructuring charges and integration costs totaled \$5 million.

The company reported 2Q2015 guidance, wherein revenue is guided between \$635 million and \$665 million and diluted earnings per share between \$0.37 and \$0.41 (excluding restructuring charges and integration costs).

Plexus Inc. The company reported 2Q2015 revenue of \$651 million, a increase of 14.4% compared to the same period last year. Its fiscal second-quarter cash cycle was 59 days, a significant improvement of 13 days compared to the fiscal first quarter. Networking/Communications and Healthcare/Life Sciences sectors both outperformed expectations due to better-than-anticipated end-market demand. The improved cash cycle performance

contributed to \$124 million in free cash flow during the quarter. Top 10 customers comprised 55% of revenue during the quarter, down three percentage points from the previous quarter. Management reported revenue guidance of \$670-\$700 million, with diluted EPS of \$0.71 to \$0.79.

Note from Editor: Please accept our apologies for the mistake that appeared in our Sumitronics profile in the March 2015 issue.

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