

MERGER, ACQUISITION & DIVESTMENT SERVICES

**SPECIALISTS IN THE EMS AND ELECTRONICS
MANUFACTURING INDUSTRIES**

NEW VENTURE RESEARCH CORP.

ALERTA MARKETING INTELLIGENCE

Why New Venture Research?

Specialists in contract manufacturing and outsourcing management consulting services for more than 18 years – USA based

Creator of syndicated research reports on the EMS industry that is the most comprehensive study available on the industry, including;

- *The Worldwide Contract Electronic Manufacturing Services Market*
- *The Worldwide Electronics Assembly Market*
- *Electronics Manufacturing in China*
- *The Worldwide Original Design Manufacturing Market*
- *The Worldwide Printed Electronics Market*
- *Nanotechnology Markets and Trends*
- *The Worldwide Solar Panel Assembly Market*

Why Alerta Marketing Intelligence?

A strategic marketing, business development and competitive intelligence firm – based in Eindhoven, Netherlands

Consulting based organization that has its roots in Assemblon and Philips

Adviser to governments and financiers in the formation of consortia between high tech companies and innovative projects in the Netherlands

Creator of multi-client segmentation study of the European market for electronics manufacturing

Counselor to OEMs concerning PCB exposure from Asian markets and other disruptive technologies such as printed electronics

What makes NVR and AMI the best partner for M&A services?

- Experts in the EMS and electronics manufacturing industries
- Many years of experience in many buy/sell transactions
- Deep pool of contacts worldwide among the EMS and electronics manufacturing industries not available to banks and transaction firms
- Global coverage with experts in each major geography (North America (NVR), Europe (AMI) and Asia (addressed by alliance with E.J. Mackay, Shanghai, China))
- Trusted resource with a time-earned reputation offering multiple references and examples of engagements
- Rich experience with valuations and purchase/sale prices
- Total commitment, personal attention and exceptional service

What can you expect from NVR and AMI?

- A well-developed and time-tested research methodology that includes:
 - Description of the project scope, objectives, processes, expectations, time-frame and cost
 - Development of a prospectus/offering memorandum that presents the buyer or seller value-proposition in a professional and knowledgeable manner
 - A methodical search of suitable companies by region, size and capabilities
 - Regular updates in progress, profiles of leading candidates, verification and validation of capabilities often performed anonymously in the first stage
 - Access/introduction to top executives, profile of risk vs. opportunity
 - Assistance in valuation, offer and negotiation of purchase/sale terms
 - Due diligence assist in closing and related support services

Recent EMS Acquisition Search

Problem: An Asian-based EMS company was interested in acquiring a smaller USA-based firm that would give it expanded capabilities and new customers. A profile criterion was developed and NVR identified over 100 candidates based on 3-tiers of desirability (1, California, 2, Texas, Oregon, Arizona, Washington, 3, Colorado, Montana, Idaho, New Mexico) that netted down to 12 suitable candidates.

Solution: The project is still ongoing, but because of the recent downturn, the client is postponing its review until 3Q09. The search resulted in identifying 6 extremely attractive EMS companies that would be accretive and provide exceptional capabilities and customers for the client. Candidates were extremely receptive to the client's value-proposition and purchase overtures.

Recent EMS Company Purchase

Problem: A Chicago equity investment firm was interested in identifying successful EMS companies that had a consistent history of profit and a defensible market segment. The firm wanted to put together a syndicate of companies that could dominate low-to-medium volume and high complexity product assembly market niche within the industrial, medical and transportation market segments. So to better accelerate their time to market, the company retained NVR to provide intelligence, guidance and introductions to the most eligible companies that would make the best acquisition candidates.

Solution: NVR provided a macroeconomic analysis of the EMS industry of the leading suppliers profiling their profitability by industry segment, geography and customer product application. Because of the many years of experience NVR has had in the EMS sector, CEO-level access and introductions were made to a wide variety of eligible companies. NVR assisted the client in the market valuation of these selected firms, assessing their future potential and position in the marketplace, and making recommendations for the best companies to be successful.

Selection of Low-Cost Manufacturing Partner

Problem: A European-based OEM was interested in identifying a low-cost manufacturing partner in the regions of Asia, Eastern Europe and Mexico. In order to remain competitive, the supplier needed the manufacturing capabilities of electronics EMS/ODM partner/suppliers in each region to maintain its competitive position in the end use appliance markets. The objective of the project was to identify the best potential manufacturer in each region for geographic region for eligible partnership.

Solutions: NVR provided a summary of the entire EMS industry on a geographic basis which included profiling all the leading suppliers by region. The client had specific performance and capability requirements by product that needed to be matched the available supply market and so a matrix analysis was provided for each region. NVR ultimately made recommendations and introductions to the leading candidates and assisted the client in developing a selection criterion for the best partner based on its internal needs, capabilities and outsourcing requirements.

Selection of Low-Cost Manufacturing Partner

Problem: A U.S.-based contract manufacturer was interested in identifying and partnering with a low-cost EMS supplier in China. The company was unfamiliar with the available pool of suppliers in Asia, their business ethics, capabilities, and how to go about identifying, qualifying and negotiating with the best potential partner. To expedite their decision-making process, the company retained NVR to provide competitive intelligence and profiles of the most qualified candidates and assist them in the selection process.

Solution: NVR began by providing a summary of the entire EMS industry in China and profiling the leading suppliers by region. Because the company had specific criteria of performance and capability that matched its own internal abilities, profiles of each company's operations were provided to assist in finding the best manufacturing match. Through an iterative process, NVR ultimately provided a short list of the best candidates that matched the client's production and philosophical needs so that a more in-depth relationship could begin.

EMS Company Wants to Be Acquired

Problem: A contract manufacturer was interested in being acquired by a larger entity. The sellers were struggling with problems of cash flow, capital investment and management's ability to take the firm to the next level but were in a very desirable region and had excellent customers. Because of the client's niche in the high complexity/ low-to-medium volume manufacturing market sector, NVR was retained to help identify, quantify, and negotiation the best deal and terms.

Solution: As a result of NVR's extensive reach in the EMS market, it was able to identify and introduce the leading acquirers of emerging firms in the client's vertical niche. A long and short list of leading acquirers and their strengths and weaknesses was provided to the client that gave visibility and guidance as to the best parent candidates. NVR further assisted management in selecting the best partners by negotiating the best terms as a result of providing industry comparables and historical buying behavior of similar companies.

EMS Company Wants to Be Acquired

Problem: A contract manufacturer was interested in selling its business to a larger firm but was unfamiliar with how to identify a suitable buyer that would appreciate its strengths, customers and assets. The company had developed a specific niche in the high-mix, low-volume board assembly business and was very experienced in complex test procedures for advance memory components and other ICs. The customer base was expanding rapidly but the company had not realized the growth in business that would be accomplished over the next two years.

Solution: NVR developed a search process which profiled and screened a set of aggressive potential acquirers, and then made the initial inquiries and introductions on the seller's behalf. NVR successfully positioned the client before a smaller set of qualified candidates who were interested in the customer set and technical capabilities and assisted in-depth negotiations to evaluate the core business and strategic assets of the seller. A bidding situation resulted among multiple buyers which allowed the seller to realize the best price for its business and resulted in a successful merger for both parties.

Potential OEM Purchase Liability

Problem: A large medical products manufacturer expressed its intent to acquire another medical firm whose product would complement its current portfolio. While the candidate firm produced a highly profitable and popular product, it also held the potential for long-term legal exposure through customer liability. The sponsoring company's board wanted to be prudent and conduct an independent due diligence research effort as part of its oversight responsibility.

Solution: NVR's research revealed that the potential long-term liabilities associated with the product were in fact short-term and highly risky, exposing the company to potentially significant damages. Field interview with physicians revealed strong reservations with regard to the continued use of the product, and exposed a growing body of plaintiffs and product liability lawsuits that would have a negative impact on acceptance of the company's product. As a result of the findings, the sponsoring firm terminated the acquisition process, saving it (in hindsight), many millions of dollars in potential class-action lawsuits.

Biographies of Principals

Randall Sherman is the founder and president of NVR and has more than 25 years experience in marketing of high technology electronics products, as well as a background in design and deployment of advanced, new products. He has been a founder of three start-up companies and regularly consults with many OEM and emerging firms in their product and business development strategies.

Mr. Sherman began his career as a Network Design Engineer for Honeywell Corp. designing wide-area voice and data telephony networks for state and local governments. This later led to an opportunity to become a founding partner in a start-up firm, Lexicom Microsystems Inc., where he helped to launch and market a new networked electronic mail product. Mr. Sherman later became a consultant in the fields of market research and management consulting services to such firms as Creative Strategies Research International, Dataquest, Input, Frost and Sullivan/MIRC and BIS Strategic Decisions. He subsequently became President and CEO of Lucid Information Services, a technology research consulting firm which specialized in providing legal, technical and marketing research support services to a wide variety of technology firms. Mr. Sherman sold the company to Failure Analysis Corp. and founded his own independent consulting practice, New Venture Research Corp., to focus on new product market research, due diligence and business development related services.

Mr. Sherman performed his undergraduate work in Astrophysics and obtained a Masters of Science in Electrical Engineering from the University of Colorado and an MBA from Edinburgh School of Business, Edinburgh, Scotland.

Biographies of Principals

Frank Klomp is the Principal Consultant of Alerta Marketing Intelligence, a research based consulting firm, located in Eindhoven, the Netherlands, a major high technology center in Europe. He specializes in creating Marketing Intelligence, enabling Marketing Strategies and Business Development of high tech companies and contributing to open innovation platforms.

Mr. Klomp previously held senior Marketing Intelligence positions at Assembleon, formerly Philips Electronic Manufacturing Technology, and other divisions of Philips Electronics. He emphasizes the importance of qualitative information to support effective decision making processes, and is strongly focused on Global Venture studies, including turnkey & contract manufacturing, joint ventures and strategic alliances in Emerging Markets.

Mr. Klomp has 20 years of experience on the client side, creating Visions about Business Models and Value Propositions, proactively informing and advising decision makers in Banking, Electronics and the Public Sector. He studied Business Administration in the UK and the USA, and earned a Master's degree in International Economic Relations at the University of Amsterdam.

Previous Clients

Agilent Technologies

Akoya Capital

Alcatel-Lucent

Banta Corp.

Birch Hill Equity Partners

BP Solar

Celestica

Creation Technologies

CTS

Diehl Controls

Elcoteq

EPIC Technologies

ESCATEC

Fairchild Semiconductor

Flextronics

Fujitsu Computer Products

Genesis Electronics Mfg.

Guidant

Hewlett-Packard

IEC Electronics

Indium

InFocus

Intel

Ion

Jabil Circuits

KeyTronics EMS

McKinsey & Co.

Microsoft

Morey Corp.

Motorola

MTS Systems

Oki Semiconductor

Orbotech

Orion Manufacturing

Parthenon Group

Philips

Plexus

Primus Technology

Sanmina-SCI

Siemens

Silver Lake Partners

Solectron

Sun Microsystems

Suntron

Sypris Electronics

TA Associates

Varian

Venture Manufacturing

Westernelectronics

Yorkton Securities

Other Consulting Services

- Market Sizing, Quantification, NPI, ASPs and Trend Analysis
- Competitor/End User Studies, Customer Satisfaction, Demand Forecasting, Buyer Preferences
- Business or Product Development, Market Strategy, Technology Transfer, Lead Identification
- Product Assessment, SWOT, Performance Assessment, Benchmarking
- White Papers, Business Plans, Feasibility Studies

Epilogue

“It is not the strongest species that survive,
nor the most intelligent, but the ones most
responsive to change.”

Charles Darwin

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