



Capstone Partners

Investment Banking Advisors

INTERCONNECT COMPONENTS

Q3 2015

CONTACTS

John Ferrara

Founder, President
(617) 619-3325
jferrara@capstonellc.com

Daniel Schultz

Director of Business Development
(617) 619-3368
dschultz@capstonellc.com

INDUSTRY TRENDS

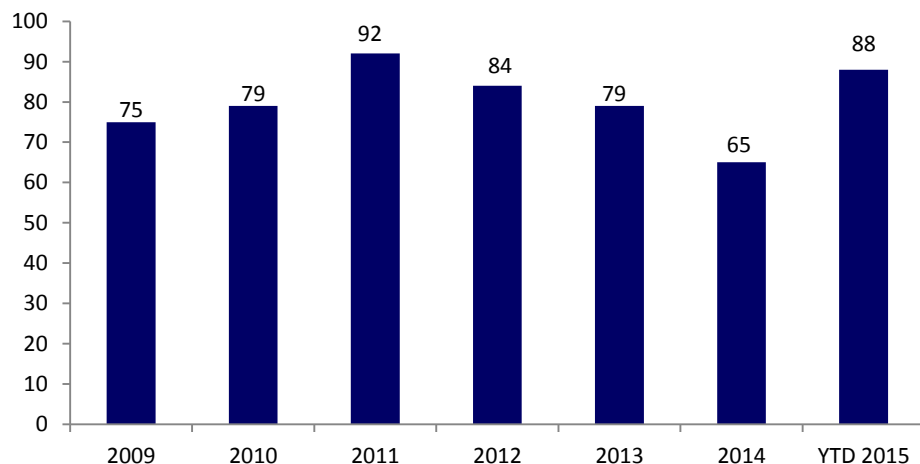
The \$17 billion connectivity industry has seen steady 2.9% annual growth from 2010 to 2015 and now employs over 27,000 people in 361 businesses across the United States. Because Connectivity components are applicable across a wide range of industries, the industry has benefited greatly from favorable macro-economic trends including higher levels of disposable income, increased commercial and residential construction activity, and the significant increase of data communication devices.

The global electronic component industry can be broadly segmented into: (1) active components (semiconductor products including integrated circuits, discretes and optoelectronics); (2) passive components (capacitors, resistors, filters, inductors and oscillators); (3) display components (color picture tubes, monitors and flat panel displays); and (4) interconnect components (printed circuit boards, cable assemblies and connectors).

As the industry continues to consolidate, leaders will look for value-added targets in strategic geographic markets to help them achieve vertical integration to lower costs and boost margins. Furthermore, as technology rapidly changes and advances, connectivity manufacturers will need to be increasingly innovative and acquisitive to solidify their position in the marketplace.

Despite the maturity of the industry, Capstone has identified a number of key drivers that illuminate promising growth potential for a number of sub-industries. These sectors include datacenter infrastructure, telecom infrastructure, and automation. Capstone views these sub-industries as exciting opportunities for merger and acquisition activity moving forward.

Interconnect Component Transactions



Source: Capstone Partners LLC research and Capital IQ
YTD 9/15/2015

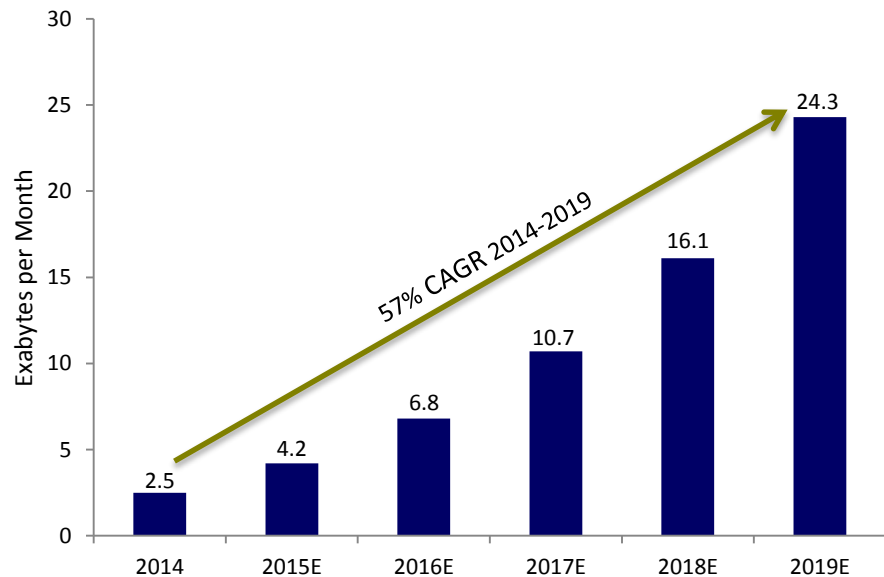
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KEY GROWTH DRIVERS IN 2015

- Telecommunication Infrastructure:** The advent of the information age has been, and will continue to be, a boon for the connectivity industry. High speed fiber optic cable supports internet and cable TV improvements which has led providers to lay millions of miles of cable across the country. Wireless carriers, cable providers, and internet providers are all expanding their fiber-optic networks to keep up with consumer demand for faster and more efficient services. Fiber optic cable installations have rapidly escalated as providers continue to upgrade and install new infrastructure that was put on hold during the recession.

In conjunction, mobile data traffic has skyrocketed as consumers shift to smarter mobile devices, cellular networks become faster and more agile, and internet of things (IoT) adoption levels reach critical mass. Global mobile devices and connections grew to 7.4 billion by the end of 2014 and average smartphone usage grew 45% during the same period. Perhaps even more impressive, global mobile data traffic is expected to increase close to tenfold by 2019. These are healthy indicators for connectivity manufacturers as they continue to operate as the foundation upon which the information age is built.

Mobile Data Traffic 2014-2019



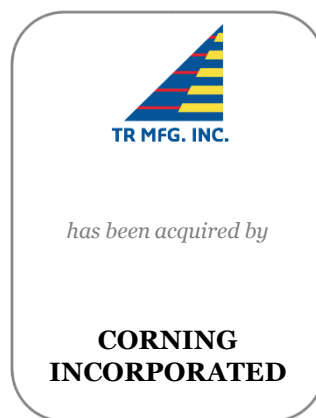
Source: Cisco Visual Networking Index, 2015

- Automation:** Highly configurable and flexible factories are no longer pipe dreams. New developments in software, sensor technology, and manufacturing processes have led to widespread adoption of industrial automation, a robust downstream industry of the connectivity manufacturing sector. Industrial automation is expected to generate significant growth in a number of industries including healthcare, defense, nanotechnology, and communications.

KEY GROWTH DRIVERS IN 2015 CONTINUED

- ▶ **Datacenter Infrastructure:** One of the most important growth drivers in the datacenter market has been a shift from commoditized datacenter infrastructure to customized solutions for large corporations with significant data and networking needs. Key drivers for customization include increased computing needs, data security and analytics, energy efficiency and cost savings. Additionally, as medium and small sized businesses begin to look to the public cloud for their Enterprise IT needs, cloud providers will need to build out significant public cloud capacity to keep up with demand.

CAPSTONE PARTNERS: CONNECTIVITY TRANSACTIONS



Capstone Partners recently advised TR Manufacturing, Inc. on its acquisition by Corning Incorporated. Terms of the transaction were not released.

Headquartered in Fremont, California, with additional facilities located in Texas and Singapore, TR Manufacturing is a leading provider of fiber-optic and copper cable, component interconnects and electro-mechanical assemblies. The company provides its products to customers in a wide range of technology industries. TR Manufacturing offers

three main product lines: Copper Interconnects & Harnesses, Fiber Optic Interconnects & Modules, and Electro-mechanical box builds. With a diverse portfolio of products and services, TR works with customers to meet all their requirements for prototyping, first runs and full production manufacturing, while maintaining stringent operating guidelines to ensure the highest quality and reliability for its products and services.

Corning is a global provider of connectivity solutions for every part of the communications network. The addition of TR Manufacturing's products and capabilities to Corning's portfolio of connectivity products and global manufacturing reach will enable Corning to extend its position as a leading provider of optical solutions. Besides the telecom industry that Corning primarily serves, TR Manufacturing will help deepen the company's presence in a number of other verticals, including expanded penetration into data centers and semiconductor equipment manufacturers.

"We are excited about the opportunity to expand Corning's capabilities to service the growing bandwidth demand of all network operators," said Clark S. Kinlin, Executive Vice President, Corning Optical Communications. "TR Manufacturing's expertise, supported by Corning's global infrastructure, will allow the new entity to better meet customer needs for innovative solutions. We look forward to building a bright future together with their talented team."

SELECTED M&A ACTIVITY AND TRANSACTION VALUATIONS

Date	Target	Acquirer	Target Business Description	Transaction Value (mm)	TV / LTM	
					Revenue	EBITDA
09/10/15	Layer42.Net	WaveDivision	Provides connectivity and data center hosting solutions.	-	-	-
09/09/15	TNS	NeuStar	Provides networking, managed connectivity, data communications, and value added services.	\$220.0	-	-
09/03/15	Pericom Semiconductor	Diodes	Designs and manufactures integrated circuits (ICs) and frequency control products (FCPs).	\$250.1	1.9x	13.0x
08/27/15	Ziptronix	Tessera	Develops low-temperature direct bonding technologies for wafer-level or die-level bonding.	\$39.0	-	-
08/20/15	Technetix	Arris Supplies Division	Supplies global broadband cable and telecommunications equipment.	CF	CF	CF
08/10/15	NextGen Communications	TAG Solutions	Sells and services business telephone systems, voice and data cabling systems, and network infrastructure.	-	-	-
08/06/15	International Communications	Rockwell Collins	Designs, develops and manufactures communications systems and solutions.	\$64.0	-	-
08/04/15	Appalachian Broadband	North Georgia Network	Provides consulting, system design, integration and installation of broadband networks.	-	-	-
08/03/15	TECO	Rumsey Electric	Distributes products and services in automation, connectivity and human interface machines.	-	-	-
08/02/15	Sensor Electronic Technology	Seoul Viosys	Develops, manufactures and sells light emitting diodes and lamps.	-	-	-
07/24/15	Wick Hill Group	Rigby Private Equity	Distributes IT infrastructure solutions.	CF	CF	CF
07/20/15	SOURIAU PA&E	ShoreView	Manufactures and supplies micro-electronic hermetic products.	-	-	-
07/14/15	The Telx Group	Digital Realty Trust	Provides interconnectivity, data center and cloud enablement services.	\$1,886.0	6.1x	24.0x
07/14/15	ExaDigm	Shenzhen Xinguodu Technology	Provides point-of-sale, network conversion and wireless connectivity equipment and solutions.	-	-	-
07/13/15	Gerling Applied Engineering	MUEGGE GmbH	Designs and manufactures microwave heating equipment and passive transmission components.	-	-	-
07/10/15	Southern California Braiding	DCX-CHOL Enterprises	Manufactures custom cables and wire harness assemblies.	-	-	-
06/23/15	OpenAccess	Sound Internet Services	Provides Internet connectivity and hosting solutions in northwest Washington.	-	-	-
06/10/15	Image Communications	Technical Innovation	Designs, manages and implements structured cabling, telephony and wireless systems and solutions.	-	-	-

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06/05/15	Rel-Tech Electronics	RF Industries	Manufactures cable assemblies and wiring harnesses.	-	-	-
06/02/15	Skyware Global	Global Invacom Group	Manufactures satellite antenna products.	\$11.6	-	-
05/28/15	Broadcom	Avago Technologies	Provides semiconductor solutions for wired and wireless communications.	\$33,746.9	4.0x	18.8x
05/27/15	Meru Networks	Fortinet	Provides virtualized wireless local area network (LAN) solutions.	\$30.1	-	-
05/15/15	TPC Wire & Cable	Audax Group	Distributes electrical and electronic cords, cables, components and accessories to the industrial sector.	-	-	-
05/12/15	Industrial Evolution	Energy Knowledge	Provides services that capture, store, transform, exchange and present real-time process data.	-	-	-
05/07/15	Accel Networks	Sierra Wireless	Provides cellular broadband technology and connectivity services.	\$10.8	-	-
05/07/15	Static Control Components	Apex Technology	Manufactures imaging component parts for the printer cartridge remanufacturing industry.	-	-	-
05/04/15	Palladium Energy	ICCNexergy	Manufactures custom battery packs, power supplies and other modules for original equipment manufacturers.	-	-	-
04/30/15	EIA	NSD	Offers security integration, network connectivity and energy management services.	-	-	-
04/28/15	Cervalis	CyrusOne	Provides business continuity, managed hosting, enterprise cloud computing, managed security and collocation services.	\$400.0	5.7x	-
04/28/15	Colonial Assembly & Design	Zentech Manufacturing	Manufactures and tests electronic assemblies for OEMs.	-	-	-
04/27/15	Fibertech Networks	Lightower Fiber Networks	Provides fiber-optic based network services in mid-size cities in the Eastern and Central regions of the United States.	\$1,900.0	-	-
04/23/15	Aeroflex	API Technologies	Manufactures integrated circuits, RoHS compliant attenuators, terminations, adapters, DC blocks and bias tees.	\$80.0	-	-
04/17/15	Cross-Sound Cable	Argo Infrastructure Partners	Provides electrical transmission capacity via a fiber optic cable that connects Shoreham, NY to New Haven, CT.	\$281.0	-	-
04/13/15	E.S. Boulos	MYR Group	Provides electrical construction and telecommunications/data installation services in New England and New York.	\$11.4	-	-
04/13/15	Riotech	Sabtech Industries	Offers turnkey solutions for electronic and software engineering and build-to-print services.	-	-	-
04/13/15	Athena Wireless Communications	Google	Manufactures wireless connectivity systems.	-	-	-
04/06/15	Minco Technology Labs	Micross Components	Manufactures semiconductor components and offers bare die semiconductor products.	-	-	-

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					Revenue	EBITDA
04/06/15	FiberCloud	Green House Data	Provides colocation, high-speed Internet connectivity and cloud-hosted software applications to various companies.	-	-	-
04/01/15	Pacific Wave Systems	COM DEV International	Engineers, designs, and manufactures microwave components for microwave and aerospace industries.	\$20.1	-	6.9x
04/01/15	Connect-Air International	EIS	Manufacturers and distributes low voltage wires and cables for HVAC, security and fire alarm system applications.	-	-	-
03/31/15	Velocity Manufacturing	Integrated Cable Assembly Holdings	Manufactures wire harnesses, cable assemblies and electro-mechanical sub-assemblies.	-	-	-
03/27/15	Electropac	Mass Design	Manufactures printed circuit boards.	-	-	-
03/23/15	SAF Industries	Loar Group	Manufactures aerospace hydraulic, pneumatic, mechanical and electromechanical components to aircraft manufacturers.	-	-	-
03/18/15	Vitesse Semiconductor	Microsemi	Designs, develops, and markets various semiconductor products for carrier and enterprise networking applications.	\$367.3	3.5x	-
03/03/15	Tanner EDA, Inc.	Mentor Graphics	Provides electronic design automation software solutions.	-	-	-
03/02/15	Pulse Electronics Corporation	Oaktree Capital Management, L.P.	Produces and sells precision-engineered electronic components and modules.	\$159.6	0.5x	10.4x
03/01/15	Freescale Semiconductor	NXP Semiconductors	Provides embedded processors worldwide.	\$16,601.2	3.6x	16.1x
02/25/15	Emulex Corporation	Avago Technologies	Provides network connectivity, monitoring, and management products for networks.	\$541.2	1.3x	20.0x
02/09/15	Aevenia	Primoris Services	Provides a range of energy and electrical construction services in the Midwest United States.	\$25.0	0.6x	4.2x
02/05/15	TR Manufacturing	Corning Incorporated	Provides fiber-optic and copper cable, component interconnects and electro-mechanical assemblies.	CF	CF	CF
02/04/15	ETAK Systems	Mosaic Capital Partners	Provides tower audit; and battery, DC power, fuel cell, and radio installation services to the wireless communications industry.	-	-	-
02/03/15	Entropic Communications	MaxLinear	Designs, develops, and markets semiconductor solutions to enable home entertainment.	\$197.1	1.0x	-
02/03/15	Omega Electronic Board Repair	Radwell International	Manufactures and repairs circuit board components and equipment.	-	-	-
01/30/15	Illinois Capacitor	Cornell Dubilier Marketing	Manufactures miniature capacitors for original equipment manufacturers.	-	-	-
01/28/15	TE Connectivity	CommScope Holding Company	Offer broadband network solutions which supplies infrastructure components and systems.	\$3,059.0	1.61x	10.0x
01/27/15	Silicon Image	Lattice Semiconductor	Provides video, audio, and data connectivity solutions for the mobile, consumer electronics, personal computer, and enterprise markets.	\$407.7	1.6x	13.7x
01/14/15	EnVerv	Semtech	Provides System on Chip solutions for smart grid, metering, and control applications in the United States and internationally.	-	-	-
01/06/15	Invisible	Citon Computer	Offers structured cabling, networked clocks, digital whiteboards and projectors.	-	-	-

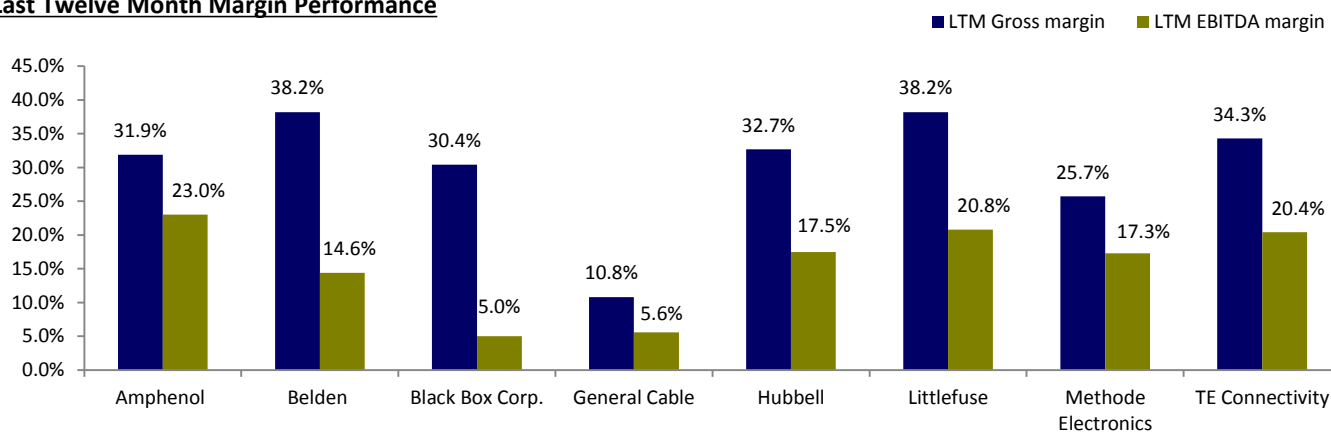
PUBLIC COMPANY TRADING & OPERATING DATA

Company	Price 5/31/15	% 52 Wk High	Market Cap	Enterprise Value	LTM			3-Yr Annual Rev Growth	EV / LTM	
					Revenue	EBITDA	Margin		Revenue	EBITDA
Amphenol Corporation	\$51.51	85.1%	\$15,924.2	\$17,324.3	\$5,463.9	\$1,259.4	23.0%	10.7%	3.2x	13.8x
Belden Inc.	\$49.65	52.0%	\$2,118.6	\$3,831.4	\$2,352.4	\$337.9	14.4%	9.7%	1.6x	11.3x
CommScope Holdings	\$31.70	92.9%	\$6,022.7	\$10,588.6	\$3,521.0	\$758.7	21.5%	0.0%	3.0x	14.0x
General Cable Corp.	\$14.03	65.8%	\$686.4	\$1,834.4	\$5,575.5	\$313.3	5.6%	(1.1)%	0.3x	5.9x
Hubbell Inc.	\$94.10	73.9%	\$5,603.4	\$5,755.8	\$3,427.8	\$599.7	17.5%	4.5%	1.7x	9.6x
Littlefuse, Inc.	\$91.04	88.3%	\$2,061.8	\$1,925.2	\$856.6	\$178.2	20.8%	9.2%	2.2x	10.8x
Methode Electronics, Inc.	\$32.04	65.4%	\$1,232.8	\$1,067.0	\$866.3	\$150.0	17.3%	22.3%	1.2x	7.1x
TE Connectivity Ltd.	\$60.73	82.4%	\$24,436.8	\$27,767.8	\$14,260.0	\$2,916.0	20.4%	1.4%	1.9x	9.5x

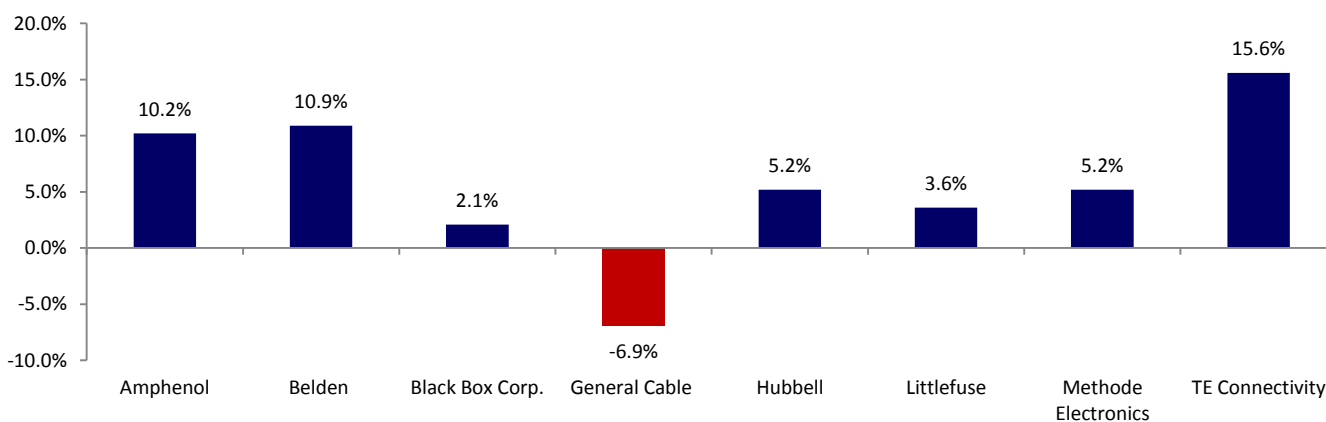
LTM = Last Twelve Months; EV = Enterprise Value
\$ in millions, except per share data

Mean	17.6%	7.1%	1.9x	10.2x
Median	19.0%	6.8%	1.8x	10.2x
Harmonic Mean	14.6%	NA	1.2x	9.5x

Last Twelve Month Margin Performance



Last Twelve Month Revenue Growth



Source: Capital IQ as of September 15, 2015

CAPSTONE PARTNERS: SELECTED CONNECTIVITY AND EMS TRANSACTIONS

Capstone Partners has completed several transactions within the connectivity and EMS industry. These transactions span the major categories of manufacturing and distribution. In some instances the transactions encompassed the sale of 100% of the company. In others, they included the sale of only certain assets or they involved recapitalizations by private equity groups. Capstone's experience in the electronic components industry provides us with insight into the valuable attributes and likely valuation of a target company, the active buyers in the industry and the nuances of transactions in this sector.

 <p>TR MFG. INC.</p> <p><i>has been acquired by</i></p> <p>CORNING INCORPORATED</p>	 <p>RAD ELECTRONICS, INC.</p> <p><i>has sold certain assets to</i></p>  <p>OSI Electronics Manufacturing Services</p>	 <p>Antel INTERNATIONAL, INC. The Antenna Technology Company</p> <p><i>has been acquired by</i></p> <p>Amphenol</p>	 <p>AVTEK INC.</p> <p><i>has been acquired by</i></p>  <p>FIDELITY CAPITAL INVESTORS</p>
 <p>L-com Global Connectivity</p> <p><i>has recapitalized with</i></p>  <p>Riverside</p>	 <p>System Connection</p> <p><i>has been acquired by</i></p>  <p>FIDELITY CAPITAL INVESTORS</p>	 <p>CYPRESS INDUSTRIES</p> <p><i>valuation & financial advisory</i></p> <p>CYPRESS HOLDING LTD</p>	 <p>MileTek</p> <p><i>has been acquired by</i></p> <p>CASTLE ISLAND PARTNERS, LLC</p>
 <p>B&B ELECTRONICS</p> <p><i>has been acquired by</i></p>  <p>FIDELITY CAPITAL INVESTORS</p>	 <p>PATRIOT Antenna Systems</p> <p><i>has been acquired by</i></p>  <p>COBHAM Defense Electronic Systems</p>	 <p>CODi Experts in Corporate Mobility</p> <p><i>has been acquired by</i></p>  <p>MILESTONE PARTNERS</p>	 <p>vativ technologies</p> <p><i>has been acquired by</i></p>  <p>ENTROPIC communications</p>

CAPSTONE'S OFFICE LOCATIONS

BOSTON

176 Federal Street
3rd Floor
Boston, MA 02110
(617) 619-3300

CHICAGO

200 South Wacker Drive
Suite 3100
Chicago, IL 60606
(312) 674-4531

LONDON

42 Brook Street
London W1K 5DB
United Kingdom
+44 (0) 203 427 5068

LOS ANGELES

23046 Avenida de la Carlota
Suite 600
Laguna Hills, CA 92653
(949) 460-6431

PHILADELPHIA

1515 Market Street
12th Floor
Philadelphia, PA 19102
(215) 854-4063

SAN DIEGO

12707 High Bluff Drive
Suite 200
San Diego, CA 92130
(858) 926-5950

SILICON VALLEY

228 Hamilton Avenue
3rd Floor
Palo Alto, CA 94301
(650) 319-7370

TAMPA

1550 W Cleveland Street
Suite 700
Tampa, FL 33679
(813) 251-7285

ABOUT CAPSTONE PARTNERS

Capstone Partners LLC is a premier investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. The firm provides M&A, corporate restructuring, private placement and financial advisory services. Headquartered in Boston, Capstone has offices in Chicago, London, Los Angeles, Philadelphia, San Diego, Silicon Valley and Tampa with an international presence that spans 450+ professionals in close to 40 countries.

For more information
about our expertise,
please visit
www.capstonellc.com



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