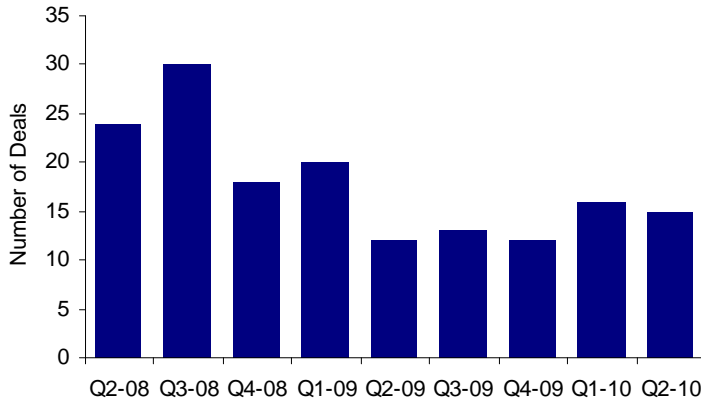
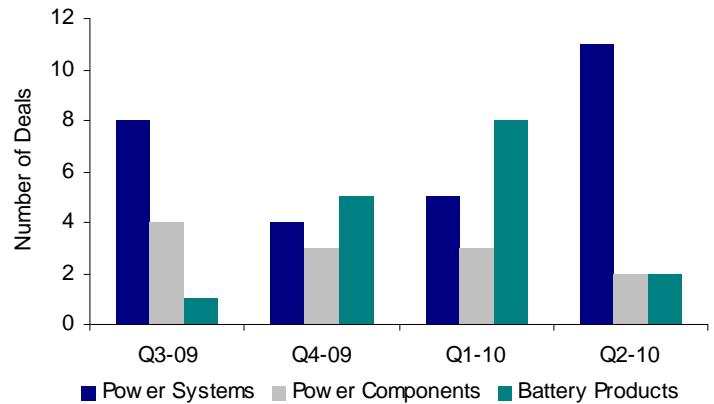


# Q2-2010 Deal Volume Comparison

**Chart A: Completed Power Electronics Transactions**

**Chart B: Quarter Comparison—Power Electronics M&A by Category**


## Announcements

- ALSTOM SA (ENXTPA:ALO) has acquired AREVA T&D SA (June-10)
- Lineage Power Corporation, a portfolio company of The Gores Group, has acquired PECO II, Inc. (April-10)
- Resolution Capital Group, Inc. has acquired Superlattice Power, Inc. (OTCBB:SLPO) (April-10)
- The Alpha Group has acquired Mitra Energy & Infrastructure SA (nka: Mitra Innovations SA) (April-10)

Sources: All information contained in this newsletter including charts was obtained from company websites, Lincoln International's internal data and CapitalIQ

There were 15 completed transactions in the power electronics industry in Q2 2010, a 6% decrease over the 16 transactions recorded in Q1 2010, but a 25% increase from the 12 transactions recorded in Q2 2009.

There were 11 transactions in power systems in Q2 2010, or 74% of the total, compared to five in Q1 2010 and eight a year ago. The next category was power components with two transactions in Q2 2010, or approximately 13% of the total. This is one transaction less than Q1 2010 and the same number of transactions as a year ago. Finally, battery products had two transactions in Q2 2010, or approximately 13% of the total, which represents a decrease from the eight transactions in Q1 2010 and the same number of transactions as a year ago.

As illustrated in Chart C below, of the total deals in Q2 2010, five came from U.S. / Canada while there were four transactions from Europe. There were also four transactions in Asia and two cross-border transactions. As a percentage of Q2 2010 total transactions, this represents 33% from U.S. / Canada, 27% from Europe, 27% from Asia and 13% Cross-Border.

14 out of the 15 Q2 2010 power electronics transactions came from the small tier while one transaction came from the large tier. Although M&A activity has stabilized for the past several quarters larger transactions continue to be scarce. As M&A volume increases and the broader economy continues to recover, there may be an increase in the number of large and mid size transactions.

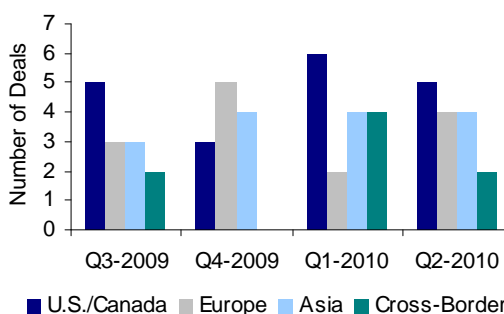
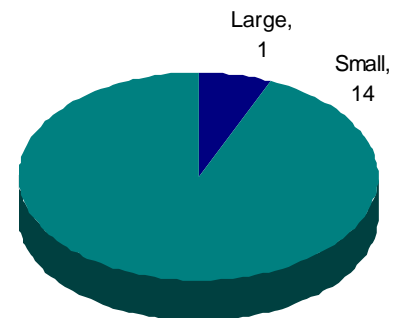
There were two private equity transactions in Q2 2010, which is an increase from the one private equity transaction noted in the previous quarter. The acquisition of PECO II made by Lineage Power, a portfolio company of The Gores Group, continues to highlight the trend of private equity backed companies looking to capture growth or market position through acquisition. This was also apparent in the previous quarter highlighted by the acquisition of RO Associates by Astrodyne, a portfolio company of Audax. Financial acquirers continue to look for opportunities to invest capital, believing the markets have bottomed, which will likely drive M&A activity in the near- to medium-term.

## Power Electronics Size Guide (Sales Dollars)

**Large (Tier I)**  
Greater than \$1 billion

**Mid (Tier II)**  
\$250 million to \$1 billion

**Small (Tier III)**  
Below \$250 million

**Chart C: Quarter Comparison—Power M&A by Geography**

**Chart D: Mergers & Acquisitions by Size**


## Margin Performance in the Power Electronics Industry

Power electronics companies are beginning to show improvements in margins after a recent decline in 2009, following efforts to focus on cutting costs, lowering production, pruning loss leaders and eliminating marginal customers.

The three graphs below provide an overview of gross margin, operating income margin, and EBITDA margin performance from 1998 through today. Each graph shows the margin performance by tier.

Margin performance has significantly improved for the large tier and mid tier over

the last twelve month period ended June 30, 2010, relative to 2009. The large tier improved gross margin, operating income margin and EBITDA margin to 27.0%, 8.4% and 14.3% respectively in the last twelve months ("LTM"), up from 24.5%, 4.7% and 11.7% for 2009. The mid tier similarly improved gross margin, operating income margin and EBITDA margin to 26.0%, 4.8% and 8.6% respectively on an LTM basis, up from 22.8%, 0.4% and 4.5% for 2009. The small tier however declined in all three metrics on an LTM basis to 37.2%, 8.3% and 11.1% for gross margin, operating income

margin and EBITDA margin respectively, from 37.3%, 8.8% and 12.1% for 2009.

On a percent change basis comparing the Q2 2010 results with the same period a year ago, in the Large Tier, TDK Corp. showed the most improvement in operating margin to 23.6% from 15.9%; Shindengen Electric Manufacturing led the Mid Tier with operating margin improving to 20.0% from 7.3%; SL Industries led the Small Tier, improving margins to 33.2% from 30.6%.

Chart E: Average Gross Margin Performance

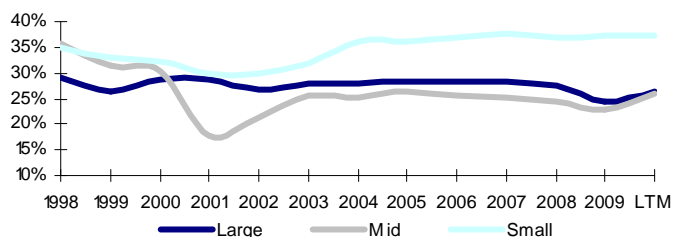


Chart F: Average Operating Income Margin Performance

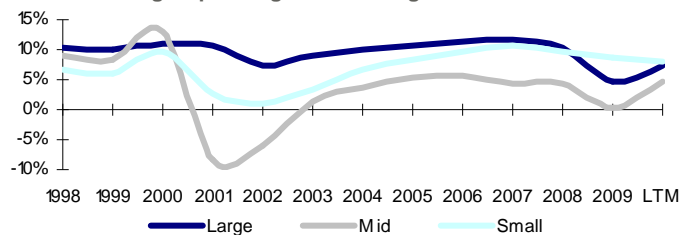
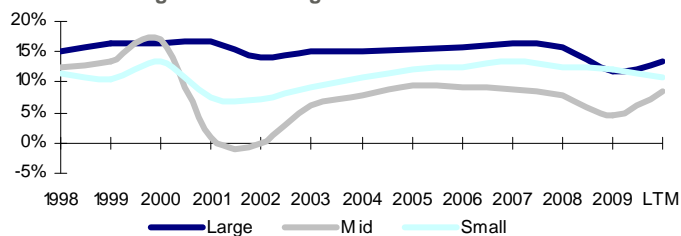


Chart G: Average EBITDA Margin Performance



(LTM)	Gross Margin	Operating Margin	EBITDA Margin
Delta Electronics Inc.	21.3%	9.8%	13.2%
Eaton Corporation	30.8%	9.2%	13.7%
Emerson Electric Co.	38.7%	16.4%	20.2%
Lite-On Technology Corp.	16.4%	6.0%	9.5%
Murata Manufacturing Co. Ltd.	30.7%	9.2%	21.1%
Sanken Electric Co. Ltd.	12.3%	-4.4%	2.9%
Schneider Electric S.A.	40.6%	14.1%	17.8%
TDK Corp.	25.1%	6.6%	16.3%
<b>Large Group Average</b>	<b>27.0%</b>	<b>8.4%</b>	<b>14.3%</b>
Acbel Polytech Inc.	16.6%	5.0%	7.7%
Advanced Energy Industries	38.9%	4.6%	7.6%
Bel Fuse Inc.	17.7%	2.1%	5.2%
Chloride Group plc	42.7%	10.8%	14.1%
Eltek ASA	23.0%	-1.4%	3.0%
FRIWO AG	10.8%	-0.5%	1.4%
FSP Technology Inc.	17.9%	7.8%	9.0%
Microsemi Corp.	44.7%	8.8%	15.9%
Power-One Inc.	27.5%	8.8%	12.6%
Shindengen Electric Mfg.	26.7%	0.1%	5.6%
Shindengen Electric Manufacturing Co. Ltd.	20.0%	6.3%	12.3%
<b>Mid Group Average</b>	<b>26.0%</b>	<b>4.8%</b>	<b>8.6%</b>
Cosel Co. Ltd.	32.2%	18.0%	22.5%
Magnetek Inc.	31.1%	-2.8%	-1.3%
SL Industries Inc.	32.9%	6.5%	8.4%
Vicor Corp.	44.8%	5.4%	10.2%
XP Power Ltd.	45.0%	14.3%	16.0%
<b>Small Group Average</b>	<b>37.2%</b>	<b>8.3%</b>	<b>11.1%</b>

### About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and pension advisory services on a wide range of transaction sizes. With ten offices in Asia, Europe and North America, and strategic partnerships with leading institutions in China and India, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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