STRATEGIC BRIEF

Full Order Books, Empty Shelves

Why procurement will decide the success of Europe's EMS industry

Dirk Kaussen | EMS Strategy Group | Rev.: 1.0 | October 12, 2026

The State of the Industry

Europe's EMS industry appears to have put the low point of the current cycle behind it.

In the first half of 2026, revenue of the European EMS companies surveyed was **12.3% above the trough of late 2025**. The European **book-to-bill ratio reached 1.21**, while order backlogs grew by almost **14%**. Almost three quarters of the companies surveyed rate their current order situation as good or very good.

This is a clear sign that demand is recovering.

A closer look, however, tells a different story. Compared with the first half of 2025, the survey group was only **0.3% higher**. The reason lies in the reference period. Revenue reached its low point at the end of 2025. Compared with that low point it has risen significantly, but in doing so it has only narrowly exceeded the level of the first half of 2025. In other words, the industry has largely made up for the decline. The **10.3%** also figure mentioned in the Global Electronics Association article is based on a broader calculation that includes listed companies.

Regional trends also differ widely. Western Europe outside the DACH region and Central and Eastern Europe show stronger momentum, while the DACH region remains more subdued. Austria is the only region in the survey with a book-to-bill ratio below 1.0.

For the full year 2026, the companies surveyed expect revenue growth of around **7.2%**, and around **8.6%** for 2027.

So the direction is right!

But the next challenge no longer lies primarily in demand. It now lies in the supply chain.

The Real Problem Is Procurement

Only **10.9%** of the European EMS companies surveyed rate their current material supply as good. By contrast, **38.4%** rate it as poor or very poor. No company rates supply as very good.

According to the Global Electronics Association, this is the clearest warning signal in the current survey.

This is not a repeat of the broad component crisis of 2021. The current situation is more selective. Most standard logic components remain available.

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Memory is under particular strain. Surging demand for AI systems and high-bandwidth memory is tying up wafer capacity, leaving less available for conventional DRAM and NAND products.

Supply is also tightening for certain types of components:

- Automotive components
- Power components
- Analog and RF components
- Mature-node components
- Passive components

Smaller companies in particular are under more pressure than large EMS providers. Supply is also seen as more critical in Eastern Europe than in Western Europe.

The decisive bottleneck is therefore increasingly material availability. A good order book is not enough – what matters is whether the materials needed for production are actually available.



What This Means for OEMs

For OEMs, choosing an EMS partner is therefore about more than price, capacity and production location.

Procurement capability is becoming increasingly decisive.

This includes, among other things:

- How early are critical requirements identified?
- How reliable are forecasts and material plans?
- Which alternative components have already been qualified?
- How broad is the supplier base?
- How transparent are inventories and lead times?
- How quickly can the partner react to a shortage?
- Which sourcing channels are available outside traditional distribution?

For critical components in particular, early technical approval of alternatives can be decisive.

Price adjustments should also be transparent and traceable. When component prices rise, it should be clear how much of the increase actually stems from material price developments and how it is passed on to the customer.

The Situation Is Changing for EMS Companies Too

A high book-to-bill ratio is first of all a positive sign for demand.

In a procurement market that is tight at the same time, however, high order intake can also create new risks.

The Global Electronics Association article therefore explicitly points to the possibility of *double-ordering*. This means that customers may place orders more than once to protect themselves against supply shortages.

This can overstate actual demand and put additional strain on supply that is already tight.

For EMS companies, it is therefore not only the volume of order intake that matters. Its *quality and deliverability* also become more important. An order for which critical components are not available is not yet secured production.

Revenue Growth Is Not Automatically Profit Growth

One more point is easily overlooked.

The companies expect further revenue growth in the coming years as well. However, the Global Electronics Association article points out that part of this growth is likely to come from *rising component prices* that are passed on to customers through the bill of materials.

More revenue therefore does not automatically mean more production volume or higher profits.

For OEMs and EMS companies, it becomes more important to distinguish between *price growth, revenue growth and actual volume growth*.

The Strategic Consequence

Europe’s EMS industry is back on a better path. Demand is recovering, order backlogs are rising and forecasts are positive. At the same time, the supply chain is once again becoming a limiting factor.

Procurement capability therefore gains *strategic* importance when selecting and managing EMS partners.

Those who secure early access to material, build alternative sources and plan critical components together with their customers are better placed to turn rising demand into business they can actually deliver.

For OEMs, this means no longer viewing procurement solely as a purchasing function. *Procurement capability becomes a prerequisite for delivery capability – and thus a strategic competitive factor.*

Sources

1. Global Electronics Association, Philip Stoten:
Europe's EMS recovery has an asterisk. The headline only shows you one part of the story.
Blog post on electronics.org, 16 September 2026.

Note: The key figures in this Strategic Brief are taken from the Global Electronics Association article cited above on the half-year survey of the European EMS industry. The assessment and recommendations are views of EMS Strategy Group.

About the Author

Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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