

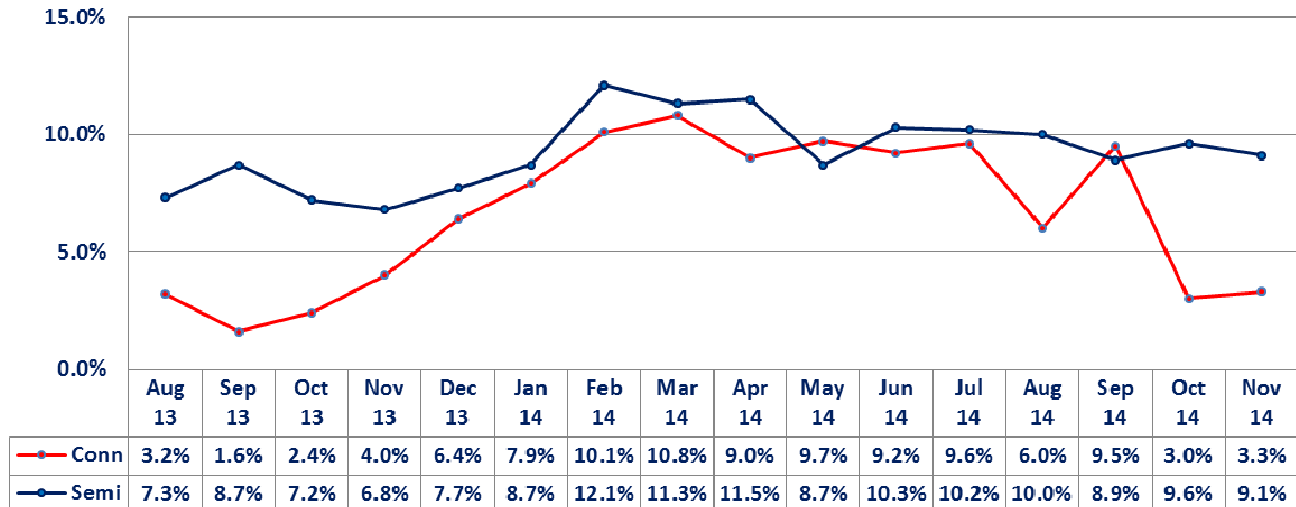
## Semis Growth Remains Strong in November Connector Growth Weakens

The Semiconductor Industry Association (SIA) reported excellent growth in November 2014. Sales were \$29.7 billion, up +9.1% from November 2013 and down -0.1% sequentially from October. Year-to-date semiconductor sales are up +10.0% worldwide.

The connector industry continued cooling off in November. Sales were up only +3.3% year-over-year, but grew +11.1% sequentially. Connector sales were up +8.0%, year-to-date November.

The following graph compares semiconductor sales performance to the connector industry.

**Monthly Sales Performance  
Year-Over-Year**



- November was the 19<sup>th</sup> consecutive month for growth in semiconductors and the 17<sup>th</sup> month for connectors.
- Semiconductor sales growth has been higher than connector sales growth in nine out of the last 11 months in 2014, besting the connector's year to date sales growth by two points.

The following table displays year-to-date performance by geographic region for both components.

**Sales Performance  
November Year-To-Date**

	Semiconductors	Connectors
<b>North America</b>	<b>12.5%</b>	<b>7.5%</b>
<b>Europe</b>	<b>9.0%</b>	<b>6.7%</b>
<b>Japan</b>	<b>0.3%</b>	<b>5.3%</b>
<b>China</b>	<b>NA</b>	<b>14.0%</b>
<b>Asia Pacific*</b>	<b>11.3%</b>	<b>6.5%</b>
<b>World</b>	<b>10.0%</b>	<b>8.0%</b>

\* Including China, Source SIA & Bishop

- As noted, sales growth for semiconductors is better than connectors. Semi sales were strong in October and November but connector growth was modest each month.
- North America's semiconductor sales growth is still exceeding the connector sales growth by a substantial margin (+12.5% versus +7.5%).
- Japan's semiconductor sales are still lagging well behind connector sales (+0.3% versus +5.3%). There is no ready explanation for this significant difference in performance.
- Performance in both components is strong in Europe although connector growth is slowing.
- As indicated by the connector growth in China, semiconductor growth is probably strongest in China versus the rest of Asia Pacific. Sales growth for both components for all of Asia is pretty close.

The slower October and November growth for connectors is concerning. A weak beginning to the fourth quarter is not a good sign, because during a normal business cycle, 4Q is normally the industry's best sales quarter.

Conversely, the strong October and November for semiconductors is encouraging because semi demand normally leads connector demand by a couple of months. So, strong connector demand should follow if semi demand continues to hold up.

Right now, we are on the fence regarding connector demand. Two months of modest demand does not make a trend, but coupled with other world events, such as the recent precipitous drop in oil prices, we continue to lean toward lower growth in the first half of 2015.