

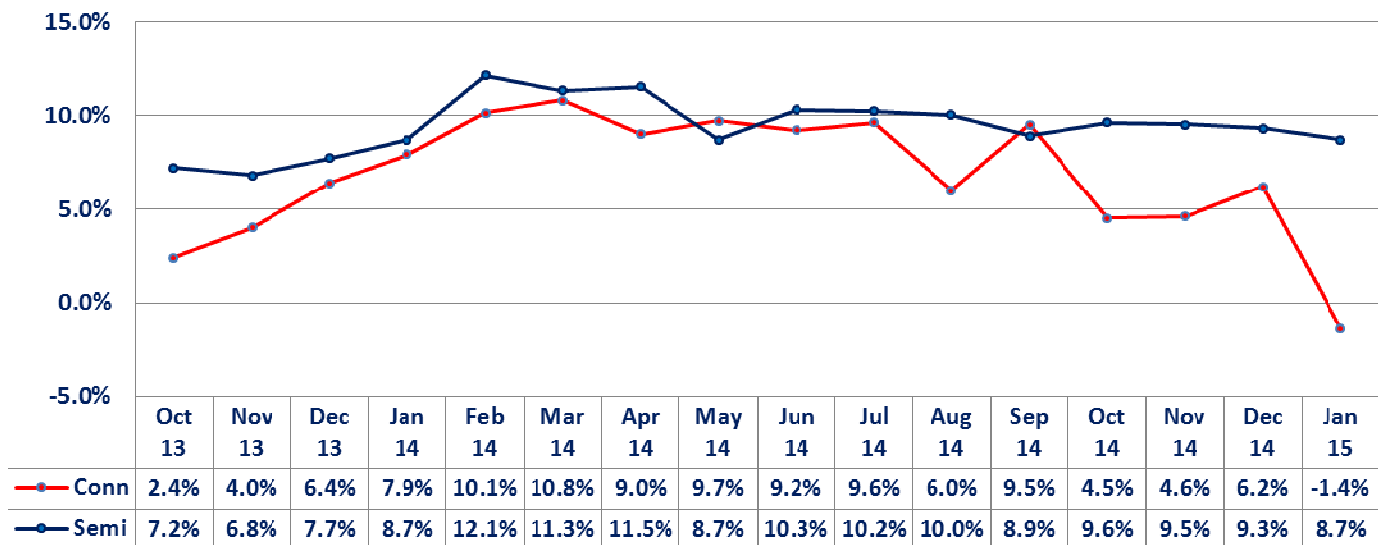
## Semis Grow +8.7% YOY to Best January Ever Connectors Contract in January

The Semiconductor Industry Association (SIA) reported the highest January sales ever. January sales were a record \$28.5 billion, up +8.7% from January 2014 and down -2.0% sequentially from December.

The connector industry started the year on a weaker note. Sales were down -1.4% year-over-year in January and down -6.3% sequentially.

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

Monthly Sales Performance  
Year-Over-Year



- December was the 21<sup>th</sup> consecutive month for growth in semiconductors. Connectors broke an 18<sup>th</sup> month string of consecutive growth results.
- Semiconductor sales growth has been higher than connector sales growth in 10 out of the last 12 months. Semis YOY growth, however, has been falling-off slightly over the last three months

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

**Sales Performance  
January Year-To-Date**

	Semiconductors	Connectors
<b>North America</b>	<b>16.4%</b>	<b>2.5%</b>
<b>Europe</b>	<b>-0.2%</b>	<b>-11.3%</b>
<b>Japan</b>	<b>-8.0%</b>	<b>-5.9%</b>
<b>China</b>	<b>NA</b>	<b>6.1%</b>
<b>Asia Pacific*</b>	<b>10.7%</b>	<b>9.0%</b>
<b>World</b>	<b>8.7%</b>	<b>-1.4%</b>

\* Including China, Source SIA & Bishop

- Semiconductor sales growth is still in the high single-digits. This is a positive indicator that connector sales will rebound during the remainder of the quarter.
- North America's semiconductor sales growth exceeded the connector sales growth by 14 points in January. Connector sales should, thus, pick up.
- Japan's semiconductor sales lagged behind connector sales by over 3 points and they both are contracting.
- There is an 11 point differential in performance of both components in Europe and both are contracting.

The strong 4Q14 sales for semiconductors is encouraging because semi demand normally leads connector demand by a couple of months. Thus, similar connector demand should follow this performance.

We are expecting modest connector demand in the 1Q15. The first quarter is forecast by Bishop to grow +1.0% over prior year. Gartner projects that semiconductor demand will be up +5.4% YOY in 2015 with demand for industrial applications up +9.1%.