

Strong Dollar has Significant Impact on Regional Sales Growth

Bishop & Associates measures the connector industry in U.S. dollars. When measured in dollars, the industry reports a -4.2% decline in world connector sales through April 2015 when compared to the same period in 2014.

However, the U.S. dollar has strengthened over currencies in Europe, China and Japan. These three regions account for approximately 60% of world connector demand. When we convert the Euro, Yuan and Yen back to U.S. dollars, it takes more of these currencies to produce dollars that would be equivalent to the dollars produced by these currencies in 2014 .

The following table shows how the dollar has appreciated compared to the value of the Euro, Chinese Yuan and the Japanese Yen for the first four months of 2015 compared to the same period in 2014..

One Local Currency to One USD YTD April 2014-vs-YTD April 2015

| Currency | 2014 | 2015 | % Change |
|----------|---------|---------|----------|
| EURO | 0.728 | 0.898 | -18.9% |
| Yuan | 6.132 | 6.225 | -1.5% |
| Yen | 102.269 | 119.225 | -14.2% |

In effect, in 2014 it required only 0.728 Euro to equal one U.S. dollar; however, in 2015 it required 0.898 Euro to equal one U.S. dollar. This is a decline of -18.9% in the Euro to the U.S. dollar.

The Chinese Yuan declined -1.5% to the U.S. dollar. .

The Japanese Yen declined -14.2% to the U.S. dollar.

The following table displays the connector industry's percentage change in sales in U.S. dollars and in local currencies for the first four months of 2015.

**Year-Over-Year
Industry Sales Performance
April 2015**

| Regions | U.S. Dollars | Local Currency |
|---------------|--------------|----------------|
| North America | 0.0% | 0.0% |
| Europe | -13.4% | 6.7% |
| Japan | -9.4% | 5.6% |
| China | 3.2% | 3.5% |
| Asia Pacific | 4.7% | 4.7% |
| ROW | -16.2% | -16.2% |
| World | -4.2% | 3.8% |

In the Bishop Report, we are reporting a world sales decline in connectors of -4.2%. However, in local currencies the industry has growth of +3.8%. The difference in Europe and Japan is significant when growth is measured in dollars versus local currencies. In U.S. dollars, Europe has declined -13.4% but has grown +6.7% in Euros. Japan has declined -9.4% in dollars but has grown +5.6% when measured in Yen.

Note, we did not adjust Asia Pacific because most currencies in this region have been very stable to the U.S. dollar.

Conclusion

World connector demand has grown +3.8% over 2014 when measured in local currencies. This means that connector demand is stable and we are shipping more connectors in 2015 than we were in 2014.

The -4.2% U.S. dollar decline in world sales is caused by changes in currency values and is not caused by a decline in connector demand.