

Amphenol Makes Binding Offer For FCI Asia Pte Ltd

Amphenol Corporation reported that it has made a binding offer for Singapore based FCI Asia Pte. Ltd. The offer is for \$1.275 billion. The acquisition, which will be financed with cash and debt, is expected to close by the end of 2015.

FCI Asia's 2015 sales are expected to be approximately \$600 million with an adjusted EDBITDA margin of 20%. FCI employees about 7,400 people worldwide. The company supplies connectors for the telecom/datacom and industrial markets.

This is the second company Amphenol has acquired in 2015. In the first quarter, Amphenol completed the acquisition of Invotec Circuits Limited, a UK-based, \$35 million manufacturer of highly engineered, harsh environment printed circuit boards, flex circuits and related assemblies for the aerospace, defense and industrial markets.

In 2014, Amphenol's acquisitions included:

- Goldstar Electric System. A China-based \$40 million manufacturer of high technology interconnect assemblies for the industrial heavy equipment industry.
- Casco Automotive Group. A supplier of a supplier of engineered data connectivity, power, charging and sensor products at an acquisition price of \$449 million.

Bishop & Associates' Comments

Amphenol has an impressive acquisition program which has resulted in a couple of dozen acquisitions over the past decade. These acquisitions have contributed significantly to the company's growth and profitability. When FCI's sales are added, Amphenol's share of the world connector market will go from approximately 9.4% to 10.6%.

Over the last 20 years, the connector industry has been consolidating with the larger companies as buyers. This has significantly altered the industry landscape. For example, in 1995, 43% of world connector sales were generated by the ten largest connector companies. In 2014, over 60% of world sales were from the top ten companies. Almost all of the top ten market share gain came from acquisitions.

We fully expect the consolidation to continue over the coming years.