

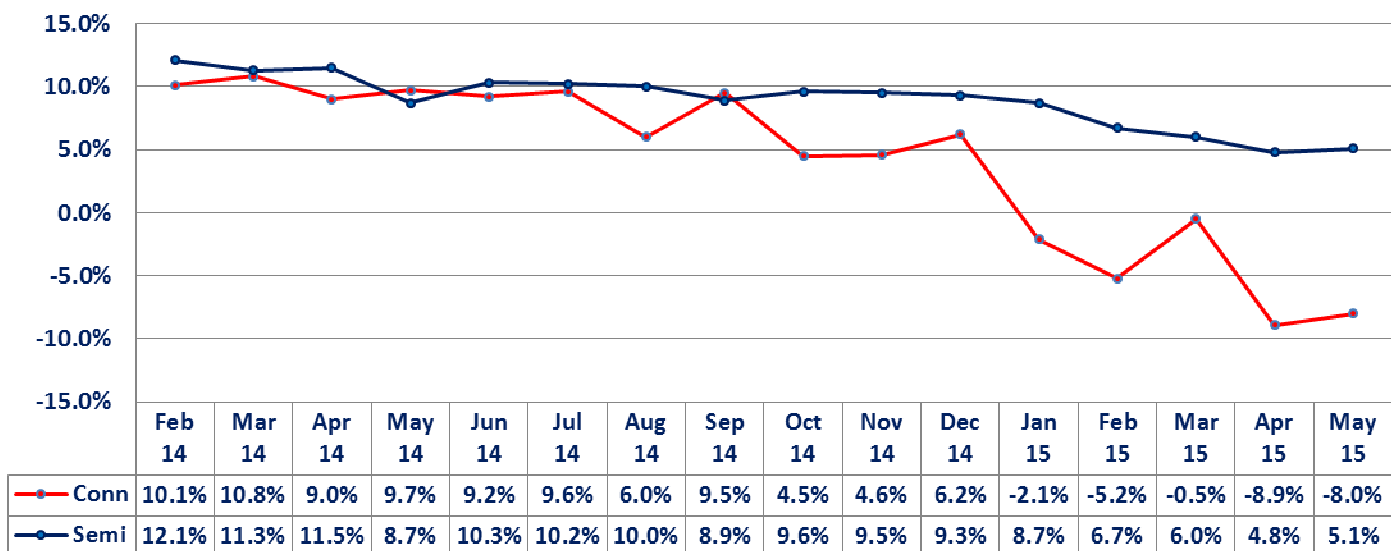
Semis Grow +5.1% in May, Connectors Contract -8.0% Currency Plays a Major Role in the 2015 Numbers

The Semiconductor Industry Association (SIA) reported May sales of \$28.2 billion, up +5.1% from May 2014 and up +2.1% sequentially from April. The SIA reported YOY sales growth of +11.4% in the Americas, +9.5% in China and +8.0% in Asia Pacific/ROW. YOY, sales declined -7.8% in Europe and -11.8% in Japan.

Connector industry sales, measured in U.S. dollars, were down -8.0% year-over-year in May and up +10.9% sequentially. YOY sales were up +1.8% in China, and +3.9% in Asia Pacific. YOY sales declined -3.8% in North America, -15.0% in Europe, -14.0% in Japan and -24.4% in ROW.

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

Monthly Sales Performance
Year-Over-Year



- May was the 25th consecutive month for growth in semiconductors, while connectors have now declined for five consecutive months. This is a significant disjoint between the two components. Why are Semis outperforming connectors by such a wide margin?
- Further, while Semis continue to grow, you will note the line chart above shows a steady downturn in monthly sales growth. Is the current downturn a currency impact, a normal ebb and flow in demand, or a precursor to a longer term decline in demand?

The following table displays year-to-date performance, measured in U.S. dollars, by geographic region for both components.

**Sales Performance
May Year-To-Date**

	Semiconductors	Connectors
North America	14.4%	-0.8%
Europe	-4.1%	-13.8%
Japan	-9.8%	-10.3%
China	NA	1.8%
Asia Pacific*	8.5%	3.9%
World	6.2%	-5.0%

* Including China, Source SIA & Bishop

The above table highlights some significant differences in regional sales performance of the two components.

- Semis are growing +15.1% in North America while connector growth is down. This is confusing and Bishop has yet to determine the “why”.
- Connectors have declined -13.8% in Europe while Semis are down only -4.1%. Much of the negative sales results in Europe is caused by the decline in the Euro to the U.S. dollar.
- Sales performance in Japan is the same for both components (-9.8% Semis; -10.3% Connectors).
- In Asia Pacific, Semis are up +8.5% and Connectors are up +3.9%. The difference is probably because Semis have a larger percentage of sales into the consumer electronics market, which is Asia centric.

In our estimation, there are still two unanswered questions.

- Why the large performance discrepancy between components in North America?
- Is the softening demand for Semis a precursor to a more significant downturn?