

Amphenol Breaks the \$5 Billion Mark in 2014

Amphenol Corporation reported 4Q14 sales of \$1,426.5 million (a record for the company), up +14.5% over 4Q13 and up +5.0% sequentially. Organic sales were up +7% year-over-year (excludes acquisitions and foreign exchange). For 2014, revenues were \$5,345.5 million, up 15.8% over the prior year.

Orders in 4Q14 were \$1,427 million. Up 15% from prior year, and the book-to-bill was 1.00.

Net income was \$193.5 million (13.6% of sales) in 4Q14, up +15.3% year-over-year and up +5.1% sequentially. Operating margins surpassed 20% for the first time in 4Q14.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	4Q14 YOY	4Q14 Sequential	4Q14 Organic	Full-Year 2014
Automotive	17%	62%	24%	21%	49%
Military	10%	3%	2%	**	Up Slightly
Commercial Aerospace	6%	6%	4%	8%	18%
Broadband	6%	Down Slightly	-5%	**	Down Slightly
IT/Data	16%	Down Slightly	3%	**	Down Slightly
Industrial	16%	35%	Down Slightly	14%*	44%
Mobile Networks	9%	13%	-19%	**	5%
Mobile Devices	20%	4%	21%	**	5%
	100%	14.5%	5.0%		8.0%

* Annual Figure, ** Not Reported

In the quarter, Amphenol completed the acquisition of Goldstar Electric Systems, a China-based manufacturer of high technology interconnect assemblies for the industrial heavy equipment industry. The company has facilities in two important new locations in China and has annual revenues of approximately \$40 million.

Outlook

Amphenol forecasts sales of \$1,286 to \$1,326 million in 1Q15, a year-over-year increase of +3% to +6%. The full year 2015 forecast is \$5,493 to \$5,653 million, an increase of +3% to +6%.

Bishop & Associates' Comments

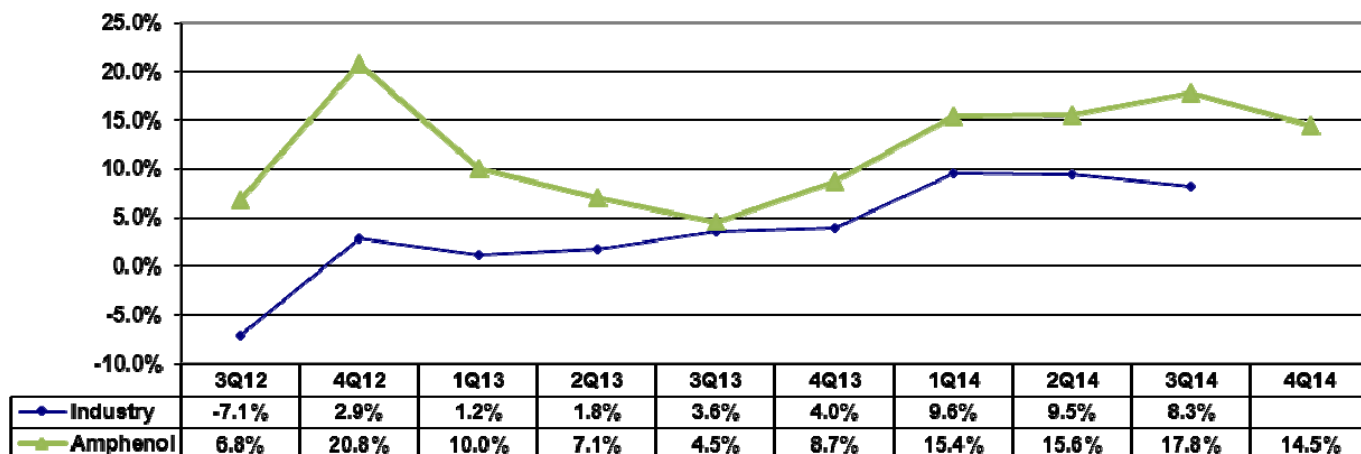
Amphenol continues to perform above the connector industry in profitability and sales growth. Net income of 13.6% of sales and operation margin of 20.2% for the quarter is excellent. Year-over-year sales growth of +14.5% will exceed the industry sales growth by a substantial margin. Note – when we release industry numbers next week, Amphenol will have outperformed industry sales growth for the past 13 consecutive quarters.

Acquisitions continue to enhance Amphenol's growth and are branching the company into new industries. Amphenol's 2014 sales growth of +15.8% of which 8% was organic.

Sales in the military sector, where Amphenol is the market leader, showed some strengthening in 2014. Amphenol's commercial aviation and industrial sales are strong and made up for some of the past short-fall in military sales.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 3Q12 (year-over-year percentage change).

Amphenol versus Industry



Note – Bishop will release industry sales data the week of February 1.