

## Amphenol 2Q17 Sales Up +7.6% YOY and +6% Organically

Amphenol Corporation reported record sales in 2Q17 of \$1,666.5 million, up +7.6% over 2Q16 and up +6.8% sequentially. Organically, sales in the quarter increased +6% YOY. Currency translation reduced sales by \$18 million for the quarter. For the first six months of 2017, Amphenol's sales are up +7.6% over the prior year.

Orders in 2Q17 were \$1,712 million, up +8% from prior year. The book-to-bill was 1.03.

Net income was \$253.6 million (15.2% of sales) in 2Q17, up +22.8% year-over-year and up 12.8% sequentially. For the half-year, Amphenol's net income is up +31.1% over the prior year.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	2Q17 YOY	2Q17 Sequential	2Q17 Organically
<b>Automotive</b>	19%	13%	6%	13%
<b>Military</b>	10%	17%	4%	18%
<b>Commercial Aerospace</b>	4%	Flat	Down Slightly	No Comment
<b>Broadband</b>	6%	10%	10%	Down Slightly
<b>IT/Data</b>	21%	15%	3%	12%
<b>Industrial</b>	20%	19%	15%	14%
<b>Mobile Networks</b>	9%	-3%	Flat	No Comment
<b>Mobile Devices</b>	11%	-20%	13%	No Comment
	<b>100%</b>	<b>7.6%</b>	<b>6.8%</b>	<b>6.0%</b>

In the quarter, Amphenol acquired three sensor businesses from Meggitt PLC with sales of approximately \$75 million into the industrial, automotive and military markets. They also acquired Intelligente Sensorsysteme, a \$45 million, German-based manufacturer of sensors for the automotive and industrial markets.

In July, Amphenol acquired Telect Incorporated, a \$45 million company, based in Washington state, which manufactures power, fiber, and copper interconnect systems for data centers.

## Outlook

Amphenol forecasts sales of \$1,700 to \$1,740 million in 3Q17, a year-over-year increase of +5.1% to midpoint. The full-year 2017 forecast is \$6,620 million to \$6,700, an increase of +6.0% to midpoint.

## Bishop & Associates' Comments

Year-over-year sales growth of +7.6% versus industry sales growth of +10.5% for 2Q17. Acquisitions continue to enhance Amphenol's growth and reach. There were YOY double-digit increases in five of eight market areas in 2Q17. These same five market sectors had double-digit organic growth.

Amphenol's performance is not being significantly impacted by FX. As reported by Amphenol for the quarter, the effect of currency translation was only a \$18 million decrease in sales.

Amphenol's automotive business was up +13% in the quarter. Automotive has been a strong growth area for Amphenol over the last several quarters. It now represents 19% of their business. Industrial products, one of Amphenol's more profitable product lines, was up +19% for the quarter and represents 20% of their business. IT/Data had very strong growth at +15% and represents 21% of their business.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 1Q15 (year-over-year percentage change).

**Amphenol versus Industry**

