

Amphenol 2Q18 Sales Up +18.9% YOY and +13% Organically

Amphenol Corporation reported record sales in 2Q18 of \$1,981.4 million, up +18.9% over 2Q17 and up +6.1% sequentially. Currency translation effectively increased sales by \$40 million in the quarter and \$100 million for the first half of 2018. Organically, sales in the quarter increased +13% YOY. Sales were up +17% YOY in local currencies.

Orders in 2Q18 were \$2,025 million, up +18% from prior year. The book-to-bill was 1.02.

Net income was \$284.8 million, up +12.3% from prior year.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	2Q18 YOY	2Q18 Sequential	2Q18 Organically
Automotive	20%	22%	2%	10%
Military	10%	23%	5%	21%
Commercial Aerospace	5%	17%	Up Slightly	14%
Broadband	5%	-5%	11%	No Comment
IT/Data	20%	13%	15%	9%
Industrial	21%	27%	14%	17%
Mobile Networks	8%	16%	14%	11%
Mobile Devices	11%	27%	-15%	No Comment
	100%	18.9%	6.1%	13.0%

In the quarter, Amphenol acquired two companies. All Sensors, a California based provider of high technology pressure sensors for the industrial market, has annual sales of approximately \$15 million. Ardent Concepts, a New Hampshire based manufacturer of high-speed socket interconnect products for advanced processors, has annual sales of approximately \$10 million.

Outlook

Amphenol forecasts sales of \$1,980 to \$2,020 million in 2Q18, a year-over-year increase of +20.0% to midpoint. The full-year 2018 forecast is \$7,630 million to \$7,750, an increase of +9.7% to midpoint.

Bishop & Associates' Comments

Amphenol had year-over-year sales growth of +18.9% versus industry sales growth of +14.6% for 2Q18. Amphenol's sales growth has outpaced the industry growth for the last four quarters. Acquisitions continue to enhance Amphenol's growth and reach. There were YOY double-digit increases in seven of eight market areas in 2Q18.

Amphenol's sales performance was up +17% in local currencies versus +18.9% in US dollars.

Amphenol's automotive business was up +22% in the quarter. Automotive has been a strong growth area for Amphenol over the last several quarters. It represents 20% of their business in 2Q18. Industrial products, one of Amphenol's more profitable product lines, was up +27% for the quarter and represents 21% of their business in the quarter. IT/Data represents 20% of their business and grew +13% in the quarter. Military, an Amphenol mainstay market sector, represents 10% of the company's sales in the quarter, grew 20% in the quarter. These four market sectors represent over 70% of the company's business and they all have strong performance.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 1Q16 (year-over-year percentage change).

Amphenol versus Industry

