

Amphenol 3Q18 Sales Up +15.7% YOY and +17% Organically

Amphenol Corporation reported record sales in 3Q18 of \$2,129.0 million, up +15.7% over 3Q17 and up +7.4% sequentially. Currency translation effectively decreased sales by \$16 million in the quarter. Organically, sales in the quarter increased +17% YOY and +9% sequentially.

Orders in 3Q18 were \$2,120 million, up +14% from prior year. The book-to-bill was 1.01.

Net income was \$317 million, up +14.2% from prior year and up +11.3% sequentially.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	3Q18 YOY	3Q18 Sequential	3Q18 Organically
Automotive	17%	10%	-4%	8%
Military	9%	22%	2%	23%
Commercial Aerospace	4%	9%	Down Slightly	10%
Broadband	5%	-3%	Flat	NA
IT/Data	20%	18%	6%	16%
Industrial	19%	12%	-5%	10%
Mobile Networks	8%	12%	Down Slightly	15%
Mobile Devices	18%	30%	72%	NA
	100%	15.7%	7.4%	17.0%

Outlook

Amphenol forecasts sales of \$2,063 to \$2,103 million in 4Q18, a year-over-year increase of +7.2% to midpoint. The full-year 2018 forecast is \$8,040 million to \$8,080, an increase of +15.0% to midpoint.

Bishop & Associates' Comments

Amphenol had year-over-year sales growth of +15.7% versus industry sales growth of +9.6% for 3Q18. Amphenol's sales growth has outpaced the industry growth for the last five quarters. Acquisitions continue to enhance Amphenol's growth and reach. There were YOY double-digit increases in six of eight market areas in 3Q18. Only Broadband contracted from prior year.

Amphenol's sales performance was up +17% in local currencies versus +15.7% in US dollars. Currency translation has effectively increased sales by \$87 million in the first three quarters of 2018.

Amphenol's military business was up +22% in the quarter. It represents 9% of their business in 3Q18 and is a profitable product line. Industrial products, one of Amphenol's more profitable product lines, was up +12% for the quarter and represents 19% of their business in the quarter. IT/Data represents 20% of their business and grew +18% in the quarter. Mobile Devices represents 18% of the company's sales in the quarter, grew a whopping 30% in the quarter and 72% sequentially. These four market sectors represent 66% 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 2Q16 (year-over-year percentage change).

Amphenol versus Industry

