

Amphenol 4Q18 Sales Up +14.4% YOY and +17% Organically

Amphenol Corporation reported record sales in 4Q18 of \$2,224.7 million, up +14.4% over 4Q17 and up +4.5% sequentially. Currency translation effectively decreased sales by \$28 million in the quarter. Organically, sales in the quarter increased +16% YOY. For the full-year, Amphenol's sales were \$8,202, up +17% over 2017. Currency translation effectively increased sales by \$60 million for the year.

Orders in 4Q18 were \$2,198 million, up +10% from prior year. The book-to-bill was 0.99.

Net income was \$338 million, up +6.7% sequentially.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	4Q18 YOY	4Q18 Sequential	Full-Year 2018
Automotive	16%	Up Slightly	-2%	14%
Military	10%	15%	4%	20%
Commercial Aerospace	4%	10%	8%	13%
Broadband	4%	7%	-5%	Down Slightly
IT/Data	19%	15%	-3%	12%
Industrial	17%	Up Slightly	-4%	16%
Mobile Networks	7%	9%	-4%	10%
Mobile Devices	23%	47%	34%	41%
	100%	14.4%	4.5%	17.0%

Amphenol announced that the acquisition of SSI Controls Technologies, a provider of high-technology sensors and sensing solutions, based in Janesville, Wisconsin, with annual sales of approximately \$180 million, was completed in January.

Outlook

Amphenol forecasts sales of \$1,898 to \$1,938 million in 1Q19, a year-over-year increase of +2.7% to midpoint. The full-year 2019 forecast is \$8,190 million to \$8,350, an increase of +0.8% to midpoint.

Bishop & Associates' Comments

Amphenol had year-over-year sales growth of +14.4% versus industry sales growth of +4.7% for 4Q18. Amphenol's sales growth has outpaced the industry growth for the last six quarters. Acquisitions continue to enhance Amphenol's growth and reach. There were YOY double-digit increases in four of eight market areas in 4Q18. For the full-year, Amphenol's sales growth of 17.0% outpaced the market by 6.1 percentage points.

Amphenol's sales performance was up +17% in US dollars. Currency translation effectively increased sales by \$87 million in the full-year 2018.

Amphenol's military business was up +15% in the quarter and 20% for the year. It represented 10% of their business in 4Q18 and is a profitable product line. Industrial products, one of Amphenol's more profitable product lines, did not do as well. It was up slightly in the quarter but was up 16% for the year. Mobile Devices grew substantially to 23% of the company's sales in the quarter. It grew another whopping 47% YOY in the quarter and 34% sequentially. For the year, mobile devices sales were up 41%.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 3Q16 (year-over-year percentage change).

Amphenol versus Industry

