

Amphenol 2Q19 Sales Up +1.7% YOY

Amphenol Corporation reported sales in 2Q19 of \$2,015.3 million, up +1.7% in US dollars over 2Q18 and up +2.9% sequentially. Currency translation effectively decreased sales by \$42 million in the quarter which equates to 2.1% of sales. Sales in the quarter increased +4% YOY in local currencies.

Orders in 2Q19 were \$2,019 million, flat to prior year. The book-to-bill was 1.00.

Net income was \$288.4 million, up +1.3% YOY and up +7.8% sequentially.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	2Q19 YOY	2Q19 Sequential	2Q19 Organically
Automotive	19%	Flat	4%	-3%
Military	12%	18%	7%	19%
Commercial Aerospace	5%	11%	Down Slightly	13%
Broadband	4%	-15%	-3%	No Comment
IT/Data	19%	Down Slightly	Up Slightly	No Comment
Industrial	20%	-3%	2%	-8%
Mobile Networks	9%	9%	17%	Flat
Mobile Devices	12%	4%	No Comment	No Comment
	100%	1.7%	2.9%	4.0%

In the quarter, Amphenol acquired four companies with combined sales of approximately \$150 million. The Company acquired CONEC Elektronische Bauelemente GmbH ("CONEC") and Kopek Industries ("Kopek"). Based in Germany, CONEC designs and manufactures a wide array of connectors, primarily for customers in the industrial market. Kopek, which is based in China, is a supplier primarily to Amphenol of RF passive interconnect components for the broadband market. In July, the Company acquired Bernd Richter GmbH ("Bernd Richter") and the GJM Group ("GJM"). Based in Germany, Bernd Richter designs and manufactures high-technology cable assemblies primarily for medical equipment customers. GJM, which is based in Spain, is a provider of interconnect assemblies for automotive applications.

Outlook

Amphenol forecasts sales of \$1,960 to \$2,000 million in 3Q19, a year-over-year decrease of -7.0% to midpoint. The full-year 2019 forecast is \$7,920 million to \$8,000, down -3.0% to midpoint.

Bishop & Associates' Comments

Amphenol had year-over-year sales growth of +1.7% versus an industry sales decline of -4.6% for 2Q19. Amphenol's sales growth has outpaced the industry's growth for the last eight quarters. Acquisitions continue to enhance Amphenol's growth and reach, with four acquisitions completed in the quarter.

There were YOY double-digit increases in two of eight market sectors in 2Q19. Amphenol's military business was up +18% in the quarter. It represented 12% of their business in 2Q19 and is a profitable product line. Commercial Aerospace grew +11% in the quarter.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 1Q17 (year-over-year percentage change).

Amphenol versus Industry

