

## Amphenol 4Q19 Sales Down -3.3% YOY 2019 Sales Were Up +0.3%

Amphenol Corporation reported sales in 4Q19 of \$2,151.0 million, down -3.3% in US dollars compared to 4Q18, and up +2.4% sequentially. Organically, sales in the quarter decreased -8% YOY. For the full year, Amphenol achieved record sales of \$8,225.4 million, up +0.3% in US dollars, up +2% in local currencies and down -3% organically.

Orders in 4Q19 were \$2,200 million, which were flat compared to prior year. The book-to-bill ratio was 1.02.

Net income was \$318.7 million, down -5.7% YOY, and up +12.9% sequentially.

Market sector performance can be seen in the following table.

| Market               | % of Total Sales<br>in Quarter | 4Q19<br>YOY  | 4Q19<br>Sequential | Full-Year<br>2019 |
|----------------------|--------------------------------|--------------|--------------------|-------------------|
| Automotive           | 18%                            | 8%           | 3%                 | 3%                |
| Military             | 13%                            | 30%          | 7%                 | 23%               |
| Commercial Aerospace | 5%                             | 15%          | 8%                 | 14%               |
| Broadband            | 4%                             | -6%          | -6%                | -7%               |
| IT/Data              | 20%                            | 3%           | 10%                | Flat YOY          |
| Industrial           | 19%                            | 7%           | -2%                | 4%                |
| Mobile Networks      | 6%                             | -20%         | No Comment         | Down Slightly     |
| Mobile Devices       | 15%                            | -35%         | No Comment         | -20%              |
|                      | <b>100%</b>                    | <b>-3.3%</b> | <b>2.4%</b>        | <b>0.3%</b>       |

In the fourth quarter, Amphenol acquired EXA Thermometrics, a provider of high technology temperature sensors based in Bangalore, India, with annual sales of approximately \$10 million.

## Outlook

Amphenol forecasts sales of \$1,960 to \$2,000 million in 1Q20, a year-over-year increase of +1.1% to midpoint. The full-year 2020 forecast is \$8,240 million to \$8,400, up +1.2% to midpoint.

## Bishop & Associates' Comments

Amphenol had a year-over-year sales decline of -3.3% versus an industry sales decline of -4.7% for 4Q19. Amphenol's sales growth has outpaced the industry's growth for the last 10 quarters. Acquisitions continue to enhance Amphenol's growth and reach, with one acquisition completed in the fourth quarter.

Amphenol had YOY double-digit increases in two of eight market sectors in 4Q19. Amphenol's military business was up +30% in the quarter, and up +12% for the year. Military sales represented 12% of their business in 2019 and is a profitable product line. Amphenol's Commercial Aerospace business grew +15% in the quarter and was up +14% for the year.

Industrial sales, another profitable product line, grew +4% in 2019. Mobile Device and Mobile Networks sales contracted -35% and -20% YOY, respectively.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 3Q17 (year-over-year percentage change).

**Amphenol versus Industry**

