

Amphenol Sales Underperforms Industry 1Q20 YOY Sales Down -4.9%

Amphenol Corporation reported sales in 1Q20 of \$1,862.0 million, down -4.9% in US dollars compared to 1Q19, and down -13.4% sequentially. Organically, sales in the quarter decreased -9% YOY.

Orders in 1Q20 were \$2,150 million, which were up 7% compared to prior year. The book-to-bill ratio was 1.15.

Net income was \$242.1 million, down -9.5% YOY, and down -24.0% sequentially.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	1Q20 YOY	1Q20 Sequential	1Q20 Organically
Automotive	19%	-8%	-13%	-6%
Military	14%	18%	-5%	No Comment
Commercial Aerospace	5%	Down Slightly	-10%	No Comment
Broadband	4%	-10%	-11%	No Comment
IT/Data	20%	-4%	-12%	-10%
Industrial	21%	-3%	-4%	No Comment
Mobile Networks	7%	-14%	6%	-31%
Mobile Devices	10%	-20%	-43%	No Comment
	100%	-4.9%	-13.4%	-9.0%

Outlook

No outlook was given due to the uncertainties of the COVID-19 epidemic.

Bishop & Associates' Comments

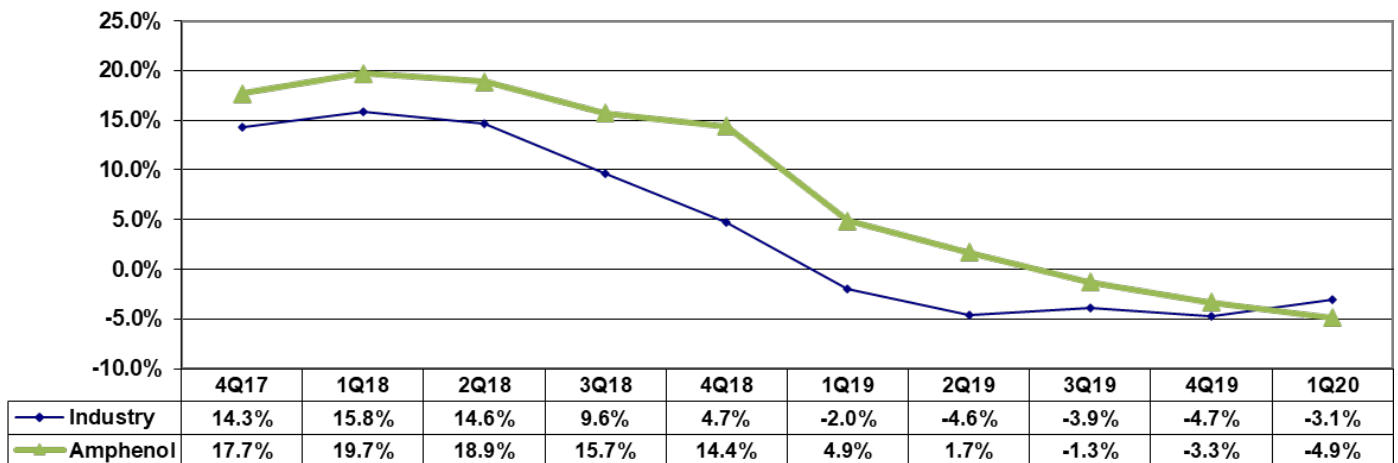
Amphenol had a year-over-year sales decline of -4.9% versus an industry sales decline of -3.1% for 1Q20. Amphenol's sales growth had outpaced the industry's growth since 2Q17.

Amphenol had a YOY double-digit increase in one of eight market sectors in 4Q19. Amphenol's military business was up +18% in the quarter. Military sales represented 14% of their business in 1Q20 and is a profitable product line. Amphenol's sales for many product lines were impact by the shutdown of their 50 plants in China and the overall impact on the world economies of COVID-19.

Industrial sales, another profitable product line, contracted -3% YOY in the quarter. Mobile Device and Mobile Networks sales contracted -20% and -14% YOY, respectively.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 4Q17 (year-over-year percentage change).

Amphenol versus Industry



Amphenol underperformed the overall industry for the first time since 2Q17. This is probably the result of Amphenol's large presence in China, and China was the first country to shut down economic activity. It would not surprise us if Amphenol's 2Q20 sales results outperforms the industry again because China was the first country to reopen business activity.

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