

Amphenol Sales Up +15.6% Year-Over-Year in 2Q14

Amphenol Corporation reported 2Q14 sales of \$1,314.2 million (a record for the company), up +15.6% over 2Q13 and up +5.5% sequentially. Organic sales were up +7% year-over-year (excludes acquisitions and foreign exchange).

Orders in 2Q14 were \$1,320 million (a record for the company) for a book-to-bill of 1.00.

Net income was \$176.4 million (13.4% of sales) in 2Q14, up +14.6% year-over-year and up +11.3% sequentially.

Market sector performance can be seen in the following table.

Market	% of Total Sales in Quarter	2Q14 YOY	2Q14 Sequential
Automotive	15%	42%	3%
Military	11%	Down Slightly	Up Slightly
Commercial Aerospace	6%	26%	4%
Broadband	7%	Down Slightly	No Comment
IT/Data	16%	-6%	Up Slightly
Industrial	17%	52%	8%
Mobile Networks	12%	26%	16%
Mobile Devices	16%	8%	6%
	100%	15.6%	5.5%

Outlook

Amphenol forecasts sales of \$1,320 to \$1,350 million in 3Q14, a year-over-year increase of +14.5% to +17.1%. The full year 2014 forecast is \$5,210 to \$5,270 million, an increase of +12.9% to +14.2%.

Bishop & Associates' Comments

Amphenol continues to perform above the connector industry in profitability and sales growth. Net income of 13.4% of sales for the quarter is excellent, as is year-over-year sales growth of +15.5%, which exceeded the industry sales growth for 2Q14 of +9.5% by 6.0 points. Amphenol has outperformed industry sales growth for the past 11 consecutive quarters.

Acquisitions continue to enhance Amphenol's growth and are branching the company into new industries. Approximately eight points of the second quarter YOY sales growth (of +15.6%) was attributed to acquisitions, so approximately half.

Sales in the military sector, where Amphenol is the market leader, will probably remain weak for the next few years as military expenditures in the United States and Western Europe will continue at lower levels to deal with each governments' respective budget issues. Amphenol's commercial aviation and industrial sales are strong and making up for some of the short-fall in military sales.

The following graph plots Amphenol's sales performance versus the connector industry by quarter since 1Q12 (year-over-year percentage change).

Amphenol versus Industry

