

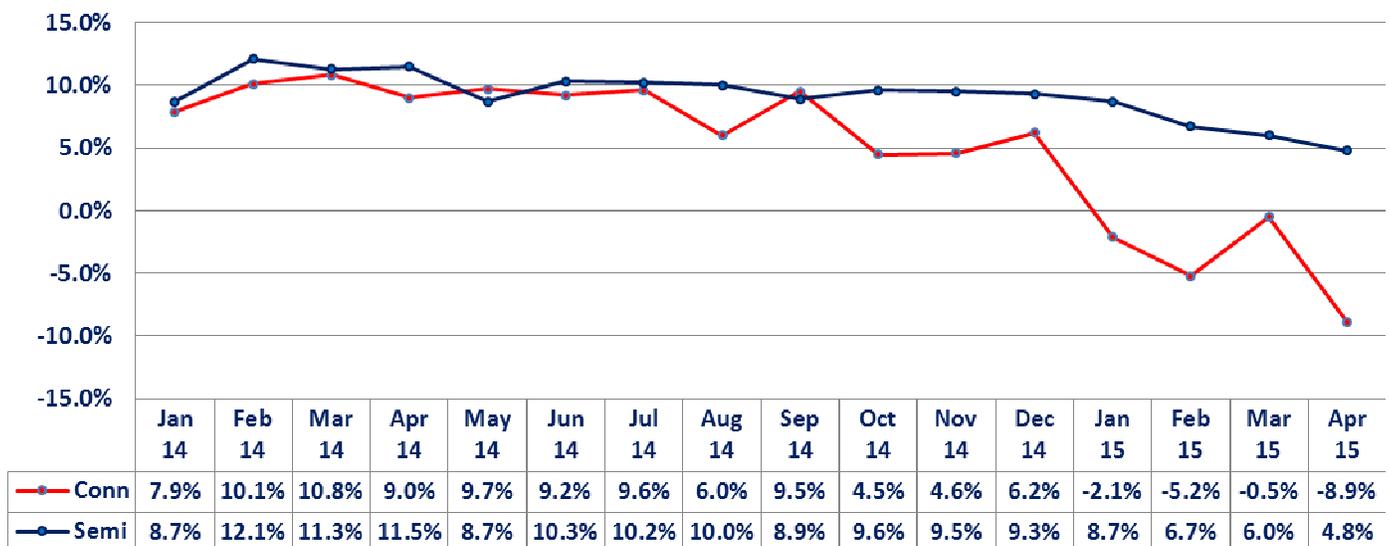
## Semis Grow +4.8% in April, Connectors Contract in -8.9% Currency Plays a Major Role in the Numbers

The Semiconductor Industry Association (SIA) reported April sales of \$27.6 billion, up +4.8% from April 2014 and down -0.4% sequentially from March.

The connector industry April sales were down -8.9% year-over-year in April and down -10.3% sequentially.

The following graph compares semiconductor sales performance to the connector industry.

Monthly Sales Performance  
Year-Over-Year



- April was the 24th consecutive month for growth in semiconductors, while connectors have now declined for four consecutive months. This is a significant disjoint between the two components. Why are Semis outperforming by such a wide margin?
- Further, while Semis continue to grow, you will note the line chart above shows a steady downturn in monthly sales growth. Is the current downturn a normal ebb and flow in demand or a precursor to a longer term decline in demand?

The following table displays year-to-date performance, measured in U.S. dollars, by geographic region for both components.

**Sales Performance  
April Year-To-Date**

	Semiconductors	Connectors
North America	15.1%	0.0%
Europe	-3.1%	-13.4%
Japan	-9.3%	-9.4%
China	NA	3.2%
Asia Pacific*	8.4%	4.7%
World	6.5%	-4.2%

\* Including China, Source SIA & Bishop

The above table highlights some significant differences in regional sales performance of the two components.

- Semis are growing +15.1% in North America while connectors are flat with zero growth. This is confusing and Bishop has yet to determine the “why”.
- Connectors have declined -13.4% in Europe while Semis are down only -3.1%. This is caused by the decline in the Euro to the U.S. dollar. The following table will explain the difference.
- Sales performance in Japan is the same for both components (-9.3% Semis; -9.4% Connectors).
- In Asia Pacific Semis are up +8.4% and Connectors are up +4.7%. The difference is because Semis have a larger percentage of sales into the consumer electronics market which is Asia centric.

The disparity between Semis and Connectors is greatly reduced when sales performance is measured in local currencies.

**April YTD Sales Performance  
Local Currencies**

Regions of the World	Semi Growth	Connector Growth
North America	15.1%	0.0%
Europe	7.9%	6.7%
Japan	4.9%	5.6%
China		3.5%
Asia	*8.4%	4.7%
ROW		-16.2%
World	8.2%	3.8%

\* Combined Asia, China & ROW

A much different picture emerges when performance is measured in local currencies.

- Both components are now showing growth with Semis up +8.2% versus Connectors up +3.8%.
- Europe and Japan are performing equally for both components.
- Semis outperform in Asia as expected because of the high semiconductor content in consumer related products.

In our estimation there are still two unanswered questions.

- Why the large discrepancy in North America?
- Is the softening demand a precursor to a more significant downturn?