

Amphenol Corporation



BBB

1 year PD
0.10% to 0.15%

- Strong EBITDA margin (>23%), and a steady debt & leverage consolidation since FY-21 - although still above peers. Liquidity is backed by \$3.0bn unused R/C-capacity.
- Diversified operations, but rising inventory (+19%) and falling ROCE (14%) may pressure liquidity if demand weakens. Net Income grew despite revenue decline in FY-23 - positive trend.

- Strengths
- Financial Performance and Profitability:** With a consistent EBITDA margin of 23.6% in FY-23 (24.1 in T9-24) they exceed the peer median of 21.1%, speaking for a strong operational efficiency and profitability.
 - Diversification & Trend:** Amphenol serves multiple industries; automotive (22%), industrial (19%), and telecommunications - reducing concentration risks. Excluding seasonality revenue and Net Income may grow double-digits in FY-24(A), supported by a widening EBITDA Margin countered by a 24% increase in Total Debt and +16% in Leverage, at a somewhat stable Debt-to-Assets ratio.
 - Global Manufacturing Network | Publicly rated:** Operates 240 manufacturing facilities in >40 countries, ensures redundancies and supply chain resilience. Moodys' reviewed their A3-rating in 6/2024.

- Challenges
- High Leverage:** The net debt/EBITDA ratio of 1.23 is higher than the peer median of 0.76, indicating greater reliance on debt financing and potentially higher interest rate risk. Debt-to-Asset Ratio tentatively understated, as it does not reflect ~50% of Assets being Goodwill and IP.
 - Declining Capital Efficiency:** ROCE dropped from 20.4% (FY-22) to 14.0% (T9-24) due to increasing CAPEX and slower revenue growth.
 - Inventory Buildup | Liquidity | Integration:** Inventory increased by 19% (T9-24) to \$2.6bn, outpacing revenue growth, contributing to a decline in the current ratio from 2.42 (FY-22) to 1.99 - not considering R/C-line capacity of \$3.0bn. Significant PSA oer \$2.1bn may pose integration risks.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
Ownership Company Stage Financials	Public				
	Stabilized				
	Complete				
	Weight	Score	Dimension	Weight	Score
Financial	75%	5.9	Liquidity	15%	3.8
			Leverage	40%	3.2
			Profitability	45%	6.0
Business	25%	7.2	Industry Risk	20%	5.8
			Competitive Position	50%	7.6
			Mgmt / Governance	30%	7.7
			Sponsor / Parent		
Modifiers	0.7		Revenue Segment		0.3
			Trend Analysis		0.39
			Financial Flexibility		0.25

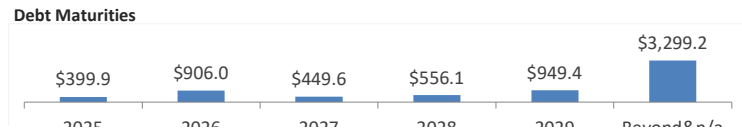
Company Overview

Headquarters	Wallingford, CT
Type	Public
Employees	95,000
Year Founded	1932
Website	https://amphenol.com/
Business	Interconnect, sensor, and antenna solutions provider
Revenues	\$12,554.7M

- Company Overview:** Amphenol Corporation is a global leader in interconnect, antenna, and sensor solutions, catering to a broad range of high-growth industries. The company operates a well-diversified business model with extensive geographic and customer coverage.
- Product:** Comprehensive portfolio, including electronic connectors, cable assemblies, antennas, and sensors serving critical applications.
- Customers:** Its diversified customer base spans multiple sectors, reducing dependency on any single industry or client. Key markets include automotive, aerospace, industrial, telecommunications, and military sectors.
- Ownership:** Amphenol is a publicly traded company listed on the NYSE under the ticker APH, with significant institutional ownership from major investors like The Vanguard Group and BlackRock.
- Debt Structure:** Debt is financed at comparatively low interest rates - tically fixed rate, which curbs interest rate concerns. Recent maturities were refinanced short-term as floaters, considering tentatively declining interest rates. No major maturity wall in sight. Current portion of all debt is about \$403.1mn. R/C-line over \$3.0bn is entirely unused, currently termed through 3/29.
- Other:** The entity entered into a \$2.1 all-cash PSA to acquire CommScopes' Outdoor Wireless Network segment and Distributed Antenna Systems expected to close in Q1-2025. Given the size of the transaction, we have some concerns about intetration risks.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	11	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.64	2.17	31%
	Quick Ratio	1.87	1.48	32%
Leverage	Net Debt / EBITDA	0.76	1.23	37%
	Debt to Assets	27.2%	32.1%	33%
Profitability	EBITDA Margin	21.1%	23.6%	75%
	ROCE %	13.7%	19.1%	81%
	Revenue	\$2,606M	\$12,555M	
Industry Benchmarks - Primary: Electronic Components				



Financial Statement Highlights

\$ '000s	(C) Dec-21 T12	(B) Dec-22 T12	(A) Dec-23 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	10,876,300	12,623,000	12,554,700	-0.5%	
Gross Profit	3,401,800	4,028,200	4,084,100	1.4%	
Adjusted EBITDA	2,500,700	2,978,700	2,966,000	-0.4%	
Gross Profit Margin	31.3%	31.9%	32.5%	+62 bps	
Net Income	1,580,100	1,916,800	1,945,500	1.5%	
Balance Sheet					
Cash And Cash Equivalents	1,241,400	1,434,200	1,660,200	15.8%	
Total Current Assets	5,958,200	6,479,100	6,835,300	5.5%	
Total Assets	14,678,400	15,326,200	16,526,400	7.8%	
Total Current Liabilities	2,447,100	2,676,100	3,152,700	17.8%	
Total Debt	5,856,200	5,558,700	5,301,000	-4.6%	
Total Equity	6,379,100	7,094,100	8,426,500	18.8%	
Key Ratios					
Current Ratio	2.43	2.42	2.17	-10.5%	
Quick Ratio	1.66	1.64	1.48	-9.6%	
Net Debt / EBITDA	1.85	1.38	1.23	-11.3%	
Debt to Assets	39.9%	36.3%	32.1%	(419) bps	
EBITDA Margin	23.0%	23.6%	23.6%	+3 bps	
ROCE %	17.2%	20.4%	19.1%	(130) bps	

- Revenue grew from \$10.9bn (FY-21) to \$12.6bn (FY-22) but slightly declined to \$12.55bn (FY-23). T9 FY-24 revenue \$10.9bn, is on track for strong y-o-y growth.
- Adjusted EBITDA remained steady at ~\$3bn (FY-22/23), despite macroeconomic headwinds, reflecting the company's ability to maintain profitability.

Business Risk Highlights

- Industry:** The electronic components industry is cyclical, subject to demand fluctuations in sectors like automotive and industrial. However, projected industry growth of 8.2% CAGR through 2030 mitigates long-term concerns.
- Competitive Position:** Amphenol holds a strong competitive position, driven by its broad product portfolio, superior profitability, and established customer relationships across diverse markets.
- Management:** The management team has demonstrated effective capital deployment and operational discipline, consolidating debt since FY-21 through FY-23. Yet, FY-24 and FY-25 seem to be headed for growth again, with a substantial acquisition to finalize in FY-25. FY-24 seems to be a strong year of growth (revenue, widening EBITDA Margin, Net Income) at the expense of increasing debt and leverage. Experienced management team, with a solid succession plan and high level of organizational entrepreneurial spirit.
- PE Sponsor:** N/A - publicly traded