



Amphenol Corporation (APH)

Updated April 23rd, 2025, by Ian Bezek

Key Metrics

Current Price:	\$72	5 Year CAGR Estimate:	7.5%	Market Cap:	\$86 B
Fair Value Price:	\$60	5 Year Growth Estimate:	10.5%	Ex-Dividend Date:	06/18/25 ¹
% Fair Value:	120%	5 Year Valuation Multiple Estimate:	-3.6%	Dividend Payment Date:	07/10/25 ¹
Dividend Yield:	0.9%	5 Year Price Target	\$99	Years Of Dividend Growth:	14
Dividend Risk Score:	A	Sector:	Information Technology	Rating:	Hold

Overview & Current Events

Amphenol is an American electronics company primarily involved in the production of fiber optic connectors, coaxial cables, and other such systems. The company was founded in 1932 as American Phenolic Corp; the name was subsequently shortened to Amphenol. Its primary end markets are for IT and data services, industrial, and automotive uses. The company had a highly successful run, with its share price rising 400% over the past 10 years. This, in turn, lifted Amphenol's market cap to more than \$86 billion today.

Historically, Amphenol was a growth investment with a minimal dividend. However, the company started to put a focus on increasing its dividend. In fact, it has grown its annual payout at a 16.9% annualized rate since 2015. Amphenol split its stock 2:1 in June 2024, and we have updated all numbers in this report to reflect the split's impact.

On April 23rd, 2025, Amphenol released its Q1 2025 earnings. The company earned 58 cents per share, which topped estimates, and increased considerably from last year's 44 cent figure. The company's revenue came in at \$4.8 billion, which amounted to a 47% increase from the same period last year and exceeded expectations by more than \$0.5 billion.

Amphenol continues to produce sizzling hot results, with growth accelerating once again quarter-over-quarter and coming in way above the high end of prior guidance. Amphenol has various end markets and some segments like consumer electronics and automobiles have been sluggish. That said, data centers are proving to have insatiable market demand right now. Defense and communications network sales also perked up in Q1. The company raised guidance for Q2 considerably. China accounted for 22% of Amphenol's total revenues in 2024, so we see significant tariff risk on that front. Regardless, we have raised our full-year 2025 EPS estimate following the firm's exceptionally strong Q1 results.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.61	\$0.68	\$0.78	\$0.97	\$0.94	\$0.98	\$1.24	\$1.50	\$1.56	\$1.89	\$2.40	\$3.95
DPS	\$0.14	\$0.15	\$0.18	\$0.22	\$0.24	\$0.26	\$0.32	\$0.41	\$0.43	\$0.55	\$0.66	\$1.02
Shares	1,232	1,230	1,222	1,194	1,192	1,198	1,198	1,198	1,194	1,208	1,209	1,200

Since 2015, Amphenol has grown its earnings at a 13.5% average compounded rate. Earnings growth has been quite consistent, and 2024 returned the company to its strong long-term trajectory following a weaker 2023. Amphenol has boosted its earnings both through organic growth and a series of acquisitions.

Up until 2012, Amphenol paid a minimal dividend. Since then, Amphenol has become a tremendous dividend growth story. As a result of this change in capital allocation, Amphenol has managed tremendous dividend growth rates of 20.5% and 16.9% over the past five and nine years, respectively. In conjunction with its stock split, Amphenol announced a massive dividend increase on July 24th, 2024, with the payout going from \$0.11 to \$0.165 cents per quarter.

As for earnings, we estimate that Amphenol will generate 10.5% annualized earnings growth over the next five years. Investments in AI and data centers should power strong demand for Amphenol products in coming years. The firm's defense sector exposure is also a plus as governments are increasing spending in this category.

¹ Estimated date.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	22.8	21.7	24.7	23.1	25.4	26.4	29.0	26.0	28.2	37.5	30.0	25.0
Avg. Yld.	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%	0.7%	0.9%	1.0%

A significant portion of Amphenol’s exemplary returns over the past decade came due to expansion of its P/E ratio. Amphenol’s P/E rose from 22.8 in 2015 to 37x last year’s earnings figure. We are skeptical that Amphenol’s business will be able to support the loftier P/E ratios that the stock has obtained recently. Rather, we see Amphenol’s P/E ratio settling closer to 25 over the long term.

Amphenol’s dividend yield of 0.9% is right in-line with its long-term average and we expect little change here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	22%	21%	22%	23%	26%	27%	26%	27%	27%	29%	28%	26%

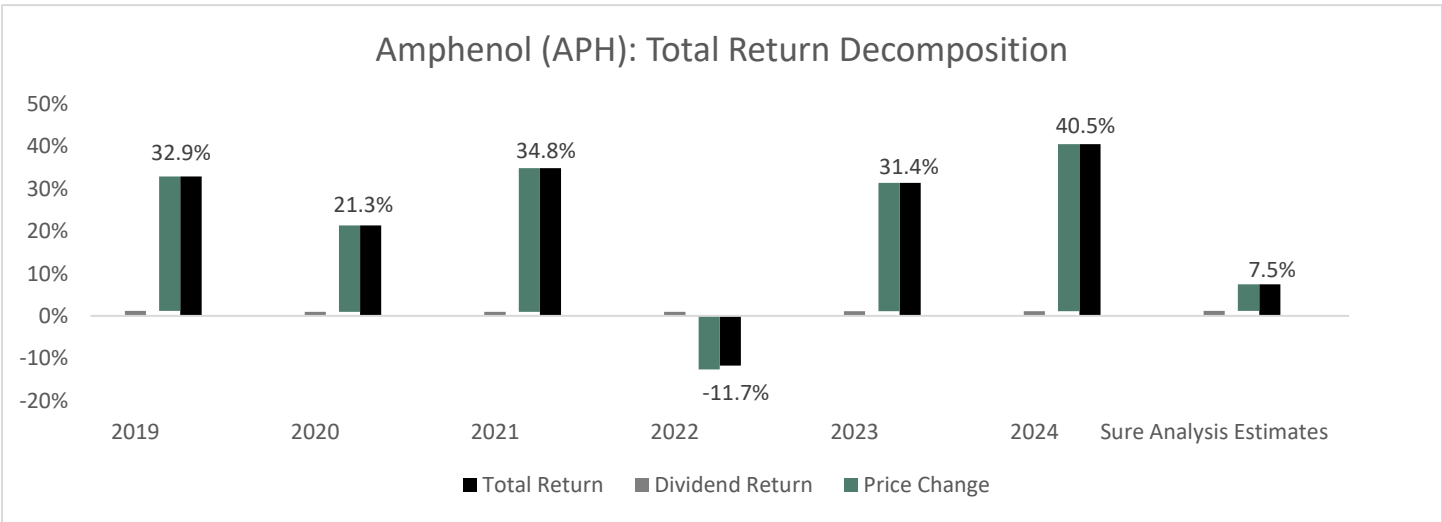
Amphenol operates in highly competitive markets with tons of rival firms. However, its broad product line and superior cost management have given the firm a persistent advantage over its peers. For example, the firm had a surprisingly strong 2022, and its results didn’t cede much ground in 2023 despite broad weakness in much of the tech industry.

On paper, Amphenol might seem to face significant risk during economic downturns. But the company has developed durable relationships with key customers, insulating it from the technology industry’s boom and bust cycle. Additionally, while the company’s payout ratio has moved up slightly in recent years, it remains at a low level overall. The company’s balance sheet is in reasonable shape; while the firm carries a fair chunk of debt, its interest obligations should be manageable compared to its consistent cash flows.

Final Thoughts & Recommendation

Amphenol shares are trading above their long-term historical P/E average. However, the company’s growth in 2024 was tremendous, and increasing AI spend should lead to outstanding 2025 results as well. Shares have pulled back a bit since our last update even though earnings growth continues to accelerate. With shares drawing closer to our fair value estimate, the total return outlook has moved up to 7.5% annualized. Amphenol stock earns a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,569	6,286	7,011	8,202	8,225	8,599	10,876	12,623	12,550	15,220
Gross Profit	1,780	2,040	2,310	2,655	2,616	2,664	3,402	4,028	4,084	5,140
Gross Margin	32.0%	32.5%	32.9%	32.4%	31.8%	31.0%	31.3%	31.9%	32.5%	33.8%
SG&A Exp.	669	798	878	960	971	1,014	1,226	1,421	1,490	1,855
D&A Exp.	172	217	227	300	312	308	396	393	406	573
Operating Profit	1,110	1,242	1,432	1,695	1,645	1,650	2,176	2,607	2,594	3,284
Op. Margin	19.9%	19.8%	20.4%	20.7%	20.0%	19.2%	20.0%	20.7%	20.7%	21.6%
Net Profit	764	823	651	1,205	1,155	1,203	1,591	1,902	1,928	2,424
Net Margin	13.7%	13.1%	9.3%	14.7%	14.0%	14.0%	14.6%	15.1%	15.4%	15.9%
Free Cash Flow	858	887	918	802	1,207	1,315	1,180	1,791	2,156	2,149
Income Tax	281	309	692	372	332	313	409	551	509	570

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,458	8,499	10,004	10,045	10,816	12,327	14,678	15,326	16,530	21,440
Cash & Equivalents	1,737	1,035	1,719	1,279	891	1,702	1,197	1,373	1,475	3,317
Acc. Receivable	1,105	1,349	1,599	1,792	1,736	1,952	2,455	2,631	2,618	3,288
Inventories	852	929	1,107	1,234	1,310	1,462	1,894	2,094	2,167	2,546
Goodwill & Int.	2,909	4,153	4,484	4,501	5,309	5,430	7,134	7,180	7,927	9,461
Total Liabilities	4,180	4,776	5,961	5,981	6,219	6,875	8,299	8,232	8,100	11,580
Accounts Payable	588	678	876	891	867	1,121	1,312	1,309	1,351	1,819
Long-Term Debt	2,814	3,011	3,543	3,571	3,607	3,867	4,800	4,578	4,337	6,886
Total Equity	3,239	3,675	3,990	4,017	4,530	5,385	6,302	7,016	8,346	9,792
LTD/E Ratio	0.87	0.82	0.89	0.89	0.80	0.72	0.76	0.65	0.52	0.70

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	10.6%	10.3%	7.0%	12.0%	11.1%	10.4%	11.8%	12.7%	12.1%	12.8%
Return on Equity	24.8%	23.8%	17.0%	30.1%	27.0%	24.3%	27.2%	28.6%	25.1%	26.5%
ROIC	13.1%	12.8%	9.1%	15.8%	14.6%	13.7%	15.5%	16.6%	15.8%	16.4%
Shares Out.	616	615	611	597	596	599	599	595	621	1,264
Revenue/Share	8.80	9.97	11.08	13.12	13.36	13.98	17.39	20.33	20.23	12.05
FCF/Share	1.36	1.41	1.45	1.28	1.96	2.14	1.89	2.88	3.47	1.70

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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