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Long-Term:

Although there is uncertainty in the near-term market as a result of the current global geopolitical and economic conditions, we continue to see opportunities for long-term growth and profitability improvement due to: (a) a projected increase in the long-term worldwide demand for more sophisticated electronic end use products, which require electronic components and interconnect, sensing and control devices such as the ones we sell, (b) cost reductions and improvements in our production processes, and (c) opportunities for growth in our Electronic Components and Interconnect, Sensing and Control Devices product lines due to advances in component design and our production capabilities and capacity. We have fostered our financial health and the strength of our balance sheet putting us in a good position to react to changes in the marketplace as they occur. We remain confident that our strategies will enable our continued long-term success.

Results of Operations

Year Ended March 31, 2019 compared to Year Ended March 31, 2018

Net sales for the fiscal year ended March 31, 2019 were \$1,791.8 million compared to \$1,562.5 million for the fiscal year ended March 31, 2018.

The table below represents product group revenues for the fiscal years ended March 31, 2018 and 2019.

Net sales (in thousands)	2018	2019
Ceramic Components	\$ 226,204	\$ 421,849
Tantalum Components	366,194	382,905
Advanced Components	642,775	485,208
Total Electronic Components	1,235,173	1,289,962
Interconnect, Sensing and Control Devices	327,301	501,828
Total Net Sales	\$ 1,562,474	\$ 1,791,790

Electronic Component sales were \$1,290.0 million for the fiscal year ended March 31, 2019 compared to \$1,235.2 million during the fiscal year ended March 31, 2018. The sales increase in Electronic Components product sales was driven by increased volume and a favorable pricing environment in our Ceramic and Tantalum Components across most markets resulting from favorable global market conditions and increased demand for our electronic component products resulting from technological advances across a broad range of industries driven by IoT and an increasingly connected world led by the automotive, industrial, telecommunications, networking, and computer markets. Fiscal year 2019 Advanced Components group sales include \$113.3 million of Ethertronics product as compared to \$12.7 million for fiscal year 2018. These increases were partially offset by the loss of Kyocera resale product sales which were \$19.0 million for fiscal year 2019 as compared to \$296.3 million for fiscal year 2018.

Total Interconnect, Sensing and Control Devices product sales were \$501.8 million in the fiscal year 2019 as compared to \$327.3 million during the fiscal year 2018. This increase is attributable to sales growth in the automotive industry in addition to sales resulting from our S&C acquisition which accounted for \$354.7 million for fiscal year 2019 as compared to \$193.3 million for fiscal year 2018.

Our sales to independent electronic distributors represented 42.3% of total net sales for the fiscal year ended March 31, 2019, compared to 42.7% for fiscal year ended March 31, 2018. Overall, distributor sales activity increased in dollars when compared to the same period last year due to a more favorable pricing environment and increased order activity throughout the year in response to extended product delivery lead times. This increase in distributor activity is reflective of the increased customer demand and steadily improving market conditions. Our sales to distributor customers involve specific ship and debit and stock rotation programs for which sales allowances are recorded as reductions in sales. As a result of the favorable pricing environment and high demand, such allowance charges decreased to \$28.9 million, or 3.9% of gross sales to distributor customers, for the fiscal year ended March 31, 2019 compared to \$30.5 million, or 4.6% of gross sales to distributor customers, for the fiscal year ended March 31, 2018. Applications under such programs for fiscal years ended March 31, 2019 and 2018 were approximately \$24.4 million and \$29.4 million, respectively.

The regional sales percentages of our total sales in the fiscal year ended March 31, 2019 decreased in the Asian region while increasing in the European and American regions compared to the fiscal year ended March 31, 2018 reflective of the increased European sales activity resulting from our acquisitions. Sales in the Asian, American, and European regions represented 31.4%, 27.1% and 41.5% of total sales, respectively, for the fiscal year ended March 31, 2019. This compares to 37.2%, 25.6% and 37.2% of total sales for the Asian, American, and European regions in the prior year, respectively. As a result of the movement of the U.S. dollar against certain foreign currencies, reported sales for the fiscal year ended March 31, 2019 were unfavorably impacted by approximately \$33.3 million when compared to the prior year.

Gross profit in the fiscal year ended March 31, 2019 was \$482.9 million, compared to gross profit of \$318.9 million in the fiscal year ended March 31, 2018. Gross profit as a percentage of sales for the fiscal year ended March 31, 2019 was 27.0% compared to 20.4% for the fiscal year ended March 31, 2018. The increase in gross profit as a percentage of sales reflects a better margin product mix, improved operating efficiencies, cost control, and a more favorable pricing environment in the market. We incurred costs of \$9.2 million for the fiscal year ended March 31, 2019, as compared to \$4.2 million for the fiscal year ended March 31, 2018, due to incremental depreciation and amortization as a result of purchase accounting adjustments to inventory and fixed assets related to the S&C, Ethertronics and Kumatec acquisitions. For the fiscal year ended March 31, 2019, gross profit due to currency movement were unfavorably impacted by approximately \$7.2 million when compared to the previous fiscal year.