

## TE Connectivity Sales Up +4.2% YOY In CY 3Q14

TE Connectivity reported calendar year (CY) 3Q14 sales of \$3,575 million, up +4.2% year-over-year and down slightly sequentially -0.1% to CY 2Q14. TE finished their fiscal year 2014 at \$13,912 million, up +4.8% over 2013.

Orders in the quarter were \$3,589 million, up +5% year-over-year and up 3% sequentially. The book-to-bill ratio is 0.98 (excluding Subsea Communications).

Net income was \$663 million (18.6% of sales), up +71.3% year-over-year and up +64.5% sequentially. For fiscal year 2014, TE recorded net income of \$1,781 million (12.8% of sales), up +39.6% from 2013.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 3Q14 Sales	Calendar 3Q14 YOY	Calendar 3Q14 Organic YOY	Calendar 3Q14 Sequential
Automotive	42%	\$1,494	7%	6%	-6%
Mil/Aero/Marine	9%	\$327	25%	10%	12%
Industrial	10%	\$363	4%	5%	4%
Energy	6%	\$211	1%	3%	1%
Consumer Devices	7%	\$233	-7%	-6%	1%
Appliances	5%	\$168	4%	4%	-6%
Data Communications	5%	\$191	-2%	-2%	5%
Telecom Networks	9%	\$333	-4%	-4%	-4%
Enterprise Networks	5%	\$170	6%	7%	8%
Subsea Communications	2%	\$85	-17%	-17%	63%
	<b>100%</b>	<b>\$3,575</b>	<b>4.2%</b>	<b>NA</b>	<b>-0.1%</b>

Note: Organic sales performance takes out the impact of actions such as the acquisition of Deutsch.

**Outlook**

TE Connectivity forecasts sales of \$3,460 to \$3,560 million in CY 4Q14, a year-over-year change of +4% to +7% actual and +2% to +5% organically. Versus the prior year, TE expects Transportation to be up +1-2%, Network Solutions to be low single-digits, Industrial to be up mid-single-digits, and Consumer to be down mid-single-digits.

The full fiscal year outlook for fiscal 2015 is for sales of \$14,700 to \$15,300 million, a year-over-year change of +6% to +10% (+3% to +8% organically).

**Bishop & Associates' Comments**

TE's year-over-year sales growth was +4.2% for CY 3Q14 versus the industry growth of +8.3%. TE's Automotive, Mil/Aero/Marine and Industrial businesses, at 67% of their sales in the last quarter, were up +9.4% versus prior year. Network Solutions businesses, representing 22% of their overall business, were down a combined -3.1% year-over-year. The Consumer businesses were down -3% versus prior year

The following graph plots TE's sales performance versus the connector industry by quarter since 2Q12 (year-over-year percentage change).

**TE Connectivity vs. Industry**

