

The Bishop Report **NEWS BRIEF**

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TE Connectivity Quarterly Sales Up +11.7% YOY* Fiscal 2017 Grew +7.2%

TE Connectivity reported calendar year (CY) 3Q17 sales of \$3,456 million, up +11.7% year-over-year*, up +9% organically and up +2.6% sequentially. For fiscal 2017, TE's sales are up +7.2% over prior year to \$13,113 million.

Orders in the quarter were \$3,306 million, up +12% YOY* excluding SubCom sales of \$222 million, and resulted in a book-to-bill ratio of 1.02.

Net income was \$434 million (12.6% of sales), down -0.2% sequentially.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 3Q17 Sales	Calendar 3Q17 YOY*	Calendar 3Q17 Organic YOY*
Automotive	39%	\$1,350	12%	10%
Commercial Transportation	8%	\$274	37%	37%
Sensors	6%	\$220	12%	9%
Mil/Aero/Marine	8%	\$284	2%	1%
Industrial	14%	\$490	24%	13%
Energy	5%	\$180	-	-2%
Data & Devices	7%	\$254	5%	6%
Appliances	5%	\$182	10%	10%
Subsea Communications	6%	\$222	-3%	-3%
	100%	\$3,456	11.7%	9.0%

Note: Organic sales performance takes out the impact of actions such as the acquisitions and added weeks to the quarter.

* Note – Based on normalized sales and orders. In fiscal 4Q16, TE had a 14-week quarter. If the sales of the extra week are deducted from 4Q16, the YOY growth is +11.7%. Leaving the sales in 4Q16, the YOY growth is +3.7%.

Outlook

TE Connectivity forecasts sales of \$3,350 to \$3,450 million in CY 4Q17, a year-over-year change* of +10% actual to midpoint and up +5% organically (midpoint). Versus the prior year (organically), TE expects Transportation to be up in the low-double-digits, Industrial to be up high-single-digits, and Communications Solutions to be up low-single-digits.

The full fiscal year outlook for 2018 is for sales of \$13,700 to \$14,100 million, a year-over-year change of +6% to the midpoint and up +4% organic midpoint.

Bishop & Associates' Comments

TE's year-over-year sales growth* was +11.7% for CY 3Q17 versus industry growth of +8.4%. Sales growth was strong across all segments and all regions.

TE's organic orders were strong in the quarter, up 12% from prior year. This is good for next quarter's sales.

The following graph plots TE's sales performance versus the connector industry by quarter since 2Q15 (year-over-year percentage change).

TE Connectivity vs. Industry

