

## TE Connectivity Quarterly Sales Up +8.1% YOY & +7% Organically

TE Connectivity reported calendar year (CY) 4Q16 sales of \$3,063 million, up +8.1% year-over-year and down -8.1% sequentially. Organic sales were up +7% year-over-year.

Orders in the quarter were approximately \$3,100 million, up +10% organically YOY, and resulted in a book-to-bill ratio of 1.06 (excluding Subsea Communications).

Net income was \$409 million (13.4% of sales), up +15.9% year-over-year.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 4Q16 Sales	Calendar 4Q16 YOY	Calendar 4Q16 Organic YOY
Automotive	42%	\$1,275	12%	13%
Commercial Transportation	7%	\$213	15%	16%
Sensors	6%	\$187	3%	-1%
Mil/Aero/Marine	7%	\$226	4%	4%
Industrial	13%	\$383	33%	1%
Oil & Gas	1%	\$26	-24%	-21%
Energy	5%	\$160	-5%	-3%
Data & Devices	8%	\$231	-13%	2%
Appliances	5%	\$148	13%	14%
Subsea Communications	7%	\$214	-4%	-4%
	<b>100%</b>	<b>\$3,063</b>	<b>8.1%</b>	<b>7.0%</b>

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

## Outlook

TE Connectivity forecasts sales of \$3,025 to \$3,125 million in CY 1Q17, a year-over-year change of +4% actual to midpoint and up +4% organically (midpoint). Versus the prior year (organically), TE expects Transportation to be up in the mid-single-digits, Industrial to be up low-single-digits, and Communications Solutions to be up mid-single-digits.

The full fiscal year outlook for fiscal 2017 is for sales of \$12,200 to \$12,600 million, a year-over-year change of +3% to the midpoint and up +4% organic midpoint.

## Bishop & Associates' Comments

TE's year-over-year sales growth was +8.1% for CY 4Q16 versus industry growth of +8.6%.

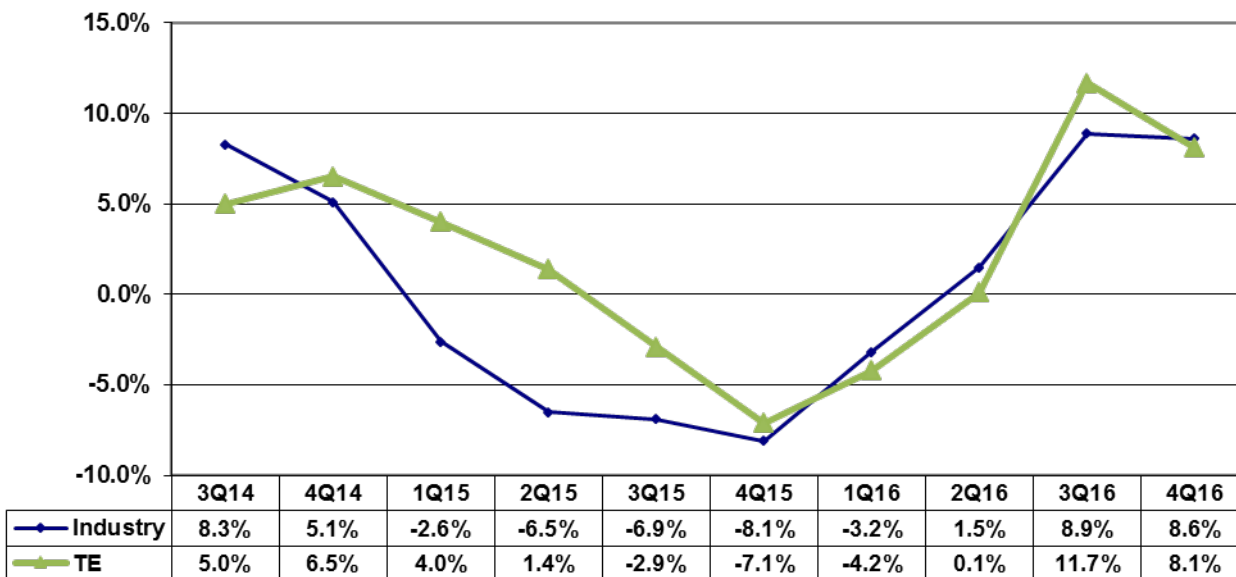
TE's sales performance in CY 4Q16 was reduced by \$45 million due to unfavorable currency exchange.

TE's organic orders were strong in the quarter, up 10% from prior quarter, and strong in all regions. This bodes well for next quarter's sales.

The company also stated that they have a strong design win pipeline going in their acquired harsh environment businesses. This again bodes well for future sales growth.

The following graph plots TE's sales performance versus the connector industry by quarter since 2Q14 (year-over-year percentage change).

**TE Connectivity vs. Industry**



Note - TE's 2014 sales growth performance was recalculated to exclude sales from discontinued business.