

TE Connectivity Sales Down -1.4% YOY in Calendar 2Q13

TE Connectivity reported calendar 2Q13 sales of \$3,449 million, down -1.4% year-over-year and up sequentially +5.6% to calendar 1Q13. Sales declined -0.1% organically over calendar 2Q12.

Orders in the quarter were \$3,410 million, up sequentially +10.7%. The book-to-bill ratio is 1.02 (excluding Subsea Communications) with Transportation at 1.00, Industrial at 1.03, Consumer Solutions at 1.06, and Network Solutions at 1.03.

Net income was \$335 million (9.7% of sales), up +68.3% year-over-year and +20.9% sequentially.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 2Q13 Sales	Calendar 2Q13 YOY	Calendar 2Q13 Organic YOY	Calendar 2Q13 Sequential
Automotive	42%	\$1,438	7%	8%	4%
Mil/Aero/Marine	8%	\$265	2%	3%	0%
Industrial	9%	\$306	-9%	-8%	10%
Energy	6%	\$208	-4%	-4%	8%
Consumer Devices	7%	\$243	-14%	-12%	0%
Appliances	5%	\$186	-8%	-12%	6%
Data Communications	6%	\$190	-17%	-8%	-2%
Telecom Networks	10%	\$348	1%	1%	16%
Enterprise Networks	5%	\$161	-2%	-1%	9%
Subsea Communications	3%	\$104	-11%	-11%	27%
	100%	\$3,449	-1.4%	0.1%	5.6%

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

Outlook

TE Connectivity forecasts sales of \$3,350 to \$3,450 million in calendar 3Q13, a year-over-year change of -0.4% to +2.6% actual and +1% to +4% organically. Versus prior year, TE expects Transportation to be up in the high single-digits, Network Solutions to be down in the mid-single-digits, Industrial to be flat or up slightly, and Consumer to be down in the mid-single-digits.

The full fiscal year outlook is for sales of \$13,200 to \$13,300 million, a year-over-year change of -1% to +0% actual and -2% to -1% organically.

Bishop & Associates' Comments

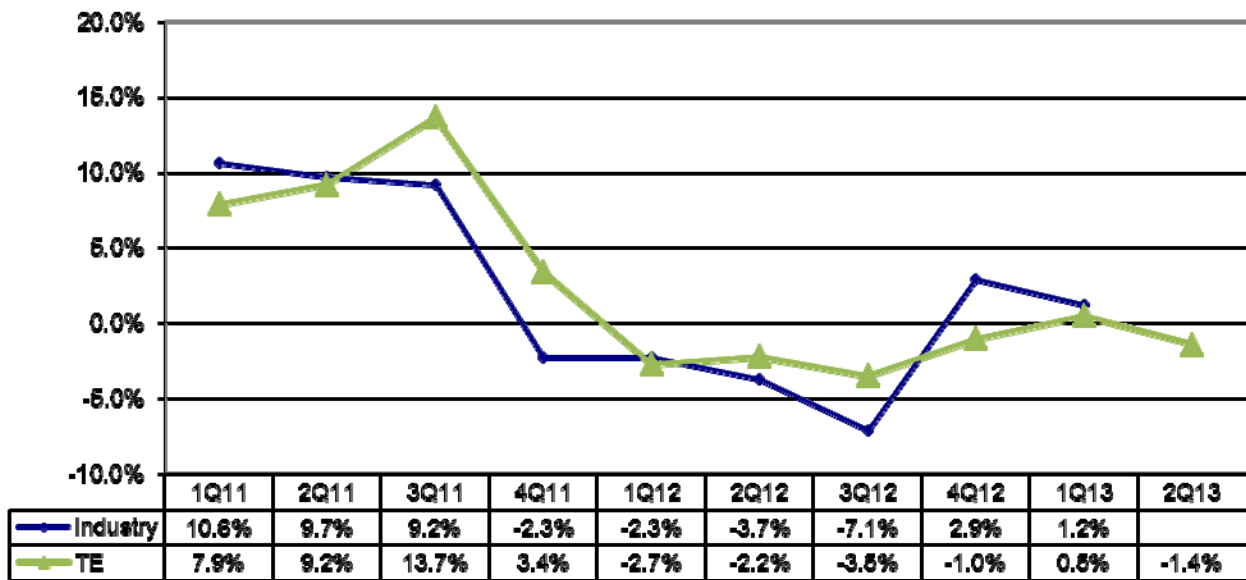
TE's year-over-year outlook for calendar 3Q13, at -1.1% (midrange), is lower than the outlook of Amphenol, at +2.7%. These combined outlooks project next quarter to be relatively flat.

TE's strong booking performance in calendar 2Q13 (up 10.7% sequentially over calendar 1Q13) should translate to improving sales performance in the next few quarters.

TE's automotive market business, at 42% of their sales in the last quarter, with +7% YOY growth, is helping offset sales declines in their other three market segments, which are down a combined -6.7% year-over-year.

The following graph plots TE's sales performance versus the connector industry by quarter since 1Q11 (year-over-year percentage change).

TE Connectivity Vs. Industry



Note: Calendar 2Q13 industry growth will be available the week of August 12th.