

## TE Connectivity Quarterly Sales Down -4.2% YOY

TE Connectivity reported calendar year (CY) 1Q19 sales of \$3,412 million, down -4.2% year-over-year, down -1% organically, and up +1.9% sequentially. FX impact decreased sales by \$154 million in the quarter.

Orders in the quarter were \$3,457 million, down -6% YOY and up +4% sequentially, resulted in a book-to-bill ratio of 1.01.

Net income was \$439 from continuing operations, up +14.6% YOY and down -10.4% sequentially.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 1Q19 Sales	Calendar 1Q19 YOY	Calendar 1Q19 Organic YOY
Automotive	42%	\$1,425	-9%	-5%
Commercial Transportation	9%	\$324	-3%	2%
Sensors	7%	\$222	-4%	1%
Mil/Aero/Marine	10%	\$331	11%	13%
Industrial	15%	\$502	1%	1%
Energy	5%	\$174	-2%	4%
Data & Devices	7%	\$251	-3%	0%
Appliances	5%	\$183	-8%	-4%
	<b>100%</b>	<b>\$3,412</b>	<b>-4.2%</b>	<b>-1.0%</b>

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

In the quarter, TE agreed to acquire Kissling Group, a provider of high- power relays and ruggedized switches used in the commercial vehicle, transportation, industrial, military and aviation industries as well as other applications. The sale is expected to close on May 30, 2019.

## Outlook

TE Connectivity forecasts sales of \$3,400 to \$3,500 million in CY 2Q19, a year-over-year change of -4% actual to midpoint. Versus the prior year (organically), TE expects Transportation to be down in the mid-single-digits, Industrial to be flat, and Communications Solutions to be down mid-single-digits.

The full fiscal year outlook for 2019 is for sales of \$13,550 to \$13,750 million, a year-over-year change of -2% to the midpoint and flat to the organic midpoint.

## Bishop & Associates' Comments

TE's year-over-year sales decline was -4.2% for CY 1Q19 versus industry decline of -2.0%. Sales growth was weak in six out of eight market segments. FX impact reduced the company's performance in 1Q19 by 4.5%.

TE's organic orders were weak in the quarter, down -6% as reported and down -3% organically from the prior year. Orders growth in Industrial partially offset weakness in Transportation and Communications.

TE reported that their Automotive sales declined -5% organically, while global automotive production declined -8% in units. They attribute their smaller sales contraction to increasing electronic content per unit.

The following graph plots TE's sales performance versus the connector industry by quarter since 4Q16 (year-over-year percentage change).

**TE Connectivity vs. Industry**

