

TE Connectivity Quarterly Sales Down -5.4% YOY

TE Connectivity reported sales of \$3,168 million for the quarter ending December 27, 2019, down -5.4% year-over-year, down -5% organically, and down -4.0% sequentially. FX impact decreased sales by \$43 million in the quarter.

Orders in the quarter were \$3,241 million, down -2% YOY as reported and -2% organically, and up +1.1% sequentially, resulting in a book-to-bill ratio of 1.02.

Net income for the quarter was \$23 million from continuing operations after a \$447 million tax expense related to Swiss tax reform.

The following is TE's performance by market sector for calendar 4Q19:

Market	Percent of Total Sales in Quarter	Calendar 4Q19 Sales	Calendar 4Q19 YOY	Calendar 4Q19 Organic YOY
Automotive	44%	\$1,405	-4%	-3%
Commercial Transportation	8%	\$258	-13%	-16%
Sensors	6%	\$205	-7%	-11%
Mil/Aero/Marine	10%	\$309	8%	9%
Industrial	8%	\$263	-17%	-15%
Medical	6%	\$179	7%	7%
Energy	6%	\$176	10%	12%
Data & Devices	7%	\$219	-15%	-15%
Appliances	5%	\$154	-13%	-11%
	100%	\$3,168	-5.4%	-5.0%

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

Outlook

TE Connectivity forecasts sales of \$3,100 to \$3,300 million in CY 1Q20, a year-over-year change of -6.2% actual to midpoint. Versus the prior year, TE is forecasting Transportation and Industrial to be down in the low-single-digits organically, and Communications Solutions to be down low-teens organically versus the prior year.

The full fiscal year outlook for 2020 is for sales of \$12,850 to \$13,250 million, a year-over-year change of -3% to the midpoint, and down -2% to the organic midpoint. FX headwinds are reducing the sales forecast by \$209 million.

Bishop & Associates' Comments

TE's year-over-year sales decline was -5.4% for CY 4Q19 versus an industry decline of -4.7%. Sales declined in six out of TE's nine market segments. FX impact reduced the company's sales performance in the quarter by \$43 million.

TE had double-digit declines in four of its market sectors including Commercial Transportation, Industrial, Data & Devices, and Appliances.

The following graph plots TE's sales performance versus the connector industry by quarter since 3Q17 (year-over-year percentage change).

TE Connectivity vs. Industry

