

The Bishop Report **NEWS BRIEF**

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TE Connectivity Quarterly Sales Down -24.8% YOY Expects CY 3Q20 Sales to be Up Approximately +10% Sequentially

TE Connectivity reported sales of \$2,548 million for the quarter ending June 2020, down -24.8% year-over-year and down -20.3% sequentially. FX impact decreased sales by \$35 million in the quarter.

Orders in the quarter were \$2,386 million, down 29.1% sequentially, resulting in a book-to-bill ratio of 0.94.

Net income for the quarter was a \$127 million from continuing operations.

The following is TE's performance by market sector for calendar 2Q20:

| Market | Percent of Total Sales in Quarter | Calendar 2Q20 Sales | Calendar 2Q20 YOY | Calendar 2Q20 Organic YOY |
|---------------------------|-----------------------------------|---------------------|-------------------|---------------------------|
| Automotive | 31% | \$797 | -44% | -43% |
| Commercial Transportation | 9% | \$233 | -27% | -24% |
| Sensors | 9% | \$225 | -3% | -22% |
| Mil/Aero/Marine | 10% | \$265 | -23% | -22% |
| Industrial | 10% | \$265 | -14% | -13% |
| Medical | 6% | \$161 | -9% | -9% |
| Energy | 7% | \$174 | -2% | 1% |
| Data & Devices | 11% | \$276 | 13% | 13% |
| Appliances | 6% | \$152 | -11% | -9% |
| | 100% | \$2,548 | -24.8% | N/A |

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

Outlook

TE Connectivity expects their sales in the next quarter, ending in September, to be up approximately +10% from the calendar 2Q20 results. No guidance was given for the full fiscal year.

Bishop & Associates' Comments

TE's year-over-year sales decline was -24.8% for CY 2Q20 versus an industry decline of -17.2%. Sales declined in eight out of TE's nine market segments. FX impact reduced the company's sales performance in the quarter by \$35 million.

TE had double-digit declines in five of its market sectors. Automotive, which represented 43% of their sales in the prior quarter, had the largest YOY decline of -44%. TE expects automotive to lead their sequential growth in CY 3Q20 with worldwide automotive production to increase to approximately 17 million units.

The following graph plots TE's sales performance versus the connector industry by quarter since 1Q18 (year-over-year percentage change).

TE Connectivity vs. Industry

