

TE Connectivity Quarterly Sales Down -1.2% YOY Fiscal Year 2020 Sales Were Down -9.4%

TE Connectivity reported sales of \$3,261 million for the quarter ending September 2020, down -1.2% year-over-year and up +28% sequentially. FX impact increased sales by \$39 million in the quarter. Fiscal year sales were \$12,172 million, down -9.4% from prior year.

Orders in the quarter were \$3,348 million, up 4% YOY and up 40% sequentially, resulting in a book-to-bill ratio of 1.03.

Net income for the quarter was a \$230 million from continuing operations, up 81% sequentially and down -38.8% YOY. For the fiscal year, the net income was -\$241 million.

The following is TE's performance by market sector for calendar 3Q20:

Market	Percent of Total Sales in Quarter	Calendar 3Q20 Sales	Calendar 3Q20 YOY	Calendar 3Q20 Organic YOY
Automotive	41%	\$1,336	-3%	-4%
Commercial Transportation	8%	\$266	-6%	-6%
Sensors	8%	\$263	10%	-17%
Mil/Aero/Marine	9%	\$309	-11%	-13%
Industrial	9%	\$290	-1%	-2%
Medical	5%	\$171	-9%	-9%
Energy	6%	\$189	1%	0%
Data & Devices	8%	\$260	8%	7%
Appliances	5%	\$177	12%	11%
	100%	\$3,261	-1.2%	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 December, to be approximately \$3,200 million, up +1% from prior year. No guidance was given for the 2021 fiscal year.

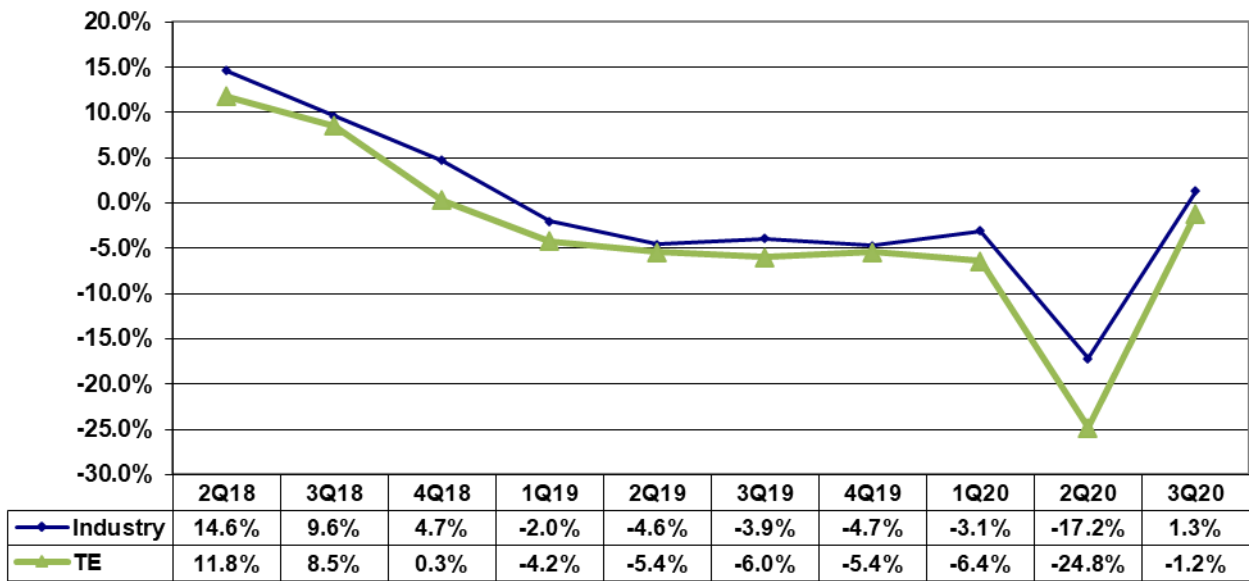
Bishop & Associates' Comments

TE's year-over-year sales decline was -1.2% for CY 3Q20 versus an industry decline of -1.6%. Sales declined in five out of TE's nine market segments. FX impact increased the company's sales performance in the quarter by \$39 million.

TE had a double-digit decline in one of its market sectors. Mil/Aero/Marine, which represented 9% of their sales in the quarter, was down -11%. One market sector, Sensors, had a +10% increase YOY. Automotive sales growth recovered significantly from the prior quarter YOY decline.

The following graph plots TE's sales performance versus the connector industry by quarter since 2Q18 (year-over-year percentage change).

TE Connectivity vs. Industry



In an interview with Barron's, Terrance Curtin, TE's CEO, was quoted "That recovery has been faster than we expected. But clearly there are markets that are still not back to pre-Covid levels." Curtin said that the biggest part of the TE recovery came from the rapid recovery in global automotive demand.