

# The Bishop Report **NEWS BRIEF**

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## TE 4Q23 Calendar Sales Declined -0.3% YOY Sales Were Down -1.5% for the Full Calendar Year

TE Connectivity reported sales for the fourth quarter calendar year of \$3,831 million. This represents a slight decline of -0.3% compared to the same period last year and a -5.1% drop from the previous quarter. The report marks the start of TE Connectivity's fiscal first quarter 2024.

Orders in the quarter were \$3,800 million, up +4.0% YOY resulting in a book-to-bill ratio of 0.98.

Free cash flow for the quarter was \$570 million, down -1.9% YOY.

The following is TE's performance by market sector for calendar 4Q23:

Market	Percent of Total Sales in Quarter	Calendar 4Q23 Sales	Calendar 4Q23 YOY	Calendar 4Q23 Organic YOY
Automotive	46%	\$1,776	8%	8%
Commercial Transportation	9%	\$356	2%	1%
Sensors	6%	\$241	-8%	-9%
Mil/Aero/Marine	8%	\$290	10%	13%
Industrial	9%	\$330	-24%	-26%
Medical	5%	\$200	16%	16%
Energy	5%	\$205	9%	1%
Data & Devices	7%	\$279	-15%	-15%
Appliances	\$0	\$154	-17%	-17%
	<b>100%</b>	<b>\$3,831</b>	<b>-0.3%</b>	<b>NA</b>

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

In the recent quarter, TE invested \$350 million to purchase Schaffner Holdings, a company based in Luterbach, Switzerland. Schaffner is recognized worldwide for its electromagnetic solutions that enhance the efficiency and dependability of electronic systems. For financial reporting, the acquisition of Schaffner will be categorized under the industrial market segment.

**Outlook**

TE Connectivity expects their sales in the next quarter to be approximately \$3,950 million, down approximately -5% from the prior year but up +3% sequentially.

**Bishop & Associates' Comments**

TE's year-over-year sales growth was +0.3% for CY 4Q23 versus connector industry decline of -2.9%. Sales grew in five out of TE's nine market segments.

Automotive, which represents 46% of TE's total CY4Q23 sales and Commercial Transportation, which represents 9%, were up year-over-year +8.0% and +2% respectively. Both sub-segments fall under TE Connectivity's Transportation Solutions segment, which along with sensor technologies represented 60% of TE's business in FY 2023.

TE Connectivity completed one acquisition in FY 1Q2024/CY 4Q2023 that had previously been announced in August 2023 (FY 1Q2023). For calendar year 2023, TE completed two acquisitions, acquiring Kreis in CY 1Q2023 and in CY 4Q2023, they completed the acquisition of Schaffner Holding AG. This is in sharp comparison to their closest competitor, Amphenol, who completed 10 acquisitions in CY 2023. During this same period, TE divested three businesses for net cash proceeds of \$48 million.

**TE Connectivity vs. Industry**

