

TE Connectivity CY 3Q24 Sales Up +1.0% YOY +2% Organically

TE Connectivity disclosed a sales figure of \$4,068 million for the quarter ending September 30, 2024. This represents an increase of +1.0% (+0.8%) compared to the same period last year. Organically, sales were up +2%.

Orders in the quarter were \$3,841 million, down -2.0% year-over-year, and -7% sequentially, influenced by an ongoing momentum in artificial intelligence, and softness in industrial equipment end use markets. This resulted in a book-to-bill ratio of 0.94, down substantially from the 1.04 book-to-bill in CY second quarter.

Net income for the quarter was \$276 million, down 50% year-over-year. For the full fiscal year (10/01/2023 through 09/27/2024), net income was \$3,193 million up 67.2% year-over-year. TE made no acquisitions during the quarter.

The following is TE's performance by market sector for calendar 3Q24:

Market	Percent of Total Sales in Quarter	Calendar 3Q24 Sales	Calendar 3Q24 YOY	Calendar 3Q24 Organic YOY
Automotive	42%	\$1,704	-3%	-1%
Commercial Transportation	9%	\$353	-4%	-4%
Sensors	6%	\$254	-11%	-11%
Mil/Aero/Marine	9%	\$367	14%	14%
Industrial	9%	\$346	-11%	-20%
Medical	5%	\$213	-2%	-1%
Energy	6%	\$254	10%	14%
Data & Devices	10%	\$393	34%	35%
Appliances	5%	\$184	8%	11%
	100%	\$4,068	1.0%	2.0%

\$ in Millions

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

During the quarter, TE announced that a “reorganization into a 2-segment structure will be effective with the start of fiscal 2025 (CY October 2024). Their Transportation Solutions and now a larger Industrial Solutions segment, which adds the two businesses from Communications. Their Data and Devices business moves into the Industrial segment and is renamed Digital Data Networks. Their Appliances business will be combined with Industrial Equipment, and the new business will be named Automation and Connected Living. Financial results in the new structure will appear in the first quarter of fiscal 2025, with an 8-K of recast financial information being issued before the end of their fiscal first quarter.”

Outlook

TE Connectivity expects their sales in the next quarter to be approximately \$3,900 million, up 2% year-over-year, and reflective of the typical seasonality in their business.

Bishop & Associates' Comments

TE's booking decreased -7% quarter-over-quarter, led by a strong (-27%) decline in the Communications segment and a decline of -7%, in the industrial segment. Year-over-year, the Communications segment had order growth of +37%, while the industrial segment remained flat. Quarter-over-Quarter, sales grew +0.8%.

YOY, TE saw quarterly growth in four of their nine business segments. The greatest growth was in the Data & Devices business. Representing 10% of total sales, up from 8% in CY second quarter, the Data & Devices business saw YOY sales growth of +34%, followed by Mil/Aero/Marine business which grew +14% and accounted for 9% of total business. The energy segment, which accounted for 6% of total sales was up +10% YOY, followed by the appliance business, which accounted for 5% of total sales, where sales grew +8%. Together, these four businesses accounted for approximately 30% of total sales. The medical business, which had growth of +7% in the second quarter, saw billings decline by -2% YOY.

Exhibiting the greatest decline YOY was the industrial and the sensor business, where sales declined -11%. These businesses were followed by the transportation business where sales declined -4% and the automotive business where sales declined -3%. Together, these four businesses accounted for approximately 66% of total sales, led by automotive, who represented 42%.

The following graph plots TE's sales performance versus the connector industry by quarter from 2Q22 (year-over-year percentage change).

TE Connectivity vs. Industry

