

TE Connectivity CY 4Q24 Sales Up +0.1% YOY Book-to-Bill 1.05

TE Connectivity disclosed a sales figure of \$3,836 million for the quarter ending December 27, 2024. This represents an increase of +0.1% compared to the same period last year. Organically, sales were in line with expectations.

Orders in the quarter were \$4,011 million, up +6.0% year-over-year, and +4.4% sequentially, influenced by an ongoing momentum in artificial intelligence, energy applications, and aerospace, defense & marine. There was softness in commercial transportation and sensors end use markets. This resulted in a book-to-bill ratio of 1.05, up substantially from the 0.94 book-to-bill in CY third quarter.

Net income for the quarter was \$528 million, down -70.7% year-over-year¹. Operating income was \$690 million, down -1.1% year-over-year. TE made one acquisition during the quarter, acquiring North American based lightning protecting and ground solutions company Harger. According to Bart Otten, senior vice president and general manager of TE's energy business unit, "adding Harger to our portfolio enhances the value we bring to our customers as one connectivity partner. This acquisition is a critical milestone in our strategic vision to be partner of choice for innovating sustainable energy networks that keep the power on."

The following is TE's performance by market sector for calendar 4Q24:

Market	Percent of Total Sales in Quarter	Calendar 4Q24 Sales	Calendar 4Q24 YOY	Calendar 4Q24 Organic YOY
Automotive	45%	\$1,722	-4%	-3%
Commercial Transportation	8%	\$312	-12%	-12%
Sensors	5%	\$209	-13%	-13%
Mil/Aero/Marine	9%	\$334	15%	15%
Industrial				
Medical	4%	\$151	-25%	-25%
Energy	6%	\$216	5%	7%
Digital Data Networks	11%	\$413	48%	48%
Automation & Connected Living	12%	\$479	3%	-5%
	100%	\$3,836	0.1%	0.0%

New Segment Structure

CY 2Q2025, as indicated in the first quarter of fiscal 2025, reflects TE Connectivity's reorganization of their management and segments to align the organization around its fiscal 2025 strategy. "The Company's businesses in the former Communications Solutions segment have been moved into the Industrial Solutions segment. Also, the appliances and industrial equipment businesses have been combined to form the automation and connected living business. In addition, the Company realigned certain product lines and businesses from the Industrial Solutions and former Communications Solutions segments to the Transportation Solutions segment. The following represents the new segment structure:

- **Transportation Solutions**—This segment contains the automotive, commercial transportation, and sensors businesses.
- **Industrial Solutions**—This segment contains the aerospace, defense, and marine; medical; energy; digital data networks (historically referred to as data and devices); and automation and connected living businesses.

All future reporting will reflect only these two businesses.

Outlook

TE Connectivity expects their sales in the next quarter to be approximately \$3,950 million, up 3% year-over-year. "On a year-over-year basis, we expect to be impacted by unfavorable currency exchange headwinds of over \$100 million." They also "expect global auto production to be down 1% to 2% in fiscal 2025, and we continue to expect our content growth to be at the low end of 4-to-6-point range for the year. While we expect overall auto production to decline this year, we expect continued growth in hybrid and EV production in fiscal 2025."

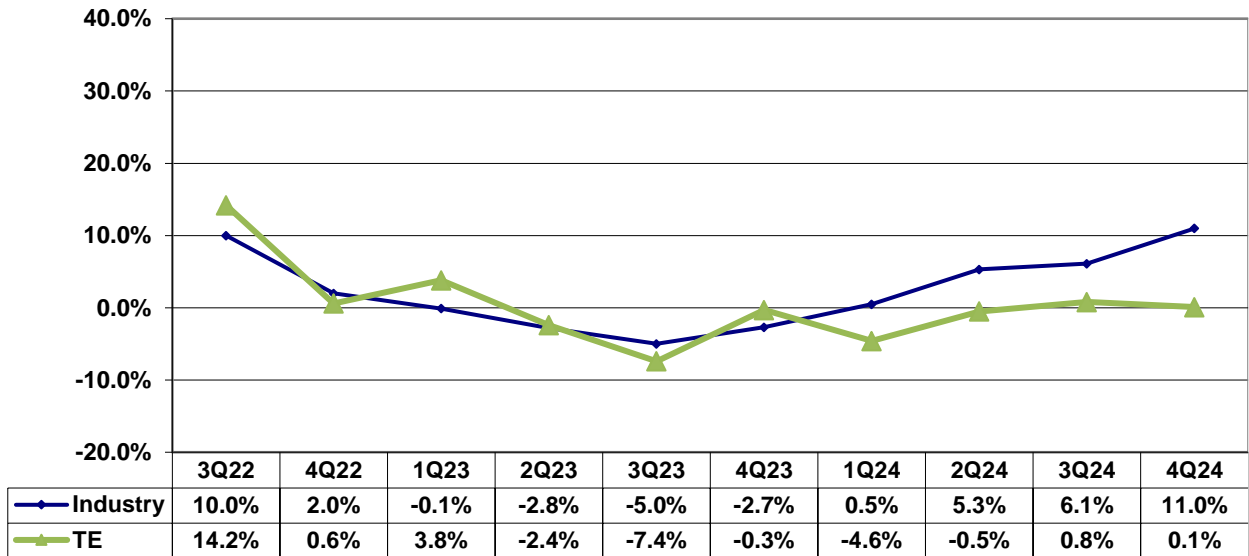
Bishop & Associates' Comments

YOY, TE saw quarterly growth in four of their nine business segments. The greatest growth was in the Digital Data Networks business. Representing 11% of total sales, the Digital Data Networks business saw YOY sales growth of +48%, followed by Mil/Aero/Marine business which grew +15% and accounted for 9% of total business. The Energy segment, which accounted for 6% of total sales, was up +5% YOY, followed by the Automation & Connected Living business, which accounted for 12% of total sales, where sales grew +3%. Together, these four businesses accounted for approximately 38% of total sales.

Exhibiting the greatest decline in sales YOY was the Medical and Sensor business, where sales declined -25% and -13% respectively. These businesses were followed by the Commercial Transportation business where sales declined -12% and the Automotive business where sales declined -4%. Together, these four businesses accounted for approximately 62% of total sales, led by Automotive, who represented 45%. Organically, Medical exhibited the greatest decline, followed by Sensors, Commercial Transportation and Automotive, but Automation and Connected Living, which had positive +3% year-over-year growth also declined, decreasing -5%.

The following graph plots TE's sales performance versus the connector industry by quarter from 3Q22 (year-over-year percentage change).

TE Connectivity vs. Industry



¹TE Connectivity's negative net income of 70.7% year-over-year is reflective of a Q1 FY24 recorded income tax benefit of \$1,105 million. See TE Connectivity Form 8-K for additional information.