

## TE Connectivity CY 1Q25 Sales Up +4.4% YOY Orders up +5.9%

TE Connectivity reported CY 1Q25 sales of \$4,143 million. This represented a year-over-year increase of +4.4%. Organically, sales were up +5.0%.

Orders in the quarter were \$4,246 million, up +5.9% year-over-year and sequentially, influenced by an ongoing momentum in artificial intelligence, energy applications, and aerospace, defense & marine. Similar to the previous quarter, transportation orders were flat year-over-year, driven by growth in Asia, that was offset by declines in Europe and North America. This resulted in a book-to-bill ratio of 1.02, down from 1.05 in the previous quarter.

TE Connectivity's net income for the quarter ending March 28, 2025, was \$13 million. This represents a significant decrease compared to the \$541 million net income reported for the same period in the previous year. Although net income was well below the previous period, it was due to a one-time non-cash tax charge caused by a change in tax law. TE's adjusted earnings per share (EPS) was significantly higher at \$2.10, up 13% year-over-year, reflecting strong operational performance and a company record.

The following is TE's performance by market sector for calendar 1Q25:

Market	Percent of Total Sales in Quarter	Calendar 1Q25 Sales	Calendar 1Q25 YOY	Calendar 1Q25 Organic YOY
Automotive	42%	\$1,735	-2%	0%
Commercial Transportation	9%	\$357	-7%	-5%
Sensors	5%	\$222	-12%	-10%
Mil/Aero/Marine (AD&M)	9%	\$374	9%	11%
Medical	4%	\$182	-14%	-14%
Energy	7%	\$279	19%	8%
Digital Data Networks	12%	\$482	77%	78%
Automation & Connected Living	12%	\$512	2%	2%
	100%	\$4,143	4.4%	5.0%

\$ in Millions

During the quarter, TE announced they had completed the acquisition of Richards Manufacturing, “a North American leader in utility grid products, including underground distribution equipment, deploying \$2.3 billion of capital. The acquisition will enable TE to capitalize on the region's grid replacement and upgrade cycle, strengthening its leadership in serving utilities and other energy customers around the world. The acquired business will continue to be run by the Richards management team, ensuring business continuity as it integrates with TE.”

TE Connectivity CEO Terrence Curtin, also commented on the impact of current tariffs on sales stating “Due to our long-standing business strategy and investments to locate manufacturing facilities near customers, we expect to effectively navigate the current trade environment. He also noted that from a segment standpoint, more of the impact is being seen in their industrial segment than in their transportation segment. He continued to state, “For those products that are impacted, we have already been working with our customers to minimize the impact. We are implementing a combination of mitigation actions. This will include sourcing changes by both TE as well as our customers as well as where sourcing changes are not possible, we will be implementing price actions”.

### **Outlook**

TE Connectivity expects their sales in the next quarter to be approximately \$4,300 million, up 8% year-over-year. It was noted, “GAAP EPS from continuing operations is expected to be approximately \$2.02, up nearly 9% year over year, with adjusted EPS of approximately \$2.06, up 8% year over year”. Calendar year second quarter “guidance includes the benefit from the Richards acquisition and tariff impact assumptions, as well as tax rate headwinds of \$0.04 on a year over year basis and \$0.06 sequentially”.

### **Bishop & Associates' Comments**

YOY, TE saw quarterly growth in half of their eight business segments. Like last quarter, the greatest growth was in the Digital Data Networks business. Representing 12% of total sales, the Digital Data Networks business saw YOY sales growth of +77%, followed by the Energy business which grew +19% and accounted for 7% of total business. The AD&M segment, which accounted for 9% of total sales, was up +9% YOY, followed by the Automation & Connected Living business, which accounted for 12% of total sales, where sales grew +2%. Together, these four businesses accounted for approximately 40% of total sales.

Exhibiting the greatest decline in sales YOY was the Medical business, followed by the Sensor business where sales declined -14% and -12% respectively. These businesses were followed by the Commercial Transportation business where sales declined -7% and the Automotive business where sales declined -2%. Together, these four businesses accounted for approximately 60% of total sales, led by Automotive, who represented 42%.

Organically, like last quarter, Medical exhibited the greatest decline, followed by Sensors and Commercial Transportation. Organically, Automotive, which represents the largest chunk of TE business, was flat. It was noted that “While we do expect global auto production to decline this year, we anticipate electrification across all powertrains to be a key driver for our growth over market in the (calendar year) second half. And as we talked before, it will be driven by software-defined vehicle architecture and the related proliferation of data connectivity in the car. We also continue to expect 20% growth in hybrid and electric vehicle production with roughly 80% of that production occurring in Asia, where we're strongly positioned and we produce locally.”

The following graph plots TE's sales performance versus the connector industry by quarter from 4Q22 (year-over-year percentage change).

### TE Connectivity vs. Industry

