

# The Bishop Report **NEWS BRIEF**

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## TE Connectivity Sales Up +3.8% YOY In CY 2Q14

TE Connectivity reported calendar year (CY) 2Q14 sales of \$3,580 million, up +3.8% year-over-year and up sequentially +4.3% to CY 1Q14. Sales were up +3% organically over CY 2Q13.

Orders in the quarter were \$3,480 million, up +2% year-over-year and flat sequentially. The book-to-bill ratio is 0.99 (excluding Subsea Communications).

Net income was \$403 million (11.3% of sales), up +20.3% year-over-year and up +11.3% sequentially.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 2Q14 Sales	Calendar 2Q14 YOY	Calendar 2Q14 Organic YOY	Calendar 2Q14 Sequential
Automotive	44%	\$1,585	10%	8%	1%
Mil/Aero/Marine	8%	\$291	12%	8%	7%
Industrial	10%	\$349	4%	3%	6%
Energy	6%	\$209	0%	1%	12%
Consumer Devices	6%	\$230	-5%	-5%	3%
Appliances	5%	\$178	10%	9%	11%
Data Communications	5%	\$182	-4%	-5%	14%
Telecom Networks	10%	\$347	0%	-1%	9%
Enterprise Networks	4%	\$157	-2%	-1%	5%
Subsea Communications	1%	\$52	-50%	-50%	-15%
	<b>100%</b>	<b>\$3,580</b>	<b>3.8%</b>	<b>4.3%</b>	<b>3.2%</b>

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

In the quarter, TE acquired Measurement Specialties, a leading global designer and manufacturer of sensors and sensor-based systems with expected revenue of \$540 million in its current fiscal year. The sale should close by the end of 2014.

**Outlook**

TE Connectivity forecasts sales of \$3,560 to \$3,660 million in CY 3Q14, a year-over-year change of +3.2% to +6.1% actual and +2% to +5% organically. Versus the prior year, TE expects Transportation to be up +7-9%, Network Solutions to be flat, Industrial to be approximately 10%, and Consumer to be down low single digits.

The full fiscal year outlook for 2014 is for sales of \$13,900 to \$14,000 million, a year-over-year change of +5% actual and +4% to +5% organically.

**Bishop & Associates' Comments**

TE's year-over-year sales growth was +3.8% for CY 2Q14 versus the industry growth of +9.5%. TE's Automotive, Mil/Aero/Marine and Industrial businesses, at 62% of their sales in the last quarter, with +11% YOY growth, is helping offset sales declines in their Network Solutions businesses, representing 21% of their overall business, which are down a combined -8% year-over-year.

The following graph plots TE's sales performance versus the connector industry by quarter since 1Q12 (year-over-year percentage change).

**TE Connectivity vs. Industry**

