

TE Connectivity Sales Up +2% YOY in Calendar 3Q13

TE Connectivity reported calendar year 3Q13 sales of \$3,432 million, up +2% year-over-year and down sequentially -0.5% to calendar year 2Q13. Sales were up 3% organically over calendar year 3Q12.

Orders in the quarter were \$3,250 million, down sequentially -4.7%. The book-to-bill ratio is 0.98 (excluding Subsea Communications).

Net income was \$387 million (11.3% of sales), down -2.8% year-over-year and up +15.5% sequentially.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 3Q13 Sales	Calendar 3Q13 YOY	Calendar 3Q13 Organic YOY	Calendar 3Q13 Sequential
Automotive	41%	\$1,398	9%	10%	-3%
Mil/Aero/Marine	8%	\$266	4%	3%	0%
Industrial	9%	\$318	4%	4%	4%
Energy	6%	\$208	-2%	-3%	0%
Consumer Devices	7%	\$250	-15%	-13%	3%
Appliances	5%	\$188	7%	7%	1%
Data Communications	6%	\$195	-13%	-4%	3%
Telecom Networks	10%	\$345	1%	1%	-1%
Enterprise Networks	5%	\$161	-1%	1%	0%
Subsea Communications	3%	\$103	-6%	-7%	-1%
	100%	\$3,432	2.0%	3.0%	-0.5%

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

Outlook

TE Connectivity forecasts sales of \$3,225 to \$3,325 million in calendar year 4Q13, a year-over-year change of +2.9% to +6.1% actual and +4% to +7% organically. Versus the prior year, TE expects Transportation to be up +10%, Network Solutions to be down in the low-single-digits, Industrial to be up mid-to-high single-digits, and Consumer to be down in the high-single-digits.

The full fiscal year outlook for 2014 is for sales of \$13,650 to \$14,150 million, a year-over-year change of +2.6% to +6.4% actual and +3% to +7% organically.

Bishop & Associates' Comments

TE's year-over-year outlook for calendar 4Q13, at +4.5% (midrange), is higher than the outlook of Amphenol, at +1.1% (midrange), and Molex at -1.8% (midrange). These combined outlooks project next quarter to be up low single-digits.

TE's automotive market business, at 41% of their sales in the last quarter, with +9% YOY growth, is helping offset sales declines in their Network Solutions and Consumer Solutions, which are down a combined -5% year-over-year.

The following graph plots TE's sales performance versus the connector industry by quarter since 2Q11 (year-over-year percentage change).

TE Connectivity vs. Industry

