

## TE Connectivity Sales Down -1% YOY In Calendar 4Q12

TE Connectivity reported calendar 4Q12 sales of \$3,134 million, down -5.3% year-over-year (-1% adjusted) and down sequentially -6.8% to 3Q12. For calendar year 2012, TE's sales were \$13,246 million down -7.3% from 2011, but down -3.7% when adjusted for the sale of two businesses.

Orders in the quarter were \$3,080 million, down sequentially -3.4%. The book-to-bill ratio is 1.02 (excluding Subsea Communications) with Transportation, Industrial and Consumer Solutions at 1.03 and Network Solutions at 0.98.

Net income was \$277 million (8.8% of sales), up +5.7% year-over-year and down -30.4% sequentially.

The following is TE's performance by market sector:

Market	Percent of Total Sales in Quarter	Calendar 4Q12 Sales	Calendar 4Q12 YOY	Calendar 4Q12 Organic YOY	Calendar 4Q12 Sequential
Automotive	40%	\$1,264	3%	-1%	-1%
Mil/Aero/Marine	8%	\$243	42%	-3%	-5%
Industrial	9%	\$270	-15%	-13%	-12%
Energy	6%	\$187	-5%	-3%	-12%
Consumer Devices	9%	\$274	-2%	-1%	-8%
Appliances	5%	\$162	-5%	-4%	-4%
Data Communications	6%	\$199	-6%	-5%	-11%
Telecom Networks	9%	\$281	-7%	-6%	-17%
Enterprise Networks	5%	\$146	-12%	-8%	-14%
Subsea Communications	3%	\$108	-18%	-18%	-3%
	<b>100%</b>	<b>\$3,134</b>	<b>-1.0%</b>		<b>6.8%</b>

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

## Outlook

TE Connectivity forecasts sales of \$3,200 to \$3,300 million in calendar 1Q13, a year-over-year change of -2% to +2% actual and -6% to -3% organically. TE expects Transportation to be up mid-single-digits, Network Solutions to be down high single-digits, Industrial to be up mid-single-digits and Consumer to be down slightly.

The full fiscal year outlook is for sales of \$13,300 to \$13,700 million, a year-over-year change of 0% to 3% actual and -2% to 1% organically.

## Bishop & Associates' Comments

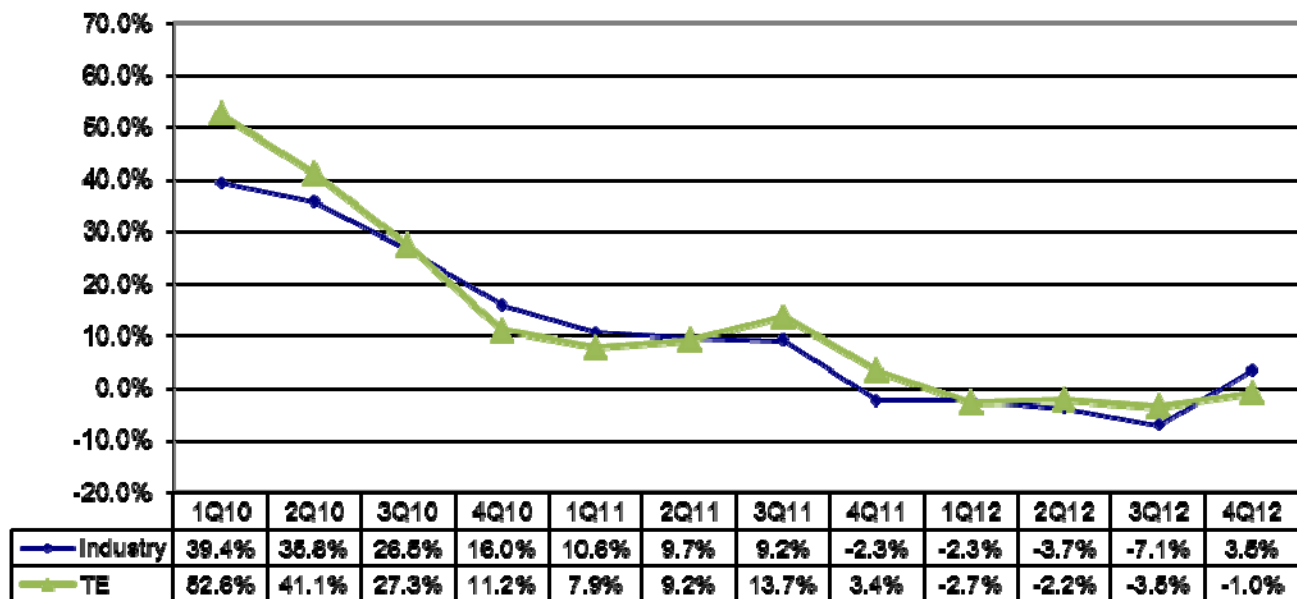
At an adjusted -3.7% sales decline from 2011, TE Connectivity performed slightly below the estimated industry level of -2.6% in 2012. TE Connectivity, with their strong presence in several market sectors and product types, is a valid indicator of industry performance, so it is not surprising that their results closely match the industry.

TE's outlook for 1Q13 at 2% (midrange) is lower than the outlooks of Amphenol (7.5-10%) and Molex (7.5-11.1%). These combined outlooks project next quarter to be up in the mid-single-digits.

TE's automotive market business, at 40% of their sales in the last quarter, and the acquisition of Deutsch, are helping off-set sales declines in their other market segments, particularly Network Solutions.

The following graph plots TE's sales performance versus the connector industry by quarter since 1Q10 (year-over-year percentage change).

**TE Connectivity Vs. Industry**



Note: 4Q12 Industry sales performance will be finalized the week of February 4. The +3.5% is an estimate of the performance expected.