









An industrial technology company creating a safer, sustainable, productive and connected future

TE Connectivity Presentation

May 2019

EVERY CONNECTION COUNTS

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive and data and devices industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in TE Connectivity Ltd.’s Annual Report on Form 10-K for the fiscal year ended Sept. 28, 2018 as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures

Where we have used non-GAAP financial measures, disclosure on the usefulness of the non-GAAP financial measure is provided in the Appendix to this presentation.

TE CONNECTIVITY

INDUSTRIAL TECHNOLOGY COMPANY CREATING A SAFER, SUSTAINABLE, PRODUCTIVE AND CONNECTED FUTURE

WORLD LEADER in connectivity and sensor solutions with the broadest range of technologies

Highly engineered products and integrated solutions perform in harsh environments where failure is not an option









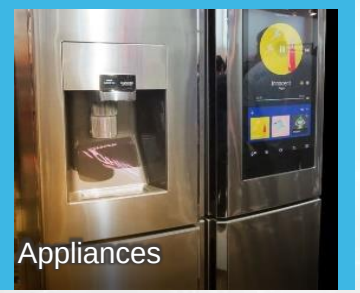




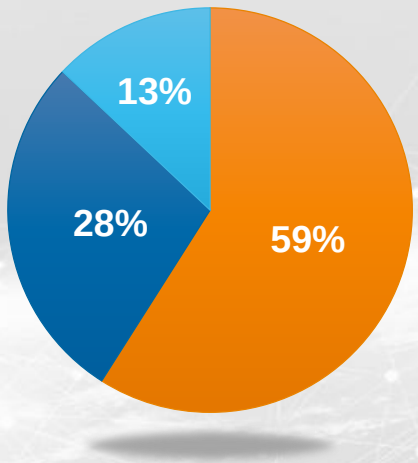








FY18 SALES BY SEGMENT



TRANSPORTATION SOLUTIONS
INDUSTRIAL SOLUTIONS
COMMUNICATIONS SOLUTIONS

TE serves a
$190 BILLION MARKET

THE LEVERS OF OUR BUSINESS MODEL

TOP LINE

ORGANIC REVENUE GROWTH

+4-6%

M & A

Adding >100 basis points of growth annually

MARGIN EXPANSION

LOWER OPERATING EXPENSES

Reduce SG&A by 100 basis points

IMPROVED OPERATING MARGINS

Expand 30-80 basis points annually

BOTTOM LINE

EPS GROWTH

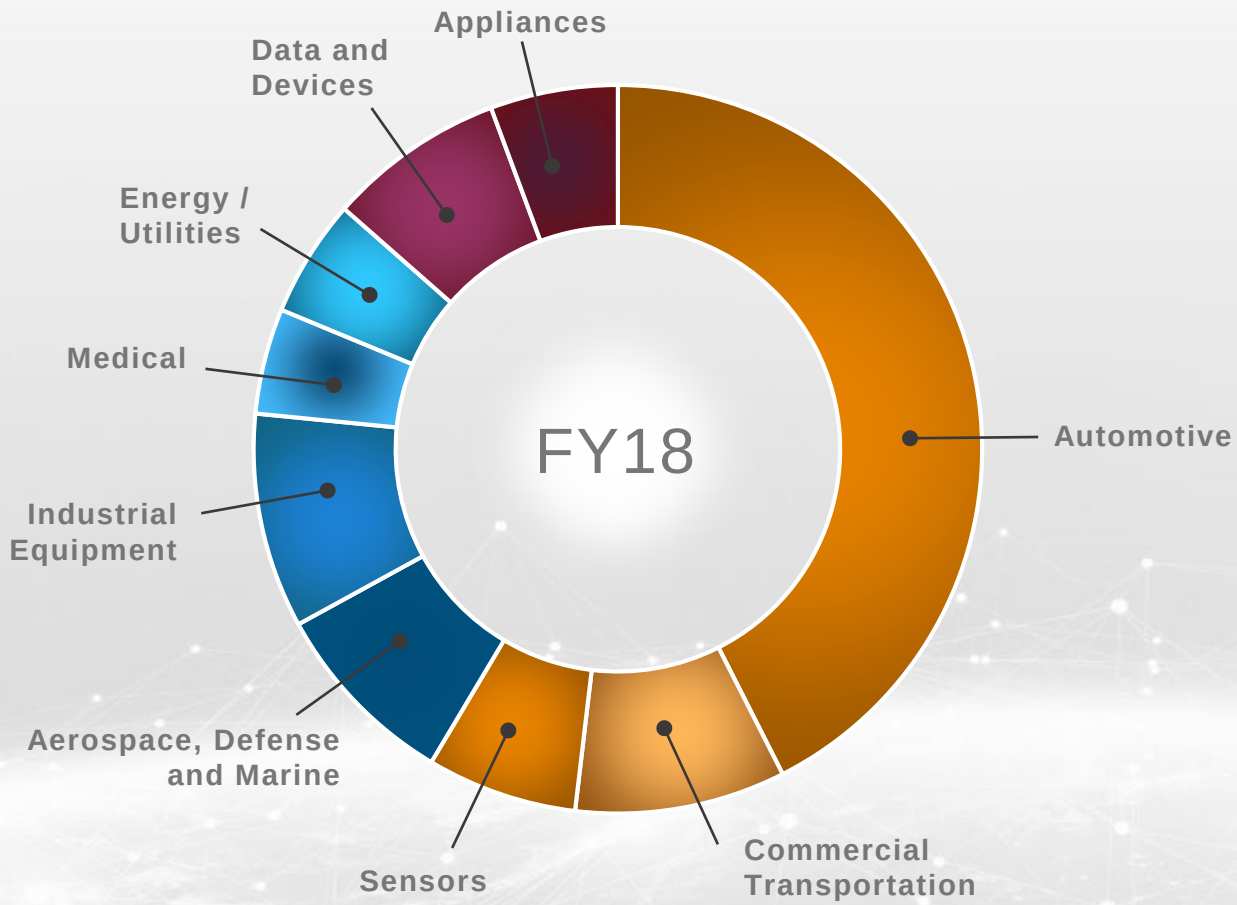
Pulling the levers for double-digit gains

BALANCED CAPITAL STRATEGY

Strategic M&A, Share Buybacks, Dividend increases, ROIC in mid-teens, strong FCF

Organic revenue growth, Operating margins, EPS, ROIC and FCF refer to non-GAAP financial measures. See Appendix for descriptions.

WHERE WE ARE WINNING



END MARKET TRENDS

- EV adoption globally, driven by OEM & Government initiatives
- Safer, more autonomous vehicles
- Heavy truck content driven by regulatory requirements
- Smart, digital factories
- Lighter, more efficient aircraft
- Minimally invasive procedures driving cost and patient benefits
- Connected home
- Data everywhere
- Sensors proliferation

WE'RE BENEFITTING FROM CONTENT GROWTH TRENDS ACROSS OUR BUSINESS

TARGET GROWTH RATES

	TRANSPORTATION	INDUSTRIAL	COMMUNICATIONS
			
	Very strong position in a market with content growth drivers	Strong position in a recovering market with GDP-plus growth potential & margin improvement	Strong in Appliances and high speed connectivity solutions
LONG-TERM ORGANIC GROWTH RATE	MID - HIGH SINGLE DIGITS	MID SINGLE DIGITS	LOW SINGLE DIGITS
FOCUS	Top Line Growth	Growth and margin expansion	Consistency Cash Flow Generation

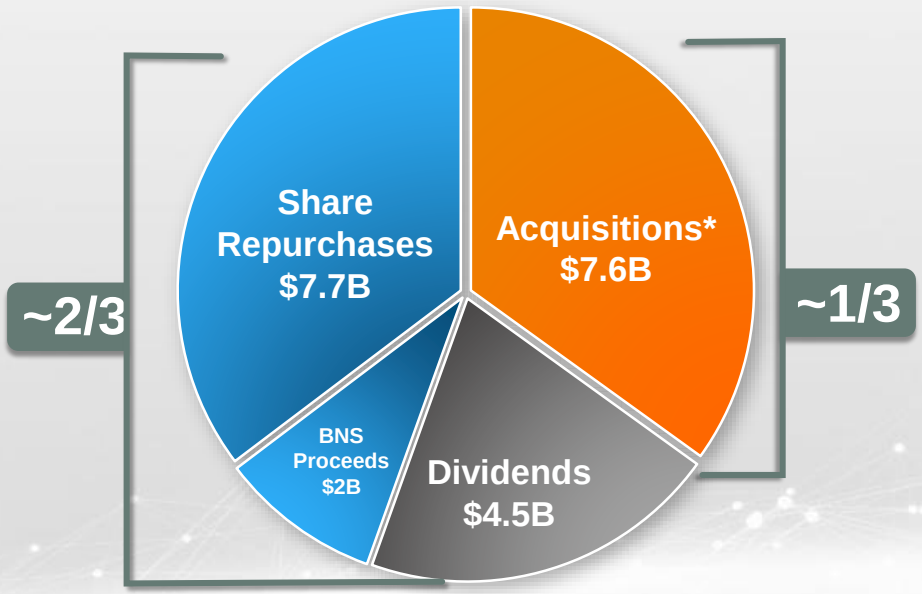
TE PORTFOLIO POSITIONED FOR 4 – 6% ORGANIC GROWTH

Organic Net Sales Growth is a non-GAAP financial measure; See Appendix for description.

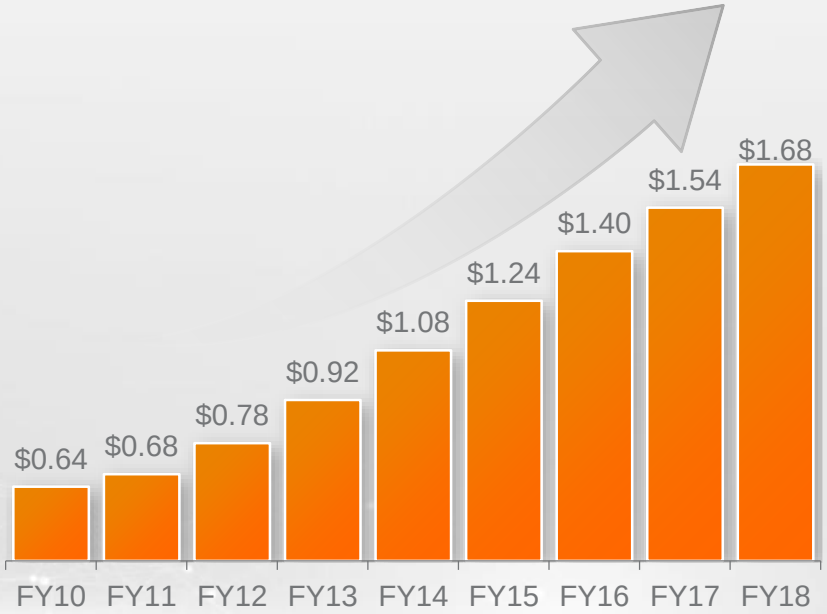
CAPITAL STRATEGY: BALANCED DEPLOYMENT

MAJOR CAPITAL DEPLOYMENT**

FY08 through FY18



DIVIDENDS PER SHARE



- Denotes dividends paid during the fiscal year.

EXPECT TO RETURN ~2/3 OF FREE CASH FLOW TO SHAREHOLDERS OVER TIME

EXPECT TO UTILIZE ~1/3 OF FREE CASH FLOW AS AN ADDITIONAL LEVER FOR REVENUE GROWTH

* Includes $1.3 billion used to acquire ADC Telecommunications in 2010, which is part of our divested BNS business.
** Select uses of cash. Represents capital returned to shareholders and acquisition activity.

Free Cash Flow is a non-GAAP financial measure; See Appendix for description



TRANSPORTATION SOLUTIONS

TRANSPORTATION SOLUTIONS

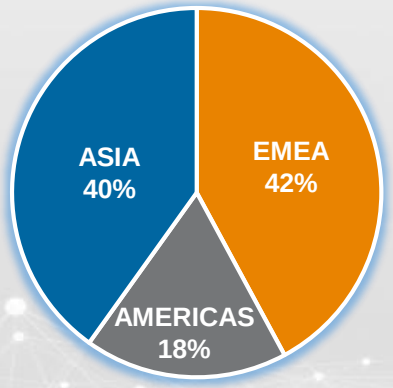
$8.3 billion In sales in FY18

$140 billion Market

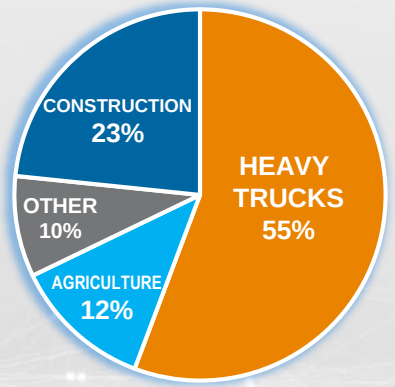
Mid – High SINGLE DIGIT LONG TERM ORGANIC GROWTH RATE

~20% ADJUSTED OPERATING MARGIN

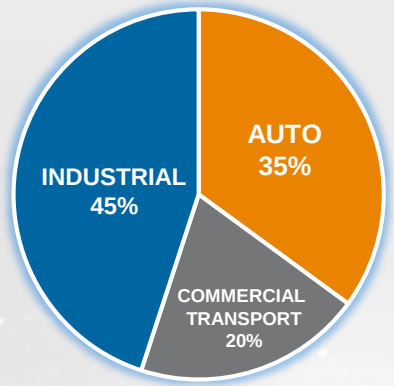
AUTOMOTIVE
$6.1B



COMMERCIAL TRANSPORTATION
$1.3B



SENSORS
$0.9B



KEY TRENDS

CONNECTED DRIVING | CONTENT GROWTH | ELECTRIC VEHICLES | SENSORS EVERYWHERE

72.5M CONNECTED cars sold by 2023

95% of trucks with cleaner engine by 2025 (EU6)

UP TO **50%** of new cars sold with electrified powertrain by 2030

>$250 Available sensor content in average vehicle

Organic Net Sales Growth and Adjusted Operating Margin are non-GAAP financial measures; See Appendix for descriptions.

OUR GLOBAL LEADERSHIP POSITION IN AUTOMOTIVE

	ASIA	EMEA	AMERICAS	GLOBAL
% OF TE AUTO REVENUE	40%	42%	18%	100%
CONTENT PER VEHICLE (CPV)	~$50	~$75	~$55	~$62
LONG TERM PRODUCTION GROWTH	~2%	~2%	~1%	~2%

CHINA

- $1B business
- Partnering with ~50 OEMs
- CPV has doubled over past 5 years

AUTOMOTIVE GROWTH DRIVEN BY ASIA AND EUROPE

KEY DRIVERS OF ELECTRONIC CONTENT GROWTH



CONNECTED

- INFOTAINMENT
- CONVENIENCE
- DATA TRANSFER



SUSTAINABLE

- POWERTRAIN
- INTERNAL COMBUSTION
- HYBRID / ELECTRIC



SAFE

- AIRBAGS
- AUTOMATED BRAKING
- TRACTION CONTROL

CONTENT PER VEHICLE

YESTERDAY	TODAY	TOMORROW
$7	$10	Connected Vehicles Advanced Driver Assistance Systems / Autonomous Driving
$27	$30	Emmission Controls / Full Hybrid & Vehicle Electrification
$16	$22	Real time processing Redundant safety systems Increasing Sensor content

TE CAPABILITIES

- INTEGRATED SOLUTIONS
- RELIABILITY
- MINIATURIZATION
- CONNECTION INTEGRITY
- SENSORS
- HARSH PERFORMANCE

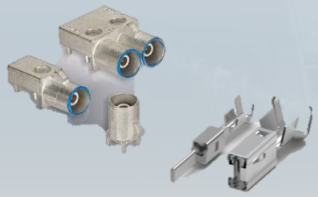
5 YEARS AGO		TODAY		5 YEARS FROM NOW
$50	~4% CAGR	$62	~6% CAGR	$84*

~6% TE content CAGR over the next 5 years

* Includes Sensors. Content per vehicle may vary based upon foreign currency exchange rates

TE ENABLES NEXT LEVEL DRIVING AUTOMATION

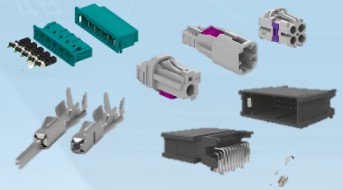
LEVEL 0	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
NO AUTOMATION	DRIVER ASSISTANCE	PARTIAL AUTOMATION	CONDITIONAL AUTOMATION	HIGH AUTOMATION	FULL AUTOMATION
Driver controls it all	Increased need for sensors and data connectivity	3 GB / second communications between driver assistance systems	Ethernet connector transmit 1 GB / second for infotainment, on board diagnostics etc.	Ethernet connectors transmit 10GB / second Transmits 20GB / second for camera, LIDAR, etc.	High performance and high speed Completely autonomous driving













CONSUMER ADOPTION IS HERE

INCREASED SPEED
RELIABILITY STEP UP
INTEGRATION REQUIRED
ADVANCED TECHNOLOGICAL CHALLENGES

TE CAPABILITY IS HERE

TE IS UNIQUELY POSITIONED TO SERVE ALL LEVELS OF AUTOMATION

CHINA WILL BE A MAJOR DRIVER FOR EV

STRONG PUSH FROM GOVERNMENT

- Consumer purchase incentives
- Local mandates to offer EVs
- Easy to acquire license plates
- Government wants to establish Chinese OEMs as global leader

MARKET SIZE AND POPULATION

- Small share can represent high volumes
- Many cities with strong demand
- Emerging middle class

CHINA PRODUCTION OUTLOOK

FY17



FY24



STANDARD COMBUSTION

HYBRID / ELECTRIC VEHICLES

~ 40% of EV/Hybrid Global Production

~ 50% CAGR for Hybrid/EV

TE IS WINNING GLOBALLY WITH EV OEMS

$500+ CPV

Tesla Model 3
EXPANDING OUR
TECHNICAL EXPERTISE



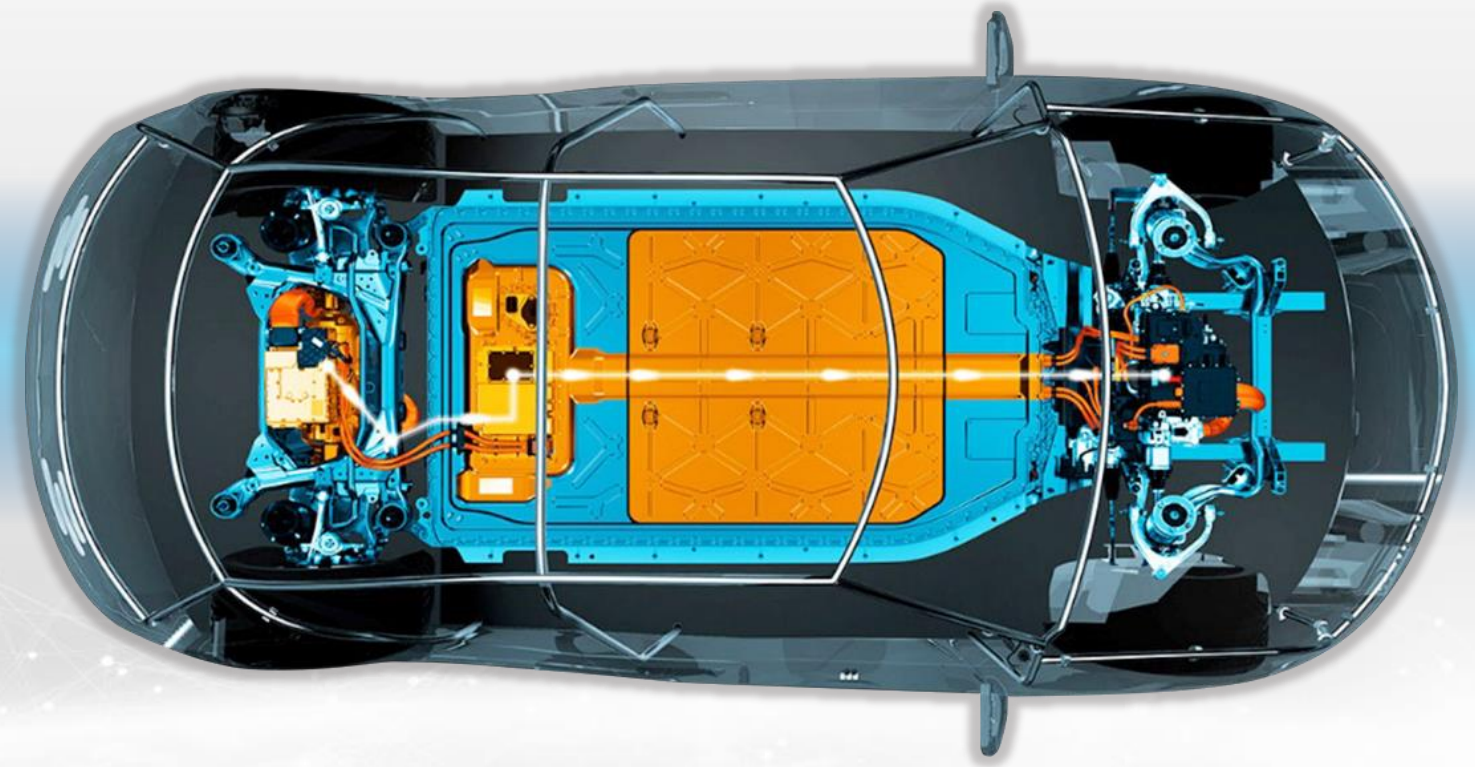
$100+ CPV

TE EV AVERAGE
$120 CPV



NIO New Energy Vehicle
EXPANDING OUR CONTENT
& OUR CUSTOMER BASE

UNIQUELY POSITIONED TO DELIVER END TO END SOLUTIONS FOR ELECTRIC VEHICLES

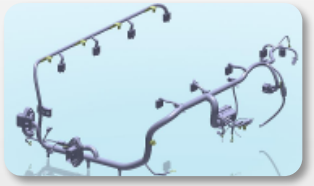


CHARGING CABLES & INLETS
- TEMPERATURE SENSORS
- CONNECTORS
- CABLES
- CURRENT SENSORS

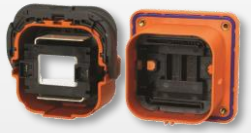
BATTERY PERFORMANCE
- BATTERY DISCONNECT UNIT
- HIGH VOLTAGE CONNECTORS
- RELAYS & CONTACTORS
- RESISTORS

E-MOTORS
- MULTI-COIL RESOLVER
- RESOLVER ROTARY POSITION SENSOR
- TEMPERATURE SENSOR
- CABLE ASSEMBLY
- CONNECTORS

TE INTEGRATED SOLUTIONS FOR EV BATTERIES



CONNECTION ASSEMBLY



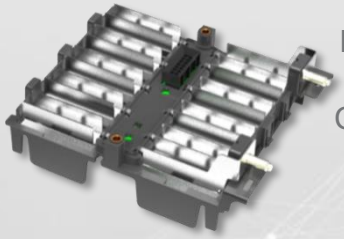
SERVICE DISCONNECT

CONNECTOR

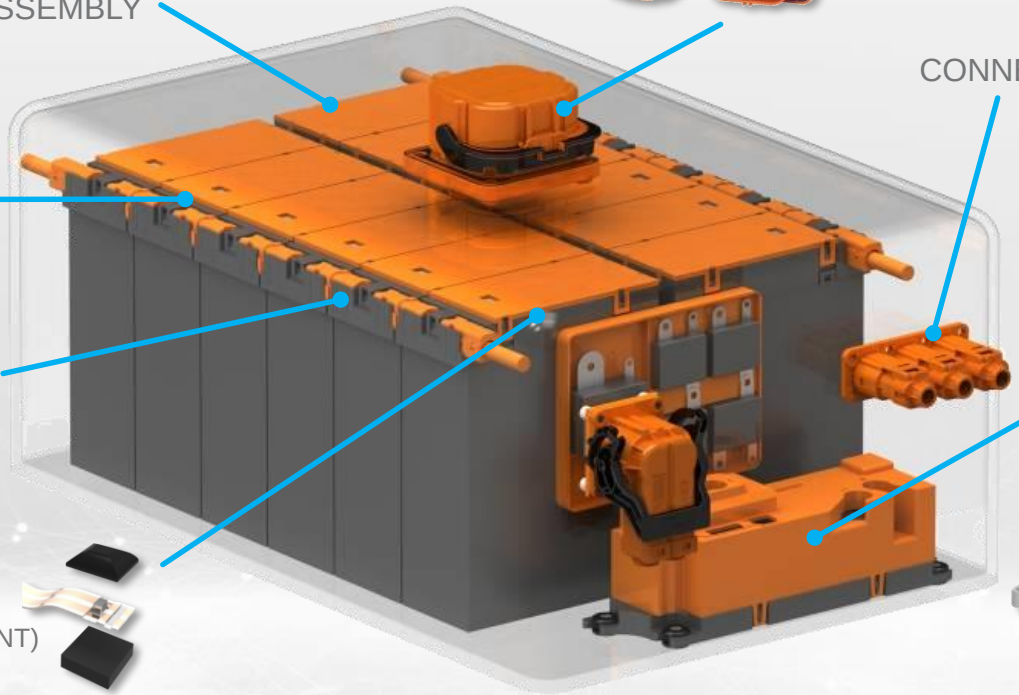


CONNECTOR

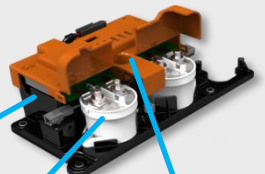
BATTERY DISCONNECT UNIT



INTEGRATED CELL CONNECTION SYSTEM



SENSORS (THERMAL & CURRENT)



RESISTORS & SENSORS (THERMAL & CURRENT)

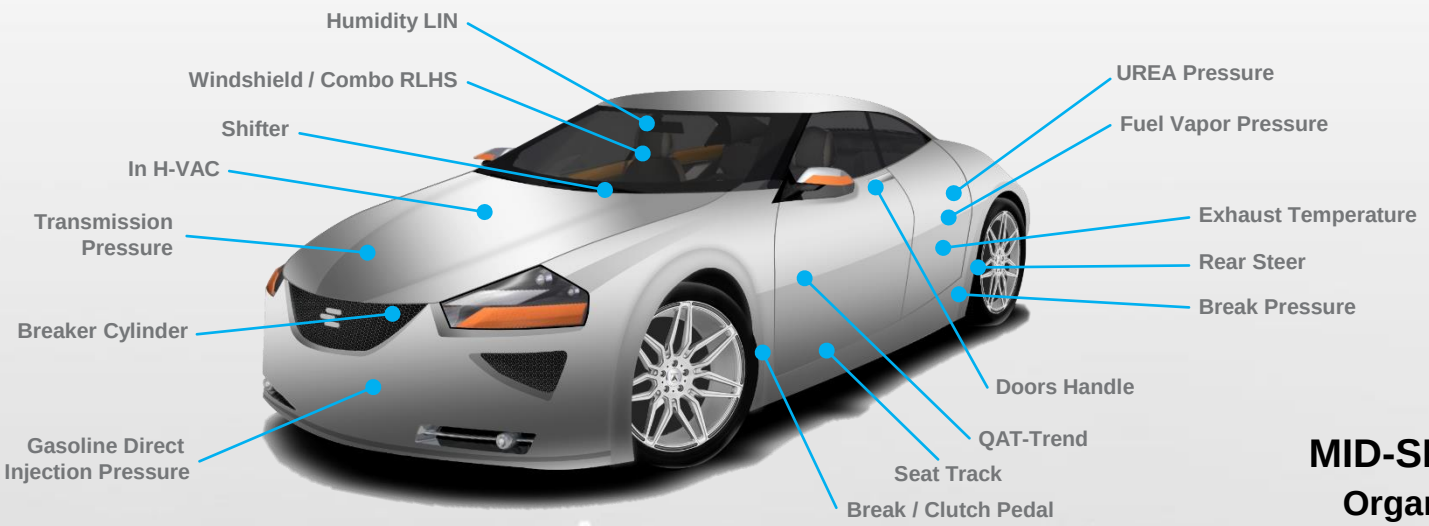


CONTACTORS

$20 TRADITIONAL Connector Only Content

$200 INTEGRATED Content

SENSORS: PORTFOLIO POSITIONED FOR GROWTH

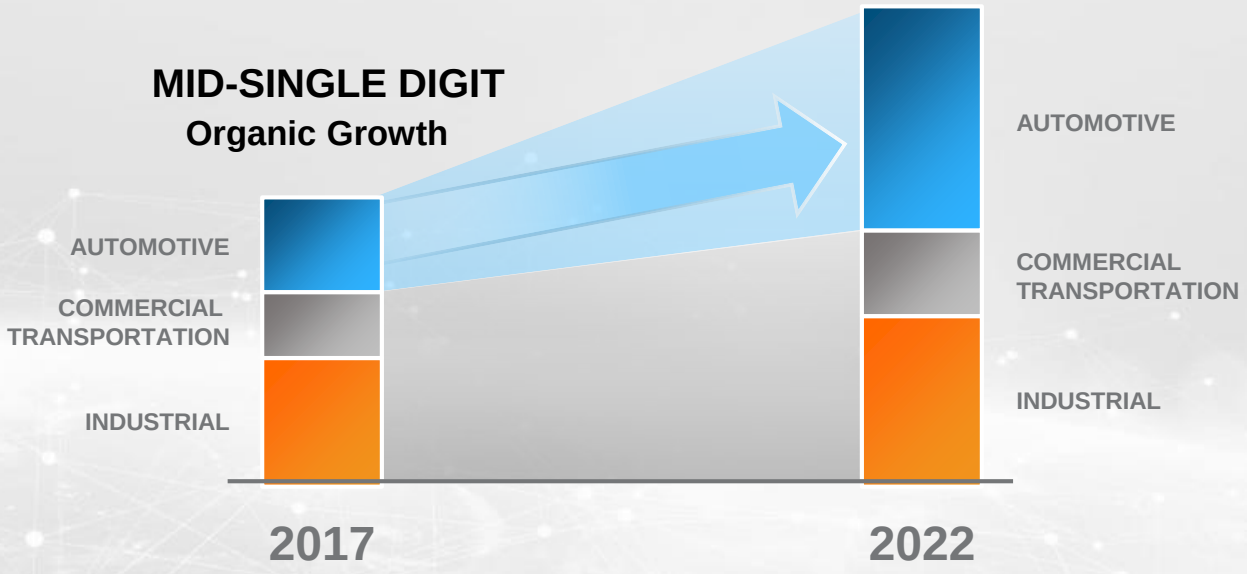


+$2B AUTO
DESIGN WINS (TERP) FY16 to FY18

- POSITION
- PRESSURE
- SPEED
- HUMIDITY
- TEMPERATURE
- QUALITY

HIGH-SINGLE DIGIT
Organic Growth

MID-SINGLE DIGIT
Organic Growth



AUTO DESIGN WINS PROPELLING STRONG GROWTH

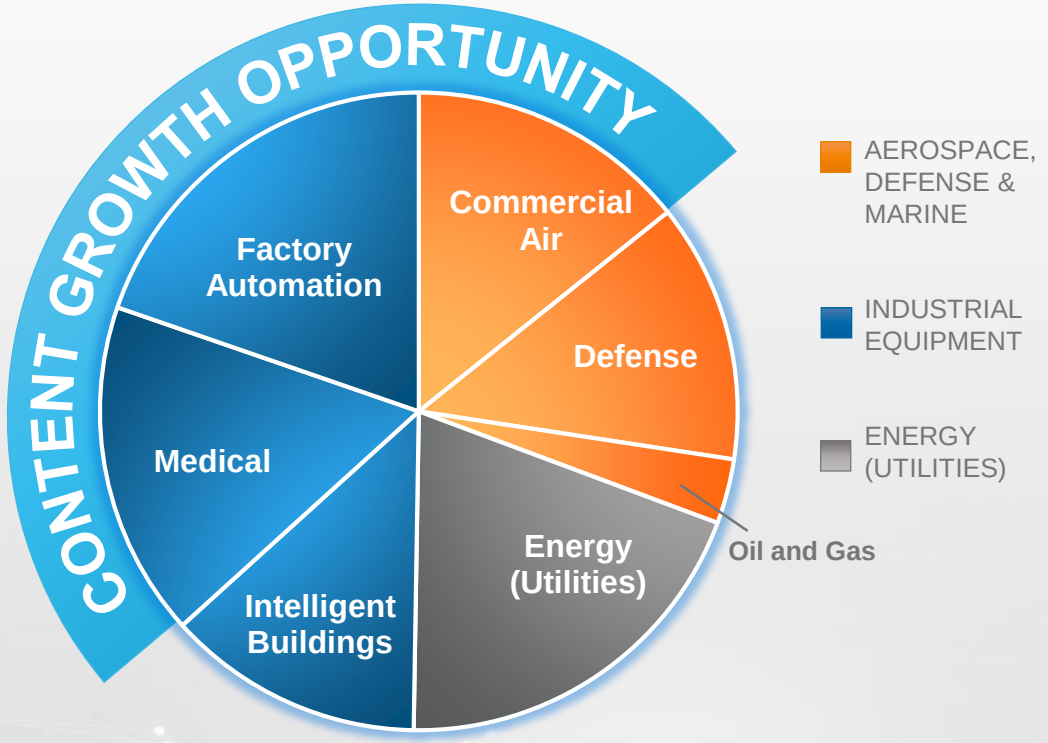


INDUSTRIAL SOLUTIONS

INDUSTRIAL SOLUTIONS

$3.9 billion In sales in FY18

$40 billion Market



Mid Single Digit	LONG-TERM ORGANIC GROWTH RATE
High Teens	TARGET ADJUSTED OPERATING MARGIN

KEY TRENDS

DIGITAL CONNECTED FACTORIES | AGING DEMOGRAPHICS | INTERVENTIONAL MEDICAL
SAFE AND RELIABLE | URBANIZATION | ENERGY EFFICIENCY

5% growth in global **AIR TRAVELERS**

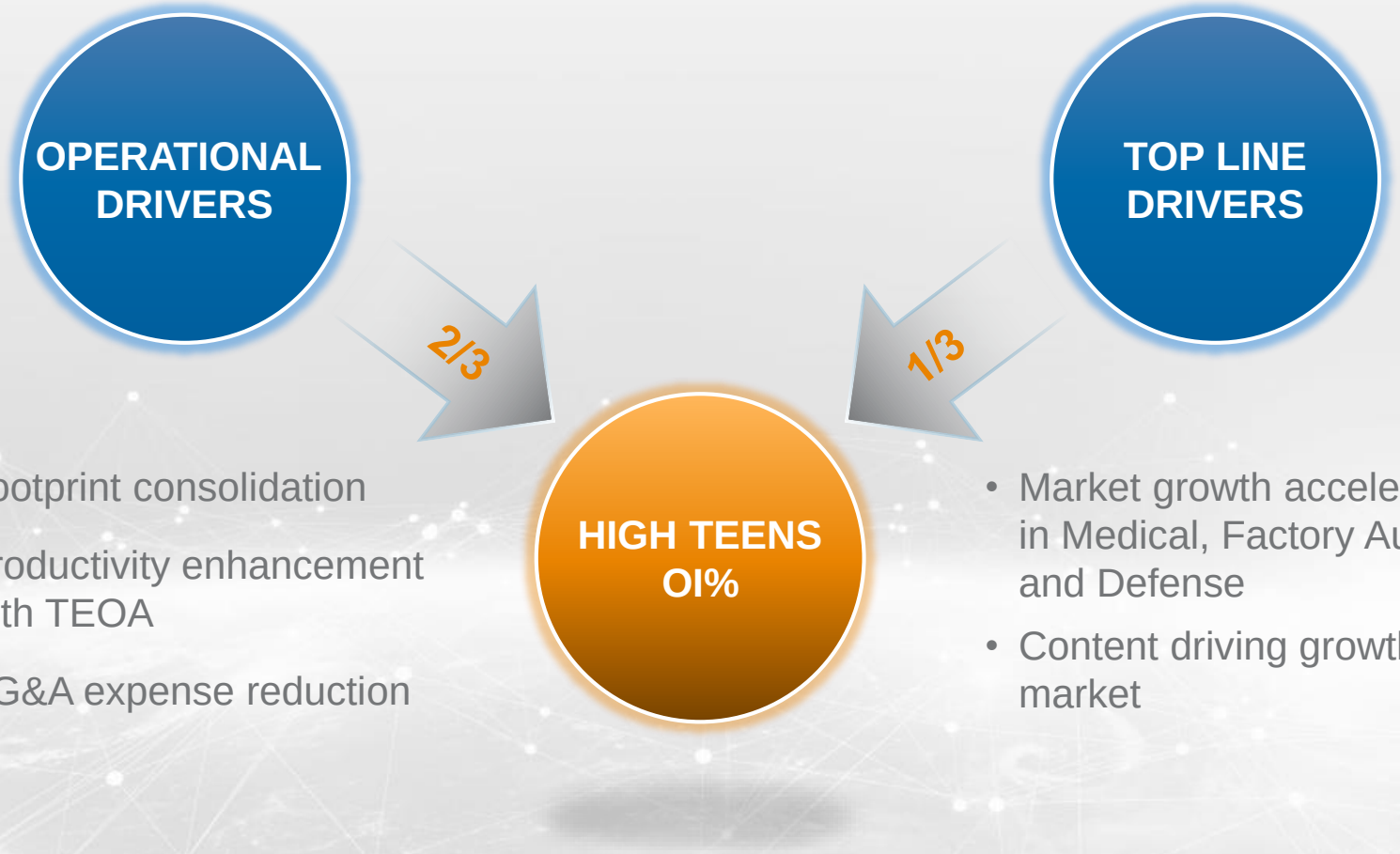
15% **TAVR** market growth (Aortic Valve Replacement)

16% **FACTORY** connected device market CAGR

12% **ROBOT** market CAGR

Organic Net Sales Growth and Adjusted Operating Margin are non-GAAP financial measures; See Appendix for descriptions.

DRIVING OPERATING MARGINS TO THE HIGH TEENS



- Footprint consolidation
- Productivity enhancement with TEOA
- SG&A expense reduction

- Market growth accelerating in Medical, Factory Automation and Defense
- Content driving growth above market

CONTENT GROWTH IN FACTORY AUTOMATION



CONTENT INCREASE DRIVEN BY:

- Safety enhancements
- Increased capability / motion
- Sensors and data capture
- Connectivity and remote access
- TAM expansion with acquisitions

YESTERDAY

$20

8x

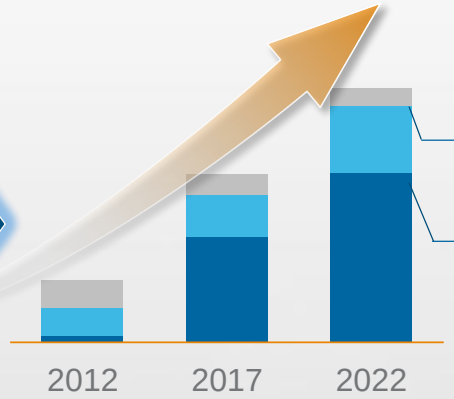
Increase in Content Per Robot

TODAY

$170

OUR MEDICAL BUSINESS

Portfolio mix shifting towards the more attractive Interventional and Surgical segments



PATIENT CABLES — PHILIPS, SIEMENS medical, mindray, SAMSUNG

SURGICAL — Medtronic, smith&nephew, Johnson & Johnson, stryker, OLYMPUS

INTERVENTIONAL
7% Market CAGR — Medtronic, Boston Scientific, Abbott, St. Jude Medical, Edwards



TRENDS DRIVING INTERVENTIONAL GROWTH

- ✓ Aging population
- ✓ Reducing hospital stay
- ✓ Shorter patient recovery
- ✓ Cost effective treatments

CONTENT DRIVES COMMERCIAL AEROSPACE GROWTH



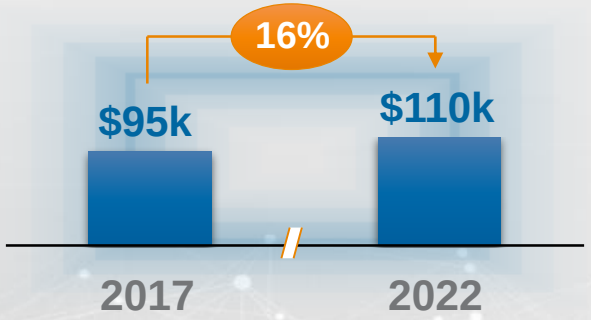
AIRBUS BOEING COMAC BOMBARDIER

>15%

INCREASE IN AVERAGE CONTENT / AIRCRAFT BY 2022

NARROWBODY

A320 NEO
B737 MAX
C-Series
C919

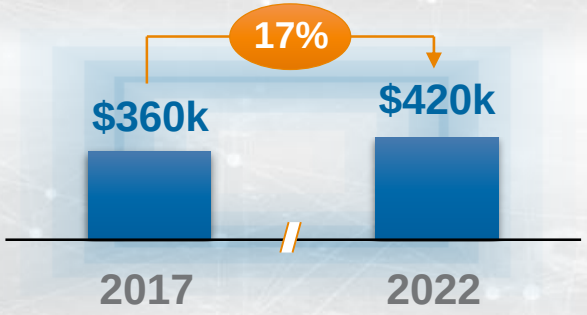


$110k

PER 2022 NARROWBODY

WIDEBODY

A330 NEO
A350
B777X
B787



$420k

PER 2022 WIDEBODY

TE Avg. Content per Aircraft Produced ('000s)

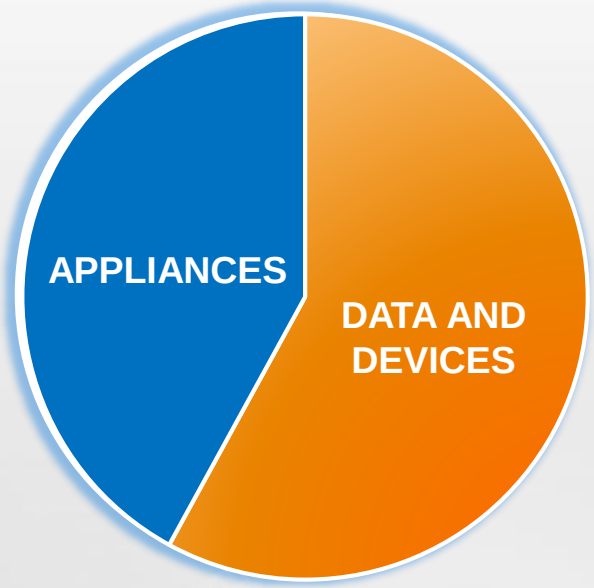


COMMUNICATIONS SOLUTIONS

COMMUNICATIONS SOLUTIONS SEGMENT

$1.8 billion In sales in FY18

$10 billion Market



Low Single Digit LONG-TERM ORGANIC GROWTH RATE

Mid Teens ADJUSTED OPERATING MARGIN

KEY TRENDS

HIGH-SPEED SOLUTIONS | IOT AND CONNECTED LIFE | GROWTH IN ASIA | EMERGING APPLICATIONS

27%
datacenter traffic growth reaching 15ZB in 2020

25B
Connected devices by 2020

150M
5G global subscribers by 2021

Organic Net Sales Growth and Adjusted Operating Margin are non-GAAP financial measures; See Appendix for descriptions.

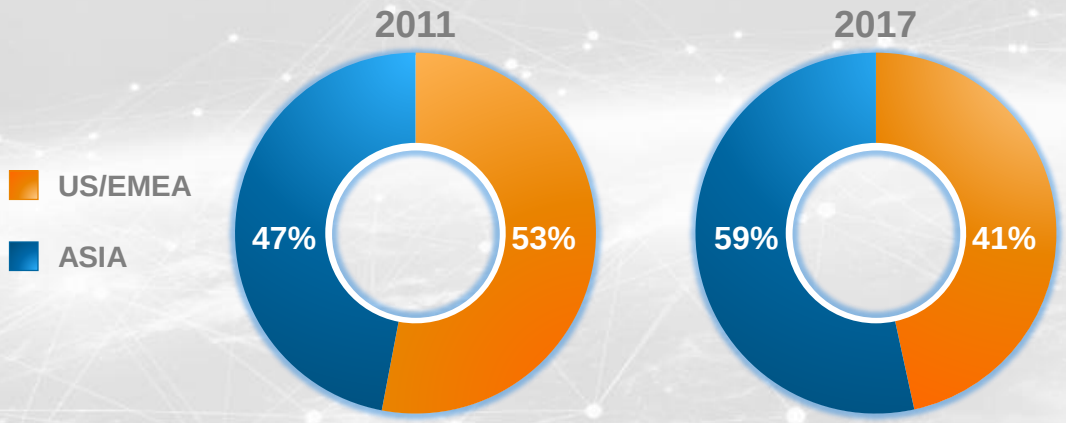
COMMUNICATIONS SOLUTIONS TRANSFORMATION

STRATEGIC PRIORITIES

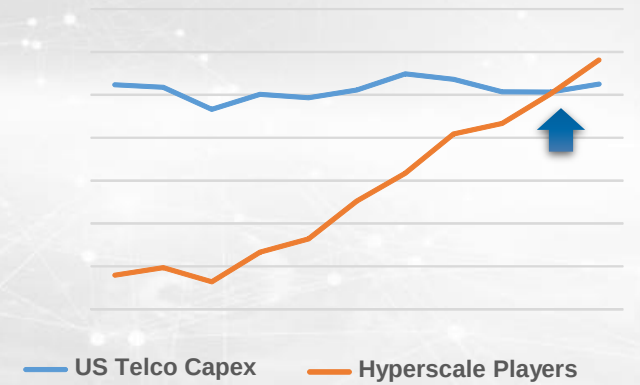
- REPOSITION PORTFOLIO ✓
- RATIONALIZE FOOTPRINT ✓
- WIN IN ASIA-PACIFIC
- WIN WITH HYPERSCALE
- GROW CONTENT

REPOSITIONED TO GROWTH MARKETS

MIX SHIFT TO ASIA



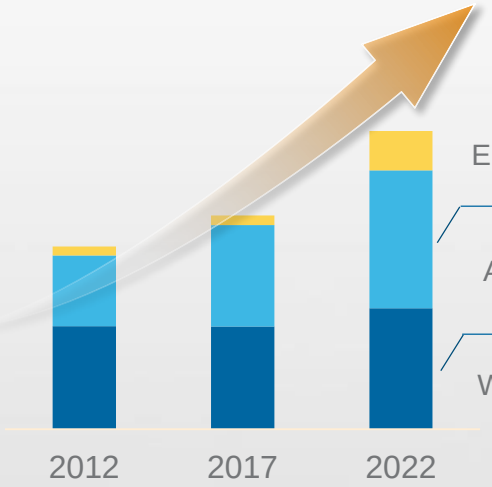
HYPERSCALE SPENDING



APPLIANCES OVERVIEW

#1 MARKET SHARE

Global portfolio with strong penetration in the fast-growing Asia region and in emerging applications



MARKET PLAYERS[1]

EMERGING HOME — JARDEN corporation, PHILIPS, Hamilton Beach, Joyoung 九阳, GROUPE SEB

ASIA-PACIFIC — Haier, GREE, LG, Panasonic, SAMSUNG

WESTERN WORLD — Whirlpool, GE, B/S/H/, Miele, Electrolux

CONTENT GROWTH DRIVEN BY:

Value-add assemblies
Integrated solutions
New features



TRENDS DRIVING APPLIANCES GROWTH

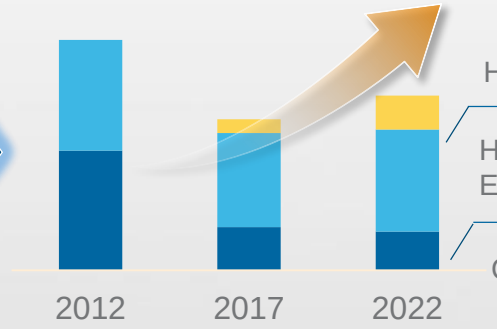
- ✓ Safety
- ✓ Efficiency
- ✓ Miniaturization

[1] This is not an exhaustive list of industry participants and is meant to merely reflect representative players in each market segment. No endorsement or sponsorship is intended or should be inferred.

DATA AND DEVICES OVERVIEW

TOP 3 MARKET SHARE

Portfolio shifting to growing high-speed applications with complex technological challenges



HYPERSCALE

HIGH-SPEED TELECOM, ENTERPRISE

CONSUMER

MARKET PLAYERS[1]

Google, amazon, Microsoft, facebook, Alibaba.com, Baidu 百度

HUAWEI, ZTE中兴, CISCO, ERICSSON, NOKIA Alcatel-Lucent, Hewlett Packard Enterprise

~$40k content / chassis at leading cloud provider



TRENDS DRIVING DATA AND DEVICES GROWTH

- ✓ Data explosion
- ✓ High-speed
- ✓ Infrastructure shifts e.g. 5G

TRUSTED PARTNER TO LEADING CUSTOMERS SOLVING COMPLEX PROBLEMS

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Appendix

Non-GAAP Financial Measures

We present non-GAAP performance and liquidity measures as we believe it is appropriate for investors to consider adjusted financial measures in addition to results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP financial measures provide supplemental information and should not be considered replacements for results in accordance with GAAP. Management uses non-GAAP financial measures internally for planning and forecasting purposes and in its decision-making processes related to the operations of our company. We believe these measures provide meaningful information to us and investors because they enhance the understanding of our operating performance, ability to generate cash, and the trends of our business. Additionally, we believe that investors benefit from having access to the same financial measures that management uses in evaluating our operations. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP financial measures in combination with the most directly comparable GAAP financial measures in order to better understand the amounts, character, and impact of any increase or decrease in reported amounts. These non-GAAP financial measures may not be comparable to similarly-titled measures reported by other companies.

The following provides additional information regarding our non-GAAP financial measures:

- Organic Net Sales Growth – represents net sales growth (the most comparable GAAP financial measure) excluding the impact of foreign currency exchange rates, and acquisitions and divestitures that occurred in the preceding twelve months, if any. Organic Net Sales Growth is a useful measure of our performance because it excludes items that are not completely under management’s control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity. This measure is a significant component in our incentive compensation plans.
- Adjusted Operating Income and Adjusted Operating Margin – represent operating income and operating margin, respectively, (the most comparable GAAP financial measures) before special items including restructuring and other charges, acquisition related charges, and other income or charges, if any. We utilize these adjusted measures in combination with operating income and operating margin to assess segment level operating performance and to provide insight to management in evaluating segment operating plan execution and market conditions. Adjusted Operating Income is a significant component in our incentive compensation plans.
- Adjusted Other Income (Expense), Net – represents net other income (expense) (the most comparable GAAP financial measure) before special items including tax sharing income related to adjustments to prior period tax returns and other items, if any.
- Adjusted Income Tax Expense and Adjusted Effective Tax Rate – represent income tax expense and effective tax rate, respectively, (the most comparable GAAP financial measures) after adjusting for the tax effect of special items including restructuring and other charges, acquisition related charges, other income or charges, and certain significant tax items, if any.
- Adjusted Income from Continuing Operations – represents income from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition related charges, tax sharing income related to adjustments to prior period tax returns and other tax items, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects.
- Adjusted Earnings Per Share – represents diluted earnings per share from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition related charges, tax sharing income related to adjustments to prior period tax returns and other tax items, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects. This measure is a significant component in our incentive compensation plans.
- Net Sales Excluding the Impact of the Additional Week, Net Sales Growth Excluding the Impact of the Additional Week, Organic Net Sales Growth Excluding the Impact of the Additional Week, Adjusted Operating Income Excluding the Impact of the Additional Week, Adjusted Operating Margin Excluding the Impact of the Additional Week and Adjusted Earnings Per Share Excluding the Impact of the Additional Week – represent certain GAAP and non-GAAP financial measures excluding the impact of the additional week in the fourth quarter of the fiscal year for fiscal years which are 53 weeks in length. The impact of the additional week is estimated using an average weekly sales figure for the last month of the fiscal year.

Non-GAAP Financial Measures (continued)

- Free Cash Flow (FCF) – is a useful measure of our ability to generate cash. The difference between net cash provided by continuing operating activities (the most comparable GAAP financial measure) and Free Cash Flow consists mainly of significant cash outflows and inflows that we believe are useful to identify. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations.

  Free Cash Flow is defined as net cash provided by continuing operating activities excluding voluntary pension contributions and the cash impact of special items, if any, minus net capital expenditures. Voluntary pension contributions are excluded from the GAAP financial measure because this activity is driven by economic financing decisions rather than operating activity. Certain special items, including net payments related to pre-separation tax matters and cash paid (collected) pursuant to collateral requirements related to cross currency swaps, are also excluded by management in evaluating Free Cash Flow. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant, and equipment. These items are subtracted because they represent long-term commitments.

  In the calculation of Free Cash Flow, we subtract certain cash items that are ultimately within management's and the Board of Directors' discretion to direct and may imply that there is less or more cash available for our programs than the most comparable GAAP financial measure indicates. It should not be inferred that the entire Free Cash Flow amount is available for future discretionary expenditures, as our definition of Free Cash Flow does not consider certain non-discretionary expenditures, such as debt payments. In addition, we may have other discretionary expenditures, such as discretionary dividends, share repurchases, and business acquisitions, that are not considered in the calculation of Free Cash Flow.

- Adjusted Return on Invested Capital (ROIC) – represents adjusted net operating profit after tax divided by average invested capital. We use Adjusted Return on Invested Capital as an indicator of our capital efficiency. Adjusted Return on Invested Capital is not a measure defined by GAAP. It is calculated by us, in part, using non-GAAP financial measures. We are providing our calculation of Adjusted Return on Invested Capital as this measure may not be defined and calculated by other companies in the same manner.