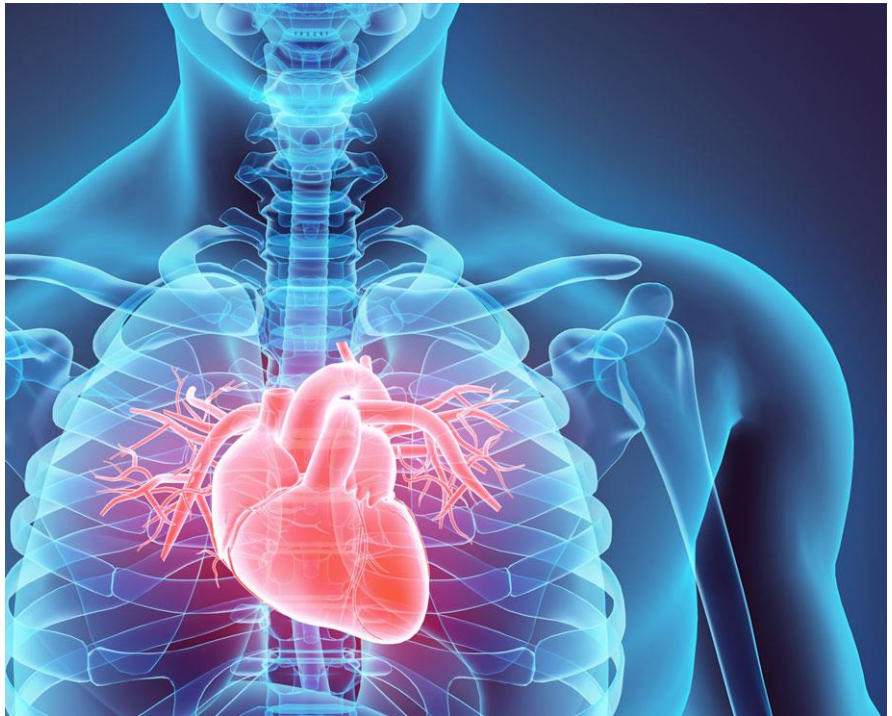
TE Connectivity

Bernstein Strategic Decisions Conference

Terrence Curtin, CEO







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, and the impact on our operations resulting from the coronavirus disease 2019 (“COVID-19”). Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, the extent, severity and duration of COVID-19 negatively affecting our business operations; business, economic, competitive and regulatory risks, such as conditions affecting demand for products in the automotive and other industries we serve; 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, including the effects of Swiss tax reform. In addition, the extent to which COVID-19 will impact our business and our financial results will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the virus, the severity of the virus, the duration of the outbreak, the impact on our suppliers’ and customers’ supply chains, the actions that may be taken by various governmental authorities in response to the outbreak in jurisdictions in which we operate, and the possible impact on the global economy and local economies in which we operate. 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. 27, 2019 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, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP financial measure, in this presentation.

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Key Messages

- **Q3 sequential drivers trending roughly as expected, driven by COVID-19 impacts**
  - Orders and sales trending roughly in line with expectations through April and May, month to date
  - China continuing to show improvement, with regional weakness in NA and Europe, as expected
  - Continuing to demonstrate resiliency in manufacturing, with most factories operating globally; few shut downs due to government regulations
- **Our balance sheet is strong, with a strong free cash flow generation model**
  - Greater than $2B of liquidity available; expect FY20 FCF to exceed $1B
  - Remain committed to quarterly dividend; will continue to evaluate share repurchases
  - Continue to execute on footprint consolidation efforts, with acceleration of cost actions
- **Investing in content growth and benefiting from secular trends across our business**
  - Expect higher earnings leverage when markets return to growth
  - Well positioned to benefit from recovery in China and broader recovery in the Auto market
- **Enabling a sustainable future and continuing to drive ESG initiatives**
  - Enabling sustainable applications including electric vehicles, interventional medical procedures, and efficient data centers
  - Making continued progress on ESG initiatives and metrics

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Free Cash Flow is a non-GAAP financial measure: see Appendix for description

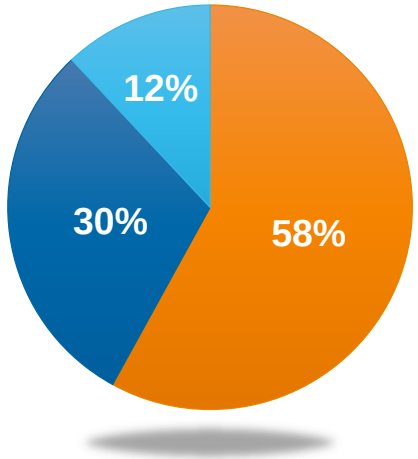
TE CONNECTIVITY

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

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

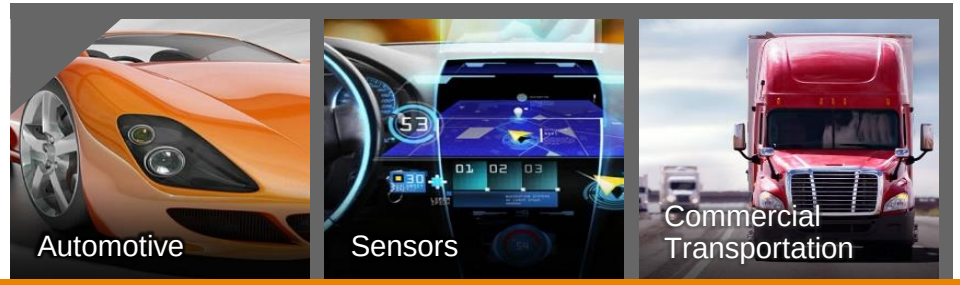
Highly engineered products and integrated solutions perform in harsh environments where failure is not an option

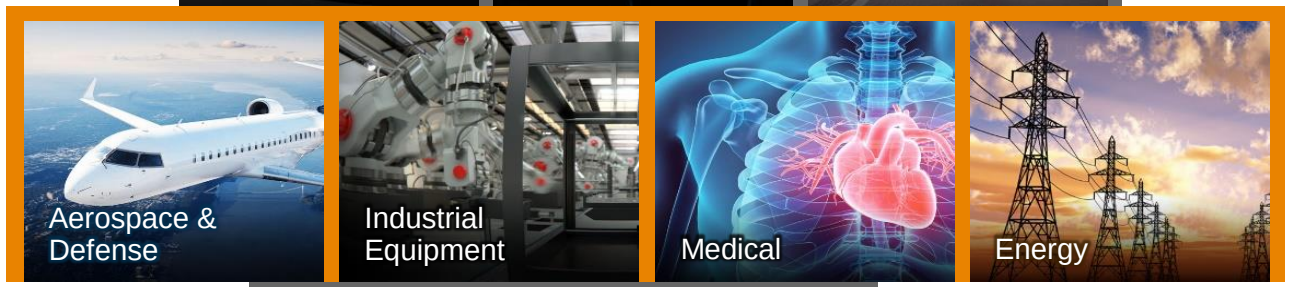
FY19 SALES BY SEGMENT

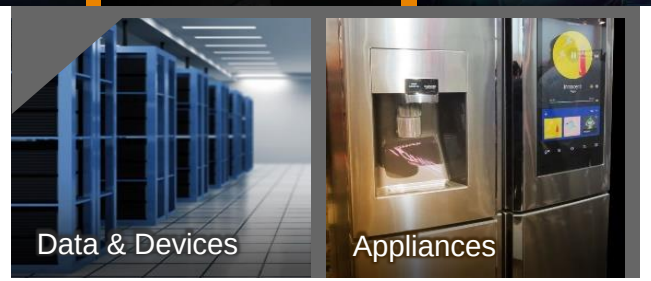


TRANSPORTATION SOLUTIONS
INDUSTRIAL SOLUTIONS
COMMUNICATIONS SOLUTIONS

TE serves a
$190 BILLION MARKET







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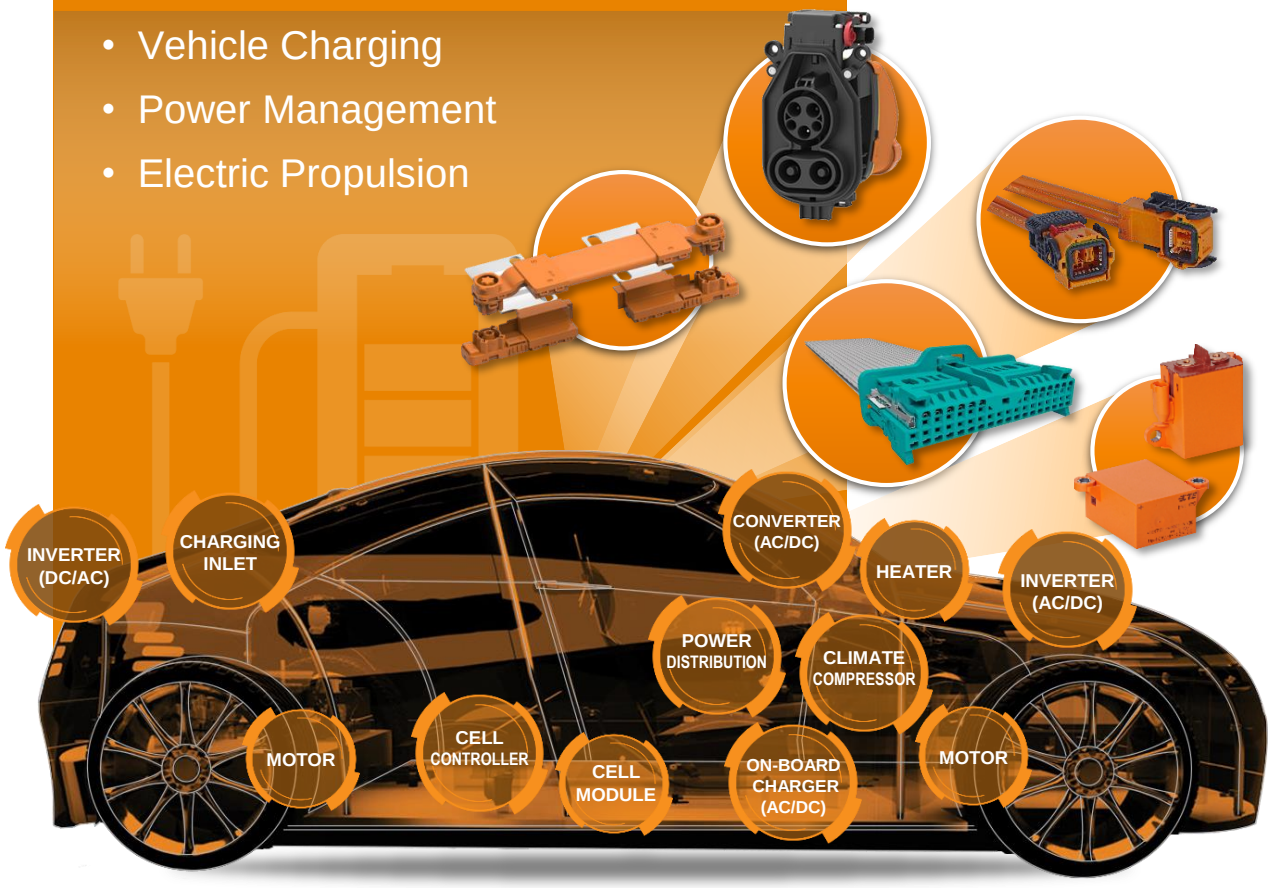
Leading the Powertrain Revolution in Electric Vehicles

ENABLING END-TO-END CONNECTIVITY & SENSING SOLUTIONS

- Vehicle Charging
- Power Management
- Electric Propulsion



WHY TE IS WINNING

- Enabling the 10 minute charging vision
- Combine reliability, durability, & performance
- Advanced thermal modeling
- Safe assembly, maintenance & use
- Global footprint and portfolio

~$120 CONTENT PER VEHICLE

WINNING WITH INDUSTRY LEADERS

BMW, NIO, Volkswagen, Toyota, GM, Volvo, Porsche, Ford, Audi, DAIMLER, Tesla

~$6B HYBRID/EV DESIGN WINS

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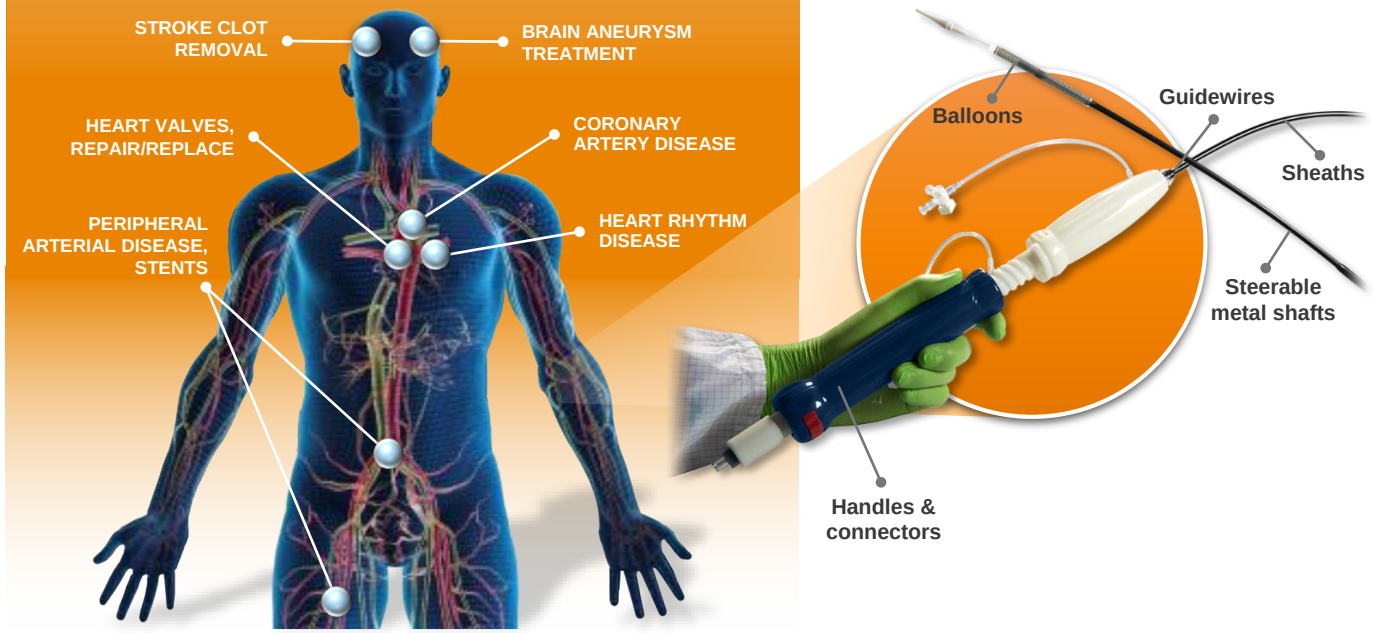
Saving Lives Through Interventional Medical Applications

ENABLING MINIMALLY INVASIVE TREATMENTS

- Addressing heart disease & stroke
- Superior patient outcomes
- Lower cost to providers



LEADING EDGE TECHNOLOGY

- Engineering centric global ground game
- Deep technology expertise
- Embedded in high growth therapies
- Global supply chain with scale

~$150 CONTENT TAVR

WINNING WITH INDUSTRY LEADERS

Johnson & Johnson · GORE · Abbott · stryker · Medtronic · Edwards · PHILIPS · Boston Scientific · OLYMPUS · SIEMENS medical

~$1B OF NEW DESIGN WINS

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Enabling Higher Performance in the Data Center

THE APPLICATIONS WE ENABLE

- 800Gbps performance
- Cooler data centers
- 45KW Power Rack



WHY TE IS WINNING

- Global engineering excellence
- Strong signal integrity at high speed rates
- Thermal management
- Safe power delivery

WINNING WITH INDUSTRY LEADERS

aws Microsoft CISCO ARISTA DELL Alibaba.com

~$1B IN NEW DESIGN WINS

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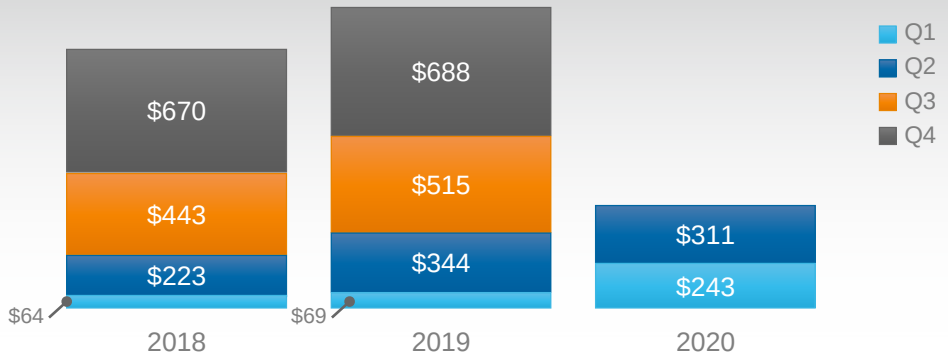
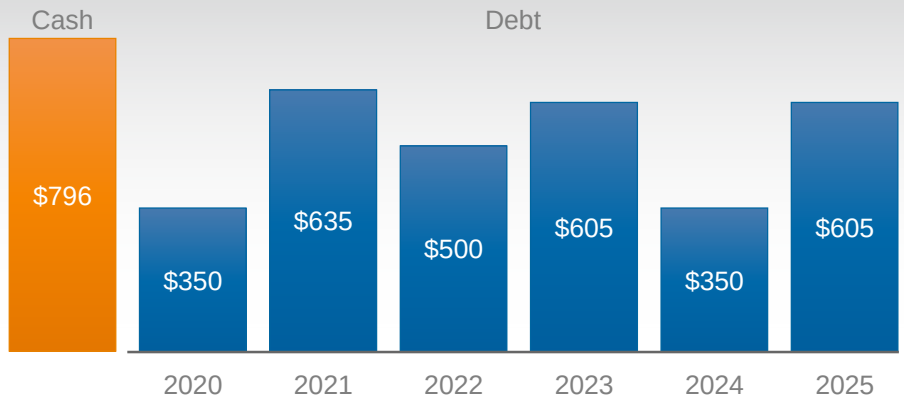
Free Cash Flow and Liquidity

$ in Millions

FREE CASH FLOW*



CASH & DEBT MATURITY PROFILE**



As of 3/27/2020

PRIORITIES

- Remain committed to quarterly dividend
- Will continue to evaluate share repurchases
- Capital expenditures reduced by over $100M

FY20 FCF EXPECTED TO BE **>$1B**

LIQUIDITY

- $2.3B liquidity available
  - ~$800M in cash
  - $1.5B undrawn revolver
- Debt/EBITDA currently at 1.5x***

STRONG LIQUIDITY POSITION

*Free Cash Flow is a non-GAAP financial measure; see Appendix for description and reconciliation
**Excludes debt maturing after fiscal year 2025
***Represents the Ratio of Consolidated Total Debt to Consolidated EBITDA as defined in our five-year unsecured senior credit agreement. Please refer to the Appendix for additional information

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TE is Enabling a Sustainable Future

THE APPLICATIONS WE ENABLE



MEASURING OUR PROGRESS*

30%
reduction in energy use intensity since FY2010

30%
reduction in water usage since FY2010

~40%
reduction in GHG emissions intensity since FY2010

240,000+
Hours of compliance training and LEARN@TE courses completed by employees

~20%
of leadership positions occupied by women

~30%
of middle management positions occupied by women

20
Tech Days innovation Events held in 10 countries

80%
of manufacturing sites recorded one injury/illness or less

REPORTING FRAMEWORKS

GRI Empowering Sustainable Decisions

CDP DISCLOSURE INSIGHT ACTION

SASB SUSTAINABILITY ACCOUNTING STANDARDS BOARD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TE Corporate Responsibility Report:
https://www.te.com/global-en/about-te/corporate-responsibility.html

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*Metrics reported in 2018 Corporate Responsibility Report, issued July 2019

WHEN TECHNOLOGY CONNECTS, SO DOES HUMANITY.

EVERY CONNECTION COUNTS

TE connectivity

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 the non-GAAP financial measures used in this presentation:

- 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 swap contracts, 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.

- Ratio of Consolidated Total Debt to Consolidated EBITDA is a covenant used in our Amended and Restated Five-Year Senior Credit Agreement dated as of November 14, 2018 and filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 14, 2018. Consolidated Total Debt and Consolidated EBITDA are adjusted financial measures as defined in the Credit Agreement.

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Reconciliation of Free Cash Flow

	For the Quarters Ended									
	March 27, 2020	December 27, 2019	September 27, 2019	June 28, 2019	March 29, 2019	December 28, 2018	September 28, 2018	June 29, 2018	March 30, 2018	December 29, 2017
	(in millions)									
Net cash provided by operating activities:										
Net cash provided by continuing operating activities	$ 481	$ 411	$ 879	$ 692	$ 555	$ 328	$ 922	$ 734	$ 362	$ 283
Net cash provided by (used in) discontinued operating activities	-	-	(1)	(1)	1	(31)	2	66	15	67
	481	411	878	691	556	297	924	800	377	350
Net cash provided by (used in) investing activities	(378)	(289)	(153)	(454)	(165)	80	(419)	(233)	(201)	(241)
Net cash used in financing activities	(31)	(314)	(334)	(257)	(333)	(719)	(420)	(338)	(330)	(634)
Effect of currency translation on cash	(18)	7	(10)	1	2	(1)	(7)	(18)	9	11
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 54	$ (185)	$ 381	$ (19)	$ 60	$ (343)	$ 78	$ 211	$ (145)	$ (514)
Net cash provided by continuing operating activities	$ 481	$ 411	$ 879	$ 692	$ 555	$ 328	$ 922	$ 734	$ 362	$ 283
Excluding:										
Receipts related to pre-separation U.S. tax matters, net	-	-	-	-	-	-	-	-	(5)	-
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	(38)	6	(39)	(11)	(32)	(50)	6	(69)	61	18
Capital expenditures, net	(132)	(174)	(152)	(166)	(179)	(209)	(258)	(222)	(195)	(237)
Free cash flow[(1)]	$ 311	$ 243	$ 688	$ 515	$ 344	$ 69	$ 670	$ 443	$ 223	$ 64

[(1)] Free cash flow is a non-GAAP financial measure. See description of non-GAAP financial measures.

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Ratio of Consolidated Total Debt to Consolidated EBITDA (as defined in the Credit Facility)*

	As of and for the Twelve Months Ended March 27, 2020
	($ in millions)
Consolidated Total Debt (as defined in the Credit Facility) [1]:	
Short-term debt	$ 601
Long-term debt	3,765
Consolidated Total Debt (as defined in the Credit Facility) [1]	$ 4,366
Consolidated EBITDA (as defined in the Credit Facility) [2]:	
Net income	$ 699
Tax Sharing Agreement-related income	(8)
Consolidated net income	691
Interest expense	49
Income tax expense	305
Depreciation and amortization	703
Share-based compensation expense	74
Loss from discontinued operations, net of income taxes	6
Non-recurring charges:	
Acquisition-related charges	51
Restructuring and other charges, net	184
Impairment of goodwill	900
Pension and postretirement benefits expense in excess of minimum required contributions	8
Consolidated EBITDA (as defined in the Credit Facility) [2]	$ 2,971
Ratio of Consolidated Total Debt to Consolidated EBITDA (as defined in the Credit Facility)	1.5 x

*Our five-year unsecured senior revolving credit facility ("Credit Facility") contains a financial ratio covenant providing that if, as of the last day of each fiscal quarter, the ratio of Consolidated Total Debt at such time to Consolidated EBITDA for the then most recently concluded period of four consecutive fiscal quarters of TE Connectivity Ltd. exceeds 3.75 to 1.00, subject to certain limited exceptions in the event of qualifying acquisitions (as described in the Credit Facility), an Event of Default (as defined in the Credit Facility) is triggered.

[1] Represents Consolidated Total Debt as defined in our Credit Facility. Balances represent the face amount of debt and exclude net unamortized discounts, premiums, and debt issuance costs and the effects of fair value hedge-designated interest rate swap contracts.

[2] Represents Consolidated EBITDA as defined in our Credit Facility and is calculated using the most recently concluded period of four consecutive fiscal quarters.

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