



Q4 2019 Earnings

October 30, 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, including the effects of Swiss tax reform. 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, 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.

Q4 Highlights

Sales and Adjusted EPS above the midpoint of Guidance

- Sales of \$3.3B, down 6% on a reported basis and down 5% organically Y/Y
 - Transportation down 5% organically driven by production declines in global auto and commercial transportation
 - Industrial grew 1% organically, ahead of guidance, primarily driven by continued strength in AD&M
 - Communications down 18% organically, as expected, driven by inventory destocking in the distribution channel
 - Sales included an approximate headwind of \$65M from currency exchange rates
- Adjusted EPS of \$1.33 and Adjusted operating margins of 16.3%
 - Adjusted EPS down 1% on 6% sales decline
- Strong Free Cash Flow of \$688M with \$332M returned to shareholders
- Announced bolt on acquisition expanding TE Sensors portfolio

Full Year Highlights & Guidance

Demonstrated margin and earnings resiliency in a challenging market

- Sales of \$13.4B, down 4% on a reported basis and down 2% organically Y/Y
 - Transportation down 3% organically with content growth driving performance above market
 - Industrial Solutions grew 3% organically with growth driven by AD&M and medical applications
 - Communications down 7% organically due to distribution channel destocking
- Adjusted Operating Margins of 17.0%
 - 130bps of expansion in Industrial Solutions
- Adjusted EPS of \$5.55, down 1% Y/Y on a 4% sales decline
- Strong Free Cash Flow of \$1.6B, up 15% Y/Y
- Deployed ~\$300M on acquisitions and announced intent to acquire First Sensor

FY20 Guidance reflecting end market weakness

- Sales of \$13.0B, which includes a ~\$230M Y/Y headwind from currency exchange rates
 - Expect to continue to outperform our markets due to content growth
- Adjusted EPS of \$5.05, which includes a ~\$0.30 Y/Y headwind from currency and tax impacts
 - Executing cost reduction and footprint consolidation plans while investing for long term growth

Segment Orders Summary

(\$ in millions)

<u>Reported</u>	FY18	FY19	FY19	Q4 Y/Y Growth	
	Q4	Q3	Q4	Reported	Organic
Transportation	2,033	1,897	1,899	(7)%	(6)%
Industrial	980	1,042	933	(5)%	(4)%
Communications	452	382	374	(17)%	(16)%
Total TE	3,465	3,321	3,206	(7)%	(6)%
Book to Bill	0.99	0.98	0.97		

- Transportation flat sequentially, with growth in Automotive offset by global weakness in Commercial Transportation
- Industrial sequential orders driven by declines across all businesses and regions
- Communications sequential order declines driven by broad based global weakness
- Distribution channel orders down double digits both Y/Y and sequentially in Q4, impacting the Industrial and Communications segments

Sequential orders decline reflecting market weakness and inventory destocking

Transportation Solutions

\$ in Millions

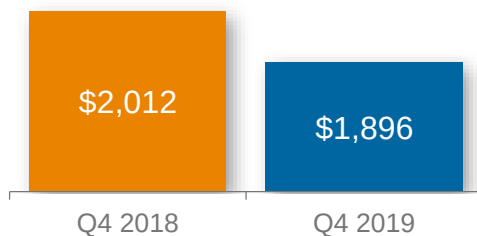
Q4 Sales

Reported

Down 6%

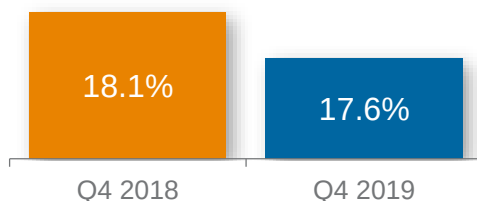
Organic

Down 5%



Q4 Adjusted Operating Margin

Adjusted Operating Margin down 50 basis points, as expected



Metric	Q4 2018	Q4 2019
Adjusted EBITDA Margin	23.4%	23.6%

Q4 Business Performance

Y/Y Growth Rates

Reported

Organic

		Reported	Organic
Automotive	\$1,374	(6)%	(4)%
Commercial Transportation	283	(9)%	(14)%
Sensors	239	1%	0%
Transportation Solutions	\$1,896	(6)%	(5)%

- Automotive sales down 4% organically driven by global auto production declines
- Commercial Transportation organic declines of 14% with double digit declines in each region
- Sensors growth in industrial applications offset by declines in transportation applications

Industrial Solutions

\$ in Millions

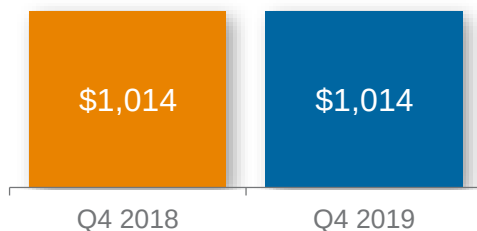
Q4 Sales

Reported

Flat

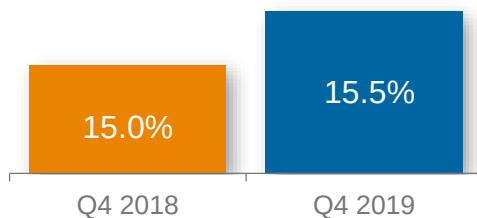
Organic

Up 1%



Q4 Adjusted Operating Margin

Adjusted Operating Margin expansion of 50 basis points Y/Y driven by operational execution



Adjusted EBITDA Margin 19.4% 19.9%

Q4 Business Performance

Y/Y Growth Rates

Reported **Organic**

Aerospace, Defense and Marine	\$348	12%	13%
Industrial Equipment	479	(7)%	(8)%
Energy	187	(2)%	2%
Industrial Solutions	\$1,014	0%	1%

- AD&M strong growth ahead of market driven by new program ramps in Commercial Aerospace & Defense
- Industrial Equipment declines driven by inventory destocking, partially offset by 5% growth in medical applications
- Energy organic growth in North America and China, partially offset by declines in Europe

Communications Solutions

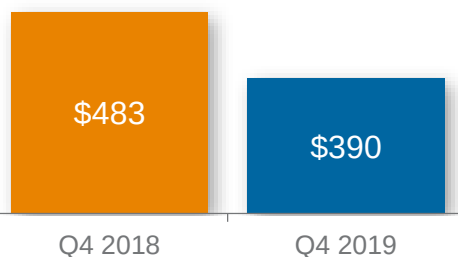


\$ in Millions

Q4 Sales

Reported

Down 19%

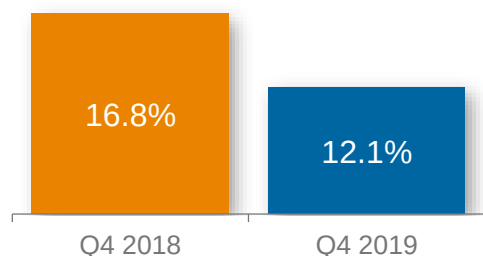


Organic

Down 18%

Q4 Adjusted Operating Margin

Adjusted Operating Margin decline 470 basis points Y/Y driven by market weakness



Adjusted EBITDA Margin 20.9% 16.2%

Q4 Business Performance

Y/Y Growth Rates

Reported

Organic

Data & Devices \$240 (18)% (18)%

Appliances 150 (21)% (18)%

Communications Solutions \$390 (19)% (18)%

- Data & Devices and Appliances declines driven by inventory destocking and demand driven weakness across all regions
- Continue to target long term adjusted operating margins in the mid teens

Q4 Financial Summary

(\$ in Millions, except per share amounts)	Q4 FY18		Q4 FY19	
Net Sales	\$	3,509	\$	3,300
Operating Income	\$	570	\$	444
<i>Operating Margin</i>		16.2%		13.5%
Acquisition Related Charges & Other Items		5		23
Restructuring & Other Charges, net		22		71
Adjusted Operating Income	\$	597	\$	538
<i>Adjusted Operating Margin</i>		17.0%		16.3%
Earnings Per Share*	\$	4.78	\$	1.11
Acquisition Related Charges & Other Items		0.01		0.05
Restructuring & Other Charges, net		0.05		0.17
Tax Items		(3.49)		-
Adjusted EPS	\$	1.35	\$	1.33

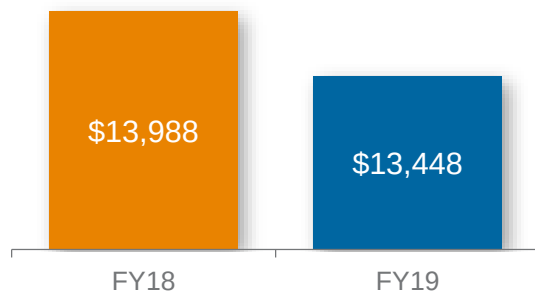
*Represents Diluted Earnings Per Share from Continuing Operations

Adjusted Operating Income, Adjusted Operating Margin and Adjusted EPS are non-GAAP financial measures; see Appendix for descriptions and reconciliations.

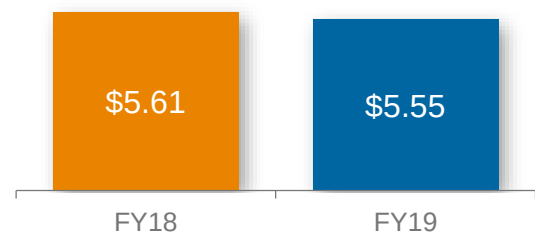
FY19 Summary

\$ in Millions

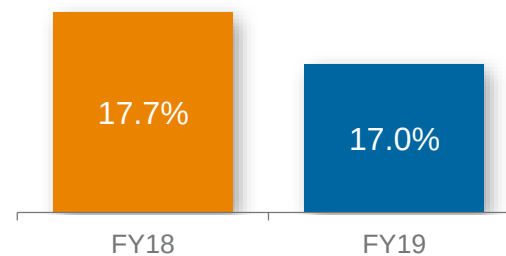
Sales



Adjusted EPS



Adjusted Operating Margin

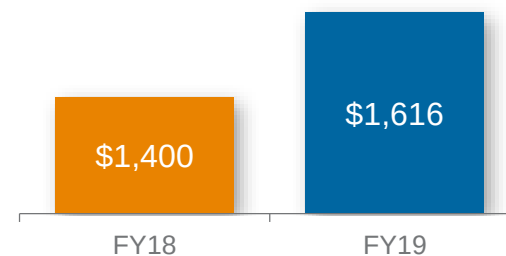


Adjusted EBITDA
Margin

22.5%

22.1%

Free Cash Flow



Adjusted EPS down 1% on 4% Sales decline

Q1 Outlook

	Guidance*	Highlights
Transportation Solutions	Down High Single Digits Down Mid Single Digits Organic	Transportation Solutions impacted by high single-digit declines in global auto production and global weakness in Commercial Transportation markets
Industrial Solutions	Down Low Single Digits Flat Organic	Expecting organic growth in AD&M and medical applications, offset by weakness in industrial applications
Communications Solutions	Down Mid Teens Down Mid Teens Organic	Communications Solutions decline driven by continued inventory destocking in the distribution channel and demand weakness across all regions
TE Connectivity	Sales \$3.0B to \$3.2B Adjusted EPS \$1.10 to \$1.16	- Sales down ~\$250M Y/Y reflecting 7% reported and 6% organic declines - Adjusted EPS declining \$0.16 Y/Y from a market driven sales decline - FX headwind impacting sales by ~\$60M and Adjusted EPS by \$0.03 Y/Y

Guidance reflecting market weakness in all segments

FY20 Outlook

	Guidance*	Highlights
Transportation Solutions	Down Mid Single Digits Down Low Single Digits Organic	Content growth enabling auto market outperformance versus global production declines of mid single digits for the full year. Expect Commercial Transportation markets to be down high single digits.
Industrial Solutions	Flat Up Low Single Digits Organic	Industrial Solutions organic growth driven by AD&M and medical applications, partially offset by inventory destocking in the distribution channel
Communications Solutions	Down High Single Digits Down Mid Single Digits Organic	Communications decline driven by continued broad market weakness and inventory destocking in the distribution channel
TE Connectivity	Sales of \$12.7B to \$13.3B Adjusted EPS of \$4.85 to \$5.25	- Sales down 3% reported and 2% organic Y/Y - Adjusted EPS of \$5.05 includes headwinds of ~\$0.30 from Tax and FX - FX headwind impacting sales by ~\$230M and Adjusted EPS by \$0.11 Y/Y

Full year outlook impacted by weakness across markets and inventory adjustments

Additional Information

Y/Y Q4 2019

	Sales (in millions)	Adjusted EPS
Q4 2018 Results	\$3,509	\$1.35
Operational Performance	(146)	(0.04)
FX Impact	(63)	(0.01)
Tax Rate Impact	-	0.03
Q4 2019 Results	\$3,300	\$1.33

Y/Y FY 2019

	Sales (in millions)	Adjusted EPS
2018 Results	\$13,988	\$5.61
Operational Performance	(131)	(0.03)
FX Impact	(409)	(0.13)
Tax Rate Impact	-	0.10
2019 Results	\$13,448	\$5.55

Y/Y Q1 2020

	Sales (in millions)	Adjusted EPS
Q1 2019 Results	\$3,347	\$1.29
Operational Performance	(185)	(0.13)
FX Impact	(62)	(0.03)
Tax Rate Impact	-	-
Q1 2020 Guidance	\$3,100	\$1.13

Guidance Range:
Sales of \$3.0B - \$3.2B
Adjusted EPS of \$1.10 – \$1.16

Y/Y FY 2020

	Sales (in millions)	Adjusted EPS
2019 Results	\$13,448	\$5.55
Operational Performance	(219)	(0.21)
FX Impact	(229)	(0.11)
Tax Rate Impact	-	(0.18)
2020 Results	\$13,000	\$5.05

Guidance Range
Sales of \$12.7B - \$13.3B
Adjusted EPS of \$4.85 - \$5.25

Q4 Balance Sheet & Cash Flow Summary

Free Cash Flow and Working Capital

(\$ in Millions)	Q4 2018	Q4 2019
Cash from Continuing Operations	\$922	\$879
Capital expenditures, net	(258)	(152)
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	6	(39)
Free Cash Flow	\$670	\$688
A/R	\$2,361	\$2,320
Days Sales Outstanding*	61	63
Inventory	\$1,857	\$1,836
Days on Hand*	72	71
Accounts Payable	\$1,548	\$1,357
Days Outstanding*	60	55

Liquidity, Cash & Debt

(\$ in Millions)	Q4 2018	Q4 2019
Beginning Cash Balance	\$770	\$546
Free Cash Flow	670	688
Dividends	(153)	(154)
Share repurchases	(268)	(178)
Net decrease in debt	(1)	(31)
Acquisition of business, net of cash acquired	(153)	0
Other	(17)	56
Ending Cash Balance	\$848	\$927
Total Debt	\$4,000	\$3,965

Free Cash Flow is a non-GAAP financial measure, see Appendix for description and reconciliation

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.

Non-GAAP Financial Measures (cont.)

- Adjusted EBITDA and Adjusted EBITDA Margin - represent net income and net income as a percentage of net sales, respectively, (the most comparable GAAP financial measures) before interest expense, interest income, income taxes, depreciation, and amortization, as adjusted for net other income, income from discontinued operations, and special items including restructuring and other charges, acquisition related charges, and other income or charges, if any.
- 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.

- 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.

Segment Summary

	For the Quarters Ended		For the Years Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
	(\$ in millions)			
	Net Sales	Net Sales	Net Sales	Net Sales
Transportation Solutions	\$ 1,896	\$ 2,012	\$ 7,821	\$ 8,290
Industrial Solutions	1,014	1,014	3,954	3,856
Communications Solutions	390	483	1,673	1,842
Total	\$ 3,300	\$ 3,509	\$ 13,448	\$ 13,988
	Operating Income	Operating Margin	Operating Income	Operating Margin
Transportation Solutions	\$ 270	14.2%	\$ 341	16.9%
Industrial Solutions	150	14.8	543	13.7
Communications Solutions	24	6.2	209	12.5
Total	\$ 444	13.5%	\$ 1,978	14.7%
	Adjusted Operating Income ⁽¹⁾	Adjusted Operating Margin ⁽¹⁾	Adjusted Operating Income ⁽¹⁾	Adjusted Operating Margin ⁽¹⁾
Transportation Solutions	\$ 334	17.6%	\$ 364	18.1%
Industrial Solutions	157	15.5	621	15.7
Communications Solutions	47	12.1	258	15.4
Total	\$ 538	16.3%	\$ 2,280	17.0%

⁽¹⁾ Adjusted operating income and adjusted operating margin are non-GAAP financial measures. See description of non-GAAP financial measures.

Reconciliation of Net Sales Growth

Change in Net Sales for the Quarter Ended September 27, 2019 versus Net Sales for the Quarter Ended September 28, 2018							
	Net		Organic Net				
	Sales Growth		Sales Growth ⁽¹⁾		Translation ⁽²⁾	Acquisitions	
			(\$ in millions)				
Transportation Solutions ⁽³⁾:							
Automotive	\$	(89) (6.1)%	\$	(59) (4.1)%	\$	(30)	\$ -
Commercial transportation		(29) (9.3)		(41) (13.6)		(7)	19
Sensors		2 0.8		1 0.4		(4)	5
Total		(116) (5.8)		(99) (4.9)		(41)	24
Industrial Solutions ⁽³⁾:							
Industrial equipment		(35) (6.8)		(40) (7.9)		(5)	10
Aerospace, defense, oil, and gas		38 12.3		42 13.2		(4)	-
Energy		(3) (1.6)		4 2.0		(7)	-
Total		- -		6 0.6		(16)	10
Communications Solutions ⁽³⁾:							
Data and devices		(54) (18.4)		(53) (18.0)		(1)	-
Appliances		(39) (20.6)		(34) (18.3)		(5)	-
Total		(93) (19.3)		(87) (18.0)		(6)	-
Total	\$	(209) (6.0)%	\$	(180) (5.1)%	\$	(63)	\$ 34

Change in Net Sales for the Year Ended September 27, 2019 versus Net Sales for the Year Ended September 28, 2018							
	Net		Organic Net				
	Sales Growth		Sales Growth ⁽¹⁾		Translation ⁽²⁾	Acquisitions	
			(\$ in millions)				
Transportation Solutions ⁽³⁾ :							
Automotive	\$	(406) (6.7)%	\$	(198) (3.3)%	\$	(208)	\$ -
Commercial transportation		(59) (4.6)		(48) (3.9)		(40)	29
Sensors		(4) (0.4)		14 1.4		(26)	8
Total		(469) (5.7)		(232) (2.8)		(274)	37
Industrial Solutions ⁽³⁾ :							
Industrial equipment		(38) (1.9)		(66) (3.4)		(45)	73
Aerospace, defense, oil, and gas		149 12.9		165 14.1		(16)	-
Energy		(13) (1.8)		21 2.7		(34)	-
Total		98 2.5		120 3.1		(95)	73
Communications Solutions ⁽³⁾ :							
Data and devices		(75) (7.0)		(58) (5.4)		(17)	-
Appliances		(94) (12.1)		(71) (9.3)		(23)	-
Total		(169) (9.2)		(129) (7.0)		(40)	-
Total	\$	(540) (3.9)%	\$	(241) (1.7)%	\$	(409)	\$ 110

⁽¹⁾ Organic net sales growth is a non-GAAP financial measure. See description of non-GAAP financial measures.

⁽²⁾ Represents the change in net sales resulting from changes in foreign currency exchange rates.

⁽³⁾ Industry end market information is presented consistently with our internal management reporting and may be periodically revised as management deems necessary.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended September 27, 2019

		Adjustments			
		Acquisition- Related Charges and Other Items ⁽¹⁾⁽²⁾	Restructuring and Other Charges, Net ⁽¹⁾	Tax Items	Adjusted (Non-GAAP) ⁽³⁾
	U.S. GAAP				
	(\$ in millions, except per share data)				
Operating income:					
Transportation Solutions	\$ 270	\$ 18	\$ 46	\$ -	\$ 334
Industrial Solutions	150	4	3	-	157
Communications Solutions	24	1	22	-	47
Total	<u>\$ 444</u>	<u>\$ 23</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 538</u>
Operating margin	<u>13.5%</u>				<u>16.3%</u>
Income tax expense	<u>\$ (61)</u>	<u>\$ (5)</u>	<u>\$ (15)</u>	<u>\$ 1</u>	<u>\$ (80)</u>
Effective tax rate	<u>14.0%</u>				<u>15.1%</u>
Income from continuing operations	<u>\$ 376</u>	<u>\$ 18</u>	<u>\$ 56</u>	<u>\$ 1</u>	<u>\$ 451</u>
Diluted earnings per share from continuing operations	<u>\$ 1.11</u>	<u>\$ 0.05</u>	<u>\$ 0.17</u>	<u>\$ -</u>	<u>\$ 1.33</u>

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Includes acquisition-related charges of \$6 million and a write-off of spare parts of \$17 million.

⁽³⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended September 28, 2018

		Adjustments			
	U.S. GAAP	Acquisition- Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Tax Items ⁽²⁾	Adjusted (Non-GAAP) ⁽³⁾
	(\$ in millions, except per share data)				
Operating income:					
Transportation Solutions	\$ 341	\$ 3	\$ 20	\$ -	\$ 364
Industrial Solutions	146	2	4	-	152
Communications Solutions	83	-	(2)	-	81
Total	\$ 570	\$ 5	\$ 22	\$ -	\$ 597
Operating margin	16.2%				17.0%
Other expense, net	\$ (1)	\$ -	\$ -	\$ -	\$ (1)
Income tax (expense) benefit	\$ 1,128	\$ (1)	\$ (4)	\$ (1,222)	\$ (99)
Effective tax rate	(206.6)%				17.3%
Income from continuing operations	\$ 1,674	\$ 4	\$ 18	\$ (1,222)	\$ 474
Diluted earnings per share from continuing operations	\$ 4.78	\$ 0.01	\$ 0.05	\$ (3.49)	\$ 1.35

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Includes a \$1,222 million net income tax benefit associated with the tax impacts of certain intercompany transactions including an increase to the valuation allowance.

⁽³⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Year Ended September 27, 2019

		Adjustments			
		Acquisition- Related Charges and Other Items ⁽¹⁾⁽²⁾	Restructuring and Other Charges, Net ⁽¹⁾	Tax Items ⁽³⁾	Adjusted (Non-GAAP) ⁽⁴⁾
	U.S. GAAP				
	(\$ in millions, except per share data)				
Operating income:					
Transportation Solutions	\$ 1,226	\$ 31	\$ 144	\$ -	\$ 1,401
Industrial Solutions	543	15	63	-	621
Communications Solutions	209	1	48	-	258
Total	<u>\$ 1,978</u>	<u>\$ 47</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 2,280</u>
Operating margin	<u>14.7%</u>				<u>17.0%</u>
Other income, net	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
Income tax (expense) benefit	<u>\$ 15</u>	<u>\$ (9)</u>	<u>\$ (61)</u>	<u>\$ (291)</u>	<u>\$ (346)</u>
Effective tax rate	<u>(0.8)%</u>				<u>15.5%</u>
Income from continuing operations	<u>\$ 1,946</u>	<u>\$ 38</u>	<u>\$ 194</u>	<u>\$ (291)</u>	<u>\$ 1,887</u>
Diluted earnings per share from continuing operations	\$ 5.72	\$ 0.11	\$ 0.57	\$ (0.86)	\$ 5.55

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Includes acquisition-related charges of \$30 million and a write-off of spare parts of \$17 million.

⁽³⁾ Includes a \$216 million income tax benefit related to the tax impacts of certain measures of Swiss tax reform, a \$90 million income tax benefit related to the effective settlement of a tax audit in a non-U.S. jurisdiction, and \$15 million of income tax expense associated with the tax impacts of certain legal entity restructurings and intercompany transactions.

⁽⁴⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Year Ended September 28, 2018

		Adjustments			
	U.S. GAAP	Acquisition- Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Tax Items ⁽²⁾	Adjusted (Non-GAAP) ⁽³⁾
	(\$ in millions, except per share data)				
Operating income:					
Transportation Solutions	\$ 1,578	\$ 12	\$ 33	\$ -	\$ 1,623
Industrial Solutions	465	10	80	-	555
Communications Solutions	288	-	13	-	301
Total	<u>\$ 2,331</u>	<u>\$ 22</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ 2,479</u>
Operating margin	<u>16.7%</u>				<u>17.7%</u>
Other income, net	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
Income tax (expense) benefit	<u>\$ 344</u>	<u>\$ (5)</u>	<u>\$ (31)</u>	<u>\$ (716)</u>	<u>\$ (408)</u>
Effective tax rate	<u>(15.4)%</u>				<u>17.1%</u>
Income from continuing operations	<u>\$ 2,584</u>	<u>\$ 17</u>	<u>\$ 95</u>	<u>\$ (717)</u>	<u>\$ 1,979</u>
Diluted earnings per share from continuing operations	<u>\$ 7.32</u>	<u>\$ 0.05</u>	<u>\$ 0.27</u>	<u>\$ (2.03)</u>	<u>\$ 5.61</u>

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Includes a \$1,283 million net income tax benefit associated with the tax impacts of certain intercompany transactions and legal entity restructurings including an increase to the valuation allowance. Also includes \$567 million of income tax expense related to the tax impacts of the Tax Cuts and Jobs Act.

⁽³⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended December 28, 2018

		Adjustments		
	U.S. GAAP	Acquisition-Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Adjusted (Non-GAAP) ⁽²⁾
	(\$ in millions, except per share data)			
Operating income:				
Transportation Solutions	\$ 332	\$ 3	\$ 21	\$ 356
Industrial Solutions	100	3	35	138
Communications Solutions	52	-	19	71
Total	\$ 484	\$ 6	\$ 75	\$ 565
Operating margin	14.5%			16.9%
Other expense, net	\$ (1)	\$ -	\$ -	\$ (1)
Income tax expense	\$ (78)	\$ (1)	\$ (19)	\$ (98)
Effective tax rate	16.9%			18.1%
Income from continuing operations	\$ 383	\$ 5	\$ 56	\$ 444
Diluted earnings per share from continuing operations	\$ 1.11	\$ 0.01	\$ 0.16	\$ 1.29

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ See description of non-GAAP financial measures.

Reconciliation of Free Cash Flow

	For the Quarters Ended		For the Years Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
	(in millions)			
Net cash provided by operating activities:				
Net cash provided by continuing operating activities	\$ 879	\$ 922	\$ 2,454	\$ 2,301
Net cash provided by (used in) discontinued operating activities	(1)	2	(32)	150
	878	924	2,422	2,451
Net cash used in investing activities	(153)	(419)	(692)	(1,094)
Net cash used in financing activities	(334)	(420)	(1,643)	(1,722)
Effect of currency translation on cash	(10)	(7)	(8)	(5)
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 381	\$ 78	\$ 79	\$ (370)
Net cash provided by continuing operating activities	\$ 879	\$ 922	\$ 2,454	\$ 2,301
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	(39)	6	(132)	16
Capital expenditures, net	(152)	(258)	(706)	(912)
Free cash flow⁽¹⁾	\$ 688	\$ 670	\$ 1,616	\$ 1,400

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

Reconciliation of Adjusted EBITDA Margin

	For the Quarters Ended	
	September 27, 2019	September 28, 2018
	(\$ in millions)	
Net income	\$ 372	\$ 1,661
Loss from discontinued operations	4	13
Income tax expense (benefit)	61	(1,128)
Other expense, net	-	1
Interest expense	13	27
Interest income	(6)	(4)
Operating income	444	570
Acquisition-related charges and other items	23	5
Restructuring and other charges, net	71	22
Adjusted operating income ⁽¹⁾	538	597
Depreciation and amortization	175	171
Adjusted EBITDA ⁽¹⁾	<u>\$ 713</u>	<u>\$ 768</u>
Net sales	\$ 3,300	\$ 3,509
Net income as a percentage of net sales	11.3%	47.3%
Adjusted EBITDA margin ⁽¹⁾	21.6%	21.9%

	For the Quarters Ended							
	September 27, 2019				September 28, 2018			
	Transportation Solutions	Industrial Solutions	Communications Solutions	Total	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(\$ in millions)							
Operating income	\$ 270	\$ 150	\$ 24	\$ 444	\$ 341	\$ 146	\$ 83	\$ 570
Acquisition-related charges and other items	18	4	1	23	3	2	-	5
Restructuring and other charges (credits), net	46	3	22	71	20	4	(2)	22
Adjusted operating income ⁽¹⁾	334	157	47	538	364	152	81	597
Depreciation and amortization	114	45	16	175	106	45	20	171
Adjusted EBITDA ⁽¹⁾	<u>\$ 448</u>	<u>\$ 202</u>	<u>\$ 63</u>	<u>\$ 713</u>	<u>\$ 470</u>	<u>\$ 197</u>	<u>\$ 101</u>	<u>\$ 768</u>
Net sales	\$ 1,896	\$ 1,014	\$ 390	\$ 3,300	\$ 2,012	\$ 1,014	\$ 483	\$ 3,509
Operating margin	14.2%	14.8%	6.2%	13.5%	16.9%	14.4%	17.2%	16.2%
Adjusted operating margin ⁽¹⁾	17.6%	15.5%	12.1%	16.3%	18.1%	15.0%	16.8%	17.0%
Adjusted EBITDA margin ⁽¹⁾	23.6%	19.9%	16.2%	21.6%	23.4%	19.4%	20.9%	21.9%

⁽¹⁾ See description of non-GAAP financial measures.

Reconciliation of Adjusted EBITDA Margin

	For the Years Ended	
	September 27, 2019	September 28, 2018
	(\$ in millions)	
Net income	\$ 1,844	\$ 2,565
Loss from discontinued operations	102	19
Income tax benefit	(15)	(344)
Other income, net	(2)	(1)
Interest expense	68	107
Interest income	(19)	(15)
Operating income	1,978	2,331
Acquisition-related charges and other items	47	22
Restructuring and other charges, net	255	126
Adjusted operating income ⁽¹⁾	2,280	2,479
Depreciation and amortization ⁽²⁾	687	663
Adjusted EBITDA ⁽¹⁾	<u>\$ 2,967</u>	<u>\$ 3,142</u>
Net sales	\$ 13,448	\$ 13,988
Net income as a percentage of net sales	13.7%	18.3%
Adjusted EBITDA margin ⁽¹⁾	22.1%	22.5%

	For the Years Ended							
	September 27, 2019				September 28, 2018			
	Transportation Solutions	Industrial Solutions	Communications Solutions	Total	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(\$ in millions)							
Operating income	\$ 1,226	\$ 543	\$ 209	\$ 1,978	\$ 1,578	\$ 465	\$ 288	\$ 2,331
Acquisition-related charges and other items	31	15	1	47	12	10	-	22
Restructuring and other charges, net	144	63	48	255	33	80	13	126
Adjusted operating income ⁽¹⁾	1,401	621	258	2,280	1,623	555	301	2,479
Depreciation and amortization ⁽²⁾	442	178	67	687	416	174	73	663
Adjusted EBITDA ⁽¹⁾	<u>\$ 1,843</u>	<u>\$ 799</u>	<u>\$ 325</u>	<u>\$ 2,967</u>	<u>\$ 2,039</u>	<u>\$ 729</u>	<u>\$ 374</u>	<u>\$ 3,142</u>
Net sales	\$ 7,821	\$ 3,954	\$ 1,673	\$ 13,448	\$ 8,290	\$ 3,856	\$ 1,842	\$ 13,988
Operating margin	15.7%	13.7%	12.5%	14.7%	19.0%	12.1%	15.6%	16.7%
Adjusted operating margin ⁽¹⁾	17.9%	15.7%	15.4%	17.0%	19.6%	14.4%	16.3%	17.7%
Adjusted EBITDA margin ⁽¹⁾	23.6%	20.2%	19.4%	22.1%	24.6%	18.9%	20.3%	22.5%

⁽¹⁾ See description of non-GAAP financial measures.

⁽²⁾ Excludes non-cash amortization associated with fair value adjustments related to acquired customer order backlog of \$3 million and \$4 million for the years ended September 27, 2019 and September 28, 2018, respectively, as these charges are included in the acquisition-related charges line.

Adjusted Return on Invested Capital (ROIC)

	As of or for the Years Ended		
	September 27, 2019	September 28, 2018	September 29, 2017
		(\$ in millions)	
Operating income	\$ 1,978	\$ 2,331	
Acquisition-related charges and other items	47	22	
Restructuring and other charges, net	255	126	
Adjusted operating income ⁽¹⁾	\$ 2,280	\$ 2,479	
Amortization expense	\$ 180	\$ 180	
Adjustment ⁽²⁾	(3)	(4)	
Adjusted amortization expense	\$ 177	\$ 176	
Adjusted operating income plus adjusted amortization expense	\$ 2,457	\$ 2,655	
Income from continuing operations before income taxes	\$ 1,931	\$ 2,240	
Acquisition-related charges and other items	47	22	
Restructuring and other charges, net	255	126	
Tax items	-	(1)	
Adjusted income from continuing operations before income taxes	\$ 2,233	\$ 2,387	
Income taxes paid, net of refunds	\$ 338	\$ 393	
Adjusted cash tax rate	15.1%	16.5%	
Adjusted net operating profit after taxes	\$ 2,085	\$ 2,218	
Total debt	\$ 3,965	\$ 4,000	\$ 4,344
Total shareholders' equity	10,570	10,831	9,751
Invested capital	\$ 14,535	\$ 14,831	\$ 14,095
Average invested capital	\$ 14,683	\$ 14,463	
Adjusted ROIC ⁽¹⁾	14.2%	15.3%	

⁽¹⁾ See description of non-GAAP financial measures.

⁽²⁾ Adjustment for non-cash amortization associated with fair value adjustments related to acquired customer order backlog as these charges are included in the acquisition-related charges line.

Reconciliation of Forward-Looking Non-GAAP Financial Measures to Forward-Looking GAAP Financial Measures

	Outlook for Quarter Ending December 27, 2019 ⁽¹⁾	Outlook for Fiscal 2020 ⁽¹⁾
Diluted earnings per share from continuing operations (GAAP)	\$0.93 - \$0.99	\$4.21 - \$4.61
Restructuring and other charges, net	0.13	0.56
Acquisition-related charges	0.04	0.08
Adjusted diluted earnings per share from continuing operations (non-GAAP) ⁽²⁾	\$1.10 - \$1.16	\$4.85 - \$5.25
Net sales growth (GAAP)	(10)% - (4)%	(5)% - (1)%
Translation	2	2
(Acquisitions) divestitures, net	(1)	(1)
Organic net sales growth (non-GAAP) ⁽²⁾	(9)% - (3)%	(4)% - 0%
Effective tax rate (GAAP)		17.2% - 17.7%
Effective tax rate adjustments ⁽³⁾		0.8
Adjusted effective tax rate (non-GAAP) ⁽²⁾		18.0% - 18.5%

⁽¹⁾ Outlook is as of October 30, 2019.

⁽²⁾ See description of non-GAAP financial measures.

⁽³⁾ Includes adjustments for special tax items and the tax effect of acquisition-related charges and restructuring and other charges, calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.