



NEWS RELEASE

# TE Connectivity announces fourth quarter and full year results for fiscal year 2020

2020-10-28

Sales up 28% sequentially, exceeding company's expectations; strong cash flow performance for full year  
SCHAFFHAUSEN, Switzerland, Oct. 28, 2020 /PRNewswire/ -- TE Connectivity Ltd. (NYSE: TEL) today reported results for the fiscal fourth quarter and year ended Sept. 25, 2020.

## Fourth Quarter Highlights

- Net sales were \$3.26 billion, up 28% sequentially on a reported basis compared to the 10% increase the company expected. Sales were down 1% on a reported basis and down 4% on an organic basis year over year.
- Growth in all segments sequentially, with Transportation segment up 49%, driven by Auto business.
- GAAP earnings per share (EPS) from continuing operations were \$0.69, and adjusted EPS were \$1.16.
- Cash flow from continuing operating activities was \$719 million and free cash flow was \$648 million.

## Full Year Highlights

- Net sales were \$12.2 billion, down 10% from fiscal year 2019 as a result of COVID-19 impact.
- GAAP EPS from continuing operations were a loss of \$0.78, and adjusted EPS were \$4.26.
- Cash flow from continuing operating activities was \$2 billion and free cash flow was \$1.5 billion, with \$1.1 billion returned to shareholders.

"I am proud of our employees for delivering fourth quarter results well above our expectations, exiting the year with sequential sales growth in all segments. In particular, our Transportation segment was up nearly 50% from last quarter, driven by a recovery in auto production and our continued outperformance versus the market due to our strong position in hybrid and electric vehicle platform technology," said TE Connectivity CEO Terrence Curtin. "Our global manufacturing strategy and acceleration of our cost reduction activities enabled us to meet our commitments to our customers as they continue to navigate the impacts of COVID-19. Our full year results demonstrate strong cash flow generation and our portfolio is well positioned. While the markets remain uncertain, we do expect our first quarter of 2021 to be back to pre-COVID revenue levels and we expect an increase in

profitability with year-over-year adjusted margin and EPS growth."

### **First Quarter FY21 Outlook**

For the first quarter of fiscal 2021, the company expects net sales of approximately \$3.2 billion, reflecting an increase of 1% on a reported basis and down 2% on an organic basis year over year. GAAP EPS from continuing operations are expected to be approximately \$0.83, with adjusted EPS of approximately \$1.25.

The company is not providing full year guidance due to limited visibility of COVID-19 impact on future demand. Information about TE Connectivity's use of non-GAAP financial measures is provided below. For reconciliations of these non-GAAP financial measures, see the attached tables.

### **Conference Call and Webcast**

The company will hold a conference call today beginning at 8:30 a.m. ET. The dial-in information is provided here:

- At TE Connectivity's website: [investors.te.com](http://investors.te.com)
- By telephone: For both "listen-only" participants and those participants who wish to take part in the question-and-answer portion of the call, the dial-in number in the United States is (866) 211-4092, and for international callers, the dial-in number is (647) 689-6620.
- A replay of the conference call will be available on TE Connectivity's investor website at [investors.te.com](http://investors.te.com) at 11:30 a.m. ET on Oct. 28, 2020.

### **About TE Connectivity**

TE Connectivity Ltd. (NYSE: TEL) is a \$12 billion global industrial technology leader creating a safer, sustainable, productive, and connected future. Our broad range of connectivity and sensor solutions, proven in the harshest environments, enable advancements in transportation, industrial applications, medical technology, energy, data communications, and the home. With approximately 80,000 employees, including more than 7,500 engineers, working alongside customers in approximately 140 countries, TE ensures that EVERY CONNECTION COUNTS. Learn more at [www.te.com](http://www.te.com) and on [LinkedIn](#), [Facebook](#), [WeChat](#) and [Twitter](#).

### **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 (Decline) – represents net sales growth (decline) (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 (Decline) 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 (Loss) and Adjusted Operating Margin – represent operating income (loss) and operating margin, respectively, (the most comparable GAAP financial measures) before special items including restructuring and other charges, acquisition-related charges, impairment of goodwill, and other income or charges, if any. We utilize these adjusted measures in combination with operating income (loss) 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 (Loss) 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) Benefit and Adjusted Effective Tax Rate – represent income tax (expense) benefit 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, impairment of goodwill, other income or charges, and certain significant tax items, if any.
- Adjusted Income (Loss) from Continuing Operations – represents income (loss) from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition-related charges, impairment of goodwill, 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 (Loss) Per Share – represents diluted earnings (loss) per share from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition-related charges, impairment of goodwill, 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.
- 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.

### **Forward-Looking Statements**

This release 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 release 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.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Quarters Ended		For the Year Ended	
	September 25,	September 27,	September 25,	September 27,
	2020	2019	2020	2019
	(in millions, except per share data)			
Net sales	\$ 3,261	\$ 3,300	\$ 12,172	\$ 13,448
Cost of sales	2,292	2,248	8,437	9,054
<b>Gross margin</b>	<b>969</b>	<b>1,052</b>	<b>3,735</b>	<b>4,394</b>
Selling, general, and administrative expenses	352	372	1,392	1,490
Research, development, and engineering expenses	148	159	613	644
Acquisition and integration costs	9	6	36	27
Restructuring and other charges, net	113	71	257	255
Impairment of goodwill	-	-	900	-
<b>Operating income</b>	<b>347</b>	<b>444</b>	<b>537</b>	<b>1,978</b>
Interest income	2	6	15	19
Interest expense	(12)	(13)	(48)	(68)
Other income, net	-	-	20	2
<b>Income from continuing operations before income taxes</b>	<b>337</b>	<b>437</b>	<b>524</b>	<b>1,931</b>
Income tax (expense) benefit	(109)	(61)	(783)	15
<b>Income (loss) from continuing operations</b>	<b>228</b>	<b>376</b>	<b>(259)</b>	<b>1,946</b>
Income (loss) from discontinued operations, net of income taxes	2	(4)	18	(102)
<b>Net income (loss)</b>	<b>\$ 230</b>	<b>\$ 372</b>	<b>\$ (241)</b>	<b>\$ 1,844</b>
<b>Basic earnings (loss) per share:</b>				
Income (loss) from continuing operations	\$ 0.69	\$ 1.12	\$ (0.78)	\$ 5.76
Income (loss) from discontinued operations	0.01	(0.01)	0.05	(0.30)

Net income (loss)	0.70	1.11	(0.73)	5.46
<b>Diluted earnings (loss) per share:</b>				
Income (loss) from continuing operations	\$ 0.69	\$ 1.11	\$ (0.78)	\$ 5.72
Income (loss) from discontinued operations	0.01	(0.01)	0.05	(0.30)
Net income (loss)	0.69	1.10	(0.73)	5.42
<b>Weighted-average number of shares outstanding:</b>				
Basic	330	336	332	338
Diluted	332	338	332	340

TE CONNECTIVITY LTD.  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 25, 2020	September 27, 2019
(in millions, except share data)		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 945	\$ 927
Accounts receivable, net of allowance for doubtful accounts of \$29 and \$25, respectively	2,377	2,320
Inventories	1,950	1,836
Prepaid expenses and other current assets	512	471
Total current assets	5,784	5,554
Property, plant, and equipment, net	3,650	3,574
Goodwill	5,224	5,740
Intangible assets, net	1,593	1,596
Deferred income taxes	2,178	2,776
Other assets	813	454
<b>Total assets</b>	<b>\$ 19,242</b>	<b>\$ 19,694</b>
<b>Liabilities, redeemable noncontrolling interests, and shareholders' equity</b>		
Current liabilities:		
Short-term debt	\$ 694	\$ 570
Accounts payable	1,276	1,357
Accrued and other current liabilities	1,720	1,613
Total current liabilities	3,690	3,540
Long-term debt	3,452	3,395
Long-term pension and postretirement liabilities	1,336	1,367

Deferred income taxes	143	156
Income taxes	252	239
Other liabilities	874	427
<b>Total liabilities</b>	<u>9,747</u>	<u>9,124</u>
Commitments and contingencies		
Redeemable noncontrolling interests	112	-
Shareholders' equity:		
Common shares, CHF 0.57 par value, 338,953,381 shares authorized and issued, and 350,951,381 shares authorized and issued, respectively	149	154
Accumulated earnings	10,348	12,256
Treasury shares, at cost, 8,295,878 and 15,862,337 shares, respectively	(669)	(1,337)
Accumulated other comprehensive loss	(445)	(503)
<b>Total shareholders' equity</b>	<u>9,383</u>	<u>10,570</u>
<b>Total liabilities, redeemable noncontrolling interests, and shareholders' equity</b>	<u>\$ 19,242</u>	<u>\$ 19,694</u>

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Quarters Ended		For the Year Ended	
	September 25,	September 27,	September 25,	September 27,
	2020	2019	2020	2019
	(in millions)			
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 230	\$ 372	\$ (241)	\$ 1,844
(Income) loss from discontinued operations, net of income taxes	(2)	4	(18)	102
Income (loss) from continuing operations	228	376	(259)	1,946
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:				
Impairment of goodwill	-	-	900	-
Depreciation and amortization	181	175	711	690
Deferred income taxes	76	72	535	(218)
Non-cash lease cost	29	-	108	-
Provision for losses on accounts receivable and inventories	(14)	7	14	43
Share-based compensation expense	20	19	74	75
Other	14	25	54	51
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable, net	(245)	136	(63)	31
Inventories	253	123	(89)	64
Prepaid expenses and other current assets	24	35	51	144
Accounts payable	1	(92)	(80)	(178)
Accrued and other current liabilities	105	132	(99)	(15)
Income taxes	(29)	(72)	(9)	(135)
Other	76	(57)	143	(44)

Net cash provided by continuing operating activities	719	879	1,991	2,454
Net cash provided by (used in) discontinued operating activities	1	(1)	1	(32)
Net cash provided by operating activities	720	878	1,992	2,422
<b>Cash flows from investing activities:</b>				
Capital expenditures	(121)	(179)	(560)	(749)
Proceeds from sale of property, plant, and equipment	11	27	17	43
Acquisition of businesses, net of cash acquired	(11)	-	(339)	(283)
Proceeds from divestiture of discontinued operation, net of cash retained by sold operation	-	-	-	297
Other	4	(1)	17	2
Net cash used in continuing investing activities	(117)	(153)	(865)	(690)
Net cash used in discontinued investing activities	-	-	-	(2)
Net cash used in investing activities	(117)	(153)	(865)	(692)
<b>Cash flows from financing activities:</b>				
Net increase (decrease) in commercial paper	-	219	(219)	(51)
Proceeds from issuance of debt	-	-	593	746
Repayment of debt	-	(250)	(352)	(691)
Proceeds from exercise of share options	26	30	55	85
Repurchase of common shares	-	(178)	(523)	(1,091)
Payment of common share dividends to shareholders	(159)	(154)	(625)	(608)
Transfers (to) from discontinued operations	1	(1)	1	(34)
Other	(2)	(1)	(34)	(33)
Net cash used in continuing financing activities	(134)	(335)	(1,104)	(1,677)
Net cash provided by (used in) discontinued financing activities	(1)	1	(1)	34
Net cash used in financing activities	(135)	(334)	(1,105)	(1,643)
Effect of currency translation on cash	3	(10)	(4)	(8)
Net increase in cash, cash equivalents, and restricted cash	471	381	18	79
Cash, cash equivalents, and restricted cash at beginning of fiscal year	474	546	927	848
Cash, cash equivalents, and restricted cash at end of fiscal year	\$ 945	\$ 927	\$ 945	\$ 927

Supplemental cash flow information:

Interest paid on debt, net	\$	19	\$	19	\$	50	\$	75
Income taxes paid, net of refunds		62		61		257		338

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RECONCILIATION OF FREE CASH FLOW (UNAUDITED)

	For the Quarters Ended		For the Year Ended					
	September 25,	September 27,	September 25,	September 27,				
	2020	2019	2020	2019				
	(in millions)							
Net cash provided by continuing operating activities	\$	719	\$	879	\$	1,991	\$	2,454
Excluding:								
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts		39		(39)		34		(132)
Capital expenditures, net		(110)		(152)		(543)		(706)
<b>Free cash flow (1)</b>	<b>\$</b>	<b>648</b>	<b>\$</b>	<b>688</b>	<b>\$</b>	<b>1,482</b>	<b>\$</b>	<b>1,616</b>

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

TE CONNECTIVITY LTD.

CONSOLIDATED SEGMENT DATA (UNAUDITED)

	For the Quarters Ended				For the Year Ended				
	September 25,		September 27,		September 25,		September 27,		
	2020		2019		2020		2019		
(\$ in millions)									
	Net Sales		Net Sales		Net Sales		Net Sales		
Transportation Solutions	\$	1,865	\$	1,896	\$	6,845	\$	7,821	
Industrial Solutions		959		1,014		3,713		3,954	
Communications Solutions		437		390		1,614		1,673	
<b>Total</b>	<b>\$</b>	<b>3,261</b>	<b>\$</b>	<b>3,300</b>	<b>\$</b>	<b>12,172</b>	<b>\$</b>	<b>13,448</b>	
	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	
	<b>Income</b>	<b>Margin</b>	<b>Income</b>	<b>Margin</b>	<b>Income (Loss)</b>	<b>Margin</b>	<b>Income</b>	<b>Margin</b>	
Transportation Solutions	\$	198	10.6 %	\$	270	14.2 %	\$	1,226	15.7 %
Industrial Solutions		85	8.9		150	14.8		543	13.7
Communications Solutions		64	14.6		24	6.2		209	12.5
<b>Total</b>	<b>\$</b>	<b>347</b>	<b>10.6 %</b>	<b>\$</b>	<b>444</b>	<b>13.5 %</b>	<b>\$</b>	<b>1,978</b>	<b>14.7 %</b>
	<b>Adjusted</b>	<b>Adjusted</b>	<b>Adjusted</b>	<b>Adjusted</b>	<b>Adjusted</b>	<b>Adjusted</b>	<b>Adjusted</b>	<b>Adjusted</b>	
	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	
	<b>Income (1)</b>	<b>Margin (1)</b>	<b>Income (1)</b>	<b>Margin (1)</b>	<b>Income (1)</b>	<b>Margin (1)</b>	<b>Income (1)</b>	<b>Margin (1)</b>	
Transportation Solutions	\$	245	13.1 %	\$	334	17.6 %	\$	1,401	17.9 %
Industrial Solutions		133	13.9		157	15.5		621	15.7
Communications Solutions		95	21.7		47	12.1		258	15.4
<b>Total</b>	<b>\$</b>	<b>473</b>	<b>14.5 %</b>	<b>\$</b>	<b>538</b>	<b>16.3 %</b>	<b>\$</b>	<b>2,280</b>	<b>17.0 %</b>

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



TE CONNECTIVITY LTD.

RECONCILIATION OF NET SALES GROWTH (DECLINE) (UNAUDITED)

Change in Net Sales for the Quarter Ended September 25, 2020

versus Net Sales for the Quarter Ended September 27, 2019

	Net Sales		Organic Net Sales		Translation (2)	Acquisitions
	Growth (Decline)		Growth (Decline) (1)			
	(\$ in millions)					
<b>Transportation Solutions (3):</b>						
Automotive	\$ (38)	(2.8) %	\$ (61)	(4.2) %	\$ 23	\$ -
Commercial transportation	(17)	(6.0)	(17)	(6.0)	-	-
Sensors	24	10.0	(39)	(16.5)	3	60
Total	<u>(31)</u>	<u>(1.6)</u>	<u>(117)</u>	<u>(6.0)</u>	<u>26</u>	<u>60</u>
<b>Industrial Solutions (3):</b>						
Aerospace, defense, oil, and gas	(39)	(11.2)	(43)	(12.5)	4	-
Industrial equipment	(2)	(0.7)	(6)	(2.2)	4	-
Medical	(16)	(8.6)	(16)	(8.6)	-	-
Energy	2	1.1	-	-	2	-
Total	<u>(55)</u>	<u>(5.4)</u>	<u>(65)</u>	<u>(6.4)</u>	<u>10</u>	<u>-</u>
<b>Communications Solutions (3):</b>						
Data and devices	20	8.3	17	7.1	3	-
Appliances	27	18.0	27	18.0	-	-
Total	<u>47</u>	<u>12.1</u>	<u>44</u>	<u>11.3</u>	<u>3</u>	<u>-</u>
<b>Total</b>	<u>\$ (39)</u>	<u>(1.2) %</u>	<u>\$ (138)</u>	<u>(4.1) %</u>	<u>\$ 39</u>	<u>\$ 60</u>

Change in Net Sales for the Year Ended September 25, 2020

versus Net Sales for the Year Ended September 27, 2019

	Net Sales		Organic Net Sales							
	Growth (Decline)		Growth (Decline) (1)		Translation (2)	Acquisitions				
(\$ in millions)										
<b>Transportation Solutions (3):</b>										
Automotive	\$	(783)	(13.8) %	\$	(742)	(12.9) %	\$	(41)	\$	-
Commercial transportation		(170)	(13.9)		(176)	(14.4)		(21)		27
Sensors		(23)	(2.5)		(148)	(16.3)		(3)		128
Total		<u>(976)</u>	<u>(12.5)</u>		<u>(1,066)</u>	<u>(13.5)</u>		<u>(65)</u>		<u>155</u>
<b>Industrial Solutions (3):</b>										
Aerospace, defense, oil, and gas		(105)	(8.0)		(100)	(7.8)		(5)		-
Industrial equipment		(144)	(11.6)		(133)	(10.7)		(11)		-
Medical		(10)	(1.4)		(9)	(1.3)		(1)		-
Energy		18	2.6		30	4.3		(12)		-
Total		<u>(241)</u>	<u>(6.1)</u>		<u>(212)</u>	<u>(5.4)</u>		<u>(29)</u>		<u>-</u>
<b>Communications Solutions (3):</b>										
Data and devices		(20)	(2.0)		(23)	(2.5)		3		-
Appliances		(39)	(5.7)		(31)	(4.4)		(8)		-
Total		<u>(59)</u>	<u>(3.5)</u>		<u>(54)</u>	<u>(3.2)</u>		<u>(5)</u>		<u>-</u>
<b>Total</b>	\$	<u>(1,276)</u>	<u>(9.5) %</u>	\$	<u>(1,332)</u>	<u>(9.9) %</u>	\$	<u>(99)</u>	\$	<u>155</u>

(1) Organic net sales growth (decline) 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.

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

For the Quarter Ended September 25, 2020

(UNAUDITED)

	U.S. GAAP	Adjustments			Adjusted (Non-GAAP) (3)
		Acquisition- Related Charges (1)	Restructuring and Other Charges, Net (1)	Tax Items (2)	
(\$ in millions, except per share data)					
<b>Operating income:</b>					
Transportation Solutions	\$ 198	\$ 11	\$ 36	\$ -	\$ 245
Industrial Solutions	85	2	46	-	133
Communications Solutions	64	-	31	-	95
<b>Total</b>	<b>\$ 347</b>	<b>\$ 13</b>	<b>\$ 113</b>	<b>\$ -</b>	<b>\$ 473</b>
<b>Operating margin</b>	<b>10.6 %</b>				<b>14.5 %</b>
<b>Income tax expense</b>	<b>\$ (109)</b>	<b>\$ (4)</b>	<b>\$ (21)</b>	<b>\$ 56</b>	<b>\$ (78)</b>
<b>Effective tax rate</b>	<b>32.3 %</b>				<b>16.8 %</b>
<b>Income from continuing operations</b>	<b>\$ 228</b>	<b>\$ 9</b>	<b>\$ 92</b>	<b>\$ 56</b>	<b>\$ 385</b>
<b>Diluted earnings per share from continuing operations</b>	<b>\$ 0.69</b>	<b>\$ 0.03</b>	<b>\$ 0.28</b>	<b>\$ 0.17</b>	<b>\$ 1.16</b>

(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) Income tax expense related to increases to the valuation allowance for certain deferred tax assets.

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



TE CONNECTIVITY LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

For the Quarter Ended September 27, 2019

(UNAUDITED)

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

(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.



TE CONNECTIVITY LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

For the Year Ended September 25, 2020

(UNAUDITED)

	U.S. GAAP	Adjustments			Adjusted (Non-GAAP) (4)	
		Acquisition- Related Charges (1)	Restructuring and Other Charges, Net (1)	Impairment of Goodwill (1) Tax Items (2)		
(\$ in millions, except per share data)						
<b>Operating income (loss):</b>						
Transportation Solutions	\$ (93)	\$ 32	\$ 113	\$ 900	\$ -	\$ 952
Industrial Solutions	412	8	102	-	-	522
Communications Solutions	218	-	42	-	-	260
<b>Total</b>	<b>\$ 537</b>	<b>\$ 40</b>	<b>\$ 257</b>	<b>\$ 900</b>	<b>\$ -</b>	<b>\$ 1,734</b>
<b>Operating margin</b>	<b>4.4 %</b>					<b>14.2 %</b>
<b>Other income, net</b>	<b>\$ 20</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8)</b>	<b>\$ 12</b>
<b>Income tax expense</b>	<b>\$ (783)</b>	<b>\$ (8)</b>	<b>\$ (46)</b>	<b>\$ (4)</b>	<b>\$ 550</b>	<b>\$ (291)</b>
<b>Effective tax rate</b>	<b>149.4 %</b>					<b>17.0 %</b>
<b>Income (loss) from continuing operations</b>	<b>\$ (259)</b>	<b>\$ 32</b>	<b>\$ 211</b>	<b>\$ 896</b>	<b>\$ 542</b>	<b>\$ 1,422</b>
<b>Diluted earnings (loss) per share from continuing operations (3)</b>	<b>\$ (0.78)</b>	<b>\$ 0.10</b>	<b>\$ 0.63</b>	<b>\$ 2.68</b>	<b>\$ 1.62</b>	<b>\$ 4.26</b>

(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 \$355 million of income tax expense related to the tax impacts of certain measures of Swiss tax reform and \$226 million of income tax expense related to

increases to the valuation allowance for certain deferred tax assets, partially offset by a \$31 million income tax benefit related to pre-separation tax matters and the termination of the tax sharing agreement with Tyco International and Covidien.

(3) U.S. GAAP diluted shares excludes two million of nonvested share awards and options outstanding as the inclusion of these securities would have been antidilutive because of our loss during the period. Such amounts are included in adjusted (non-GAAP) diluted shares.

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

TE CONNECTIVITY LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

For the Year Ended September 27, 2019

(UNAUDITED)

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

(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.

TE CONNECTIVITY LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

For the Quarter Ended December 27, 2019

(UNAUDITED)

	U.S. GAAP	Adjustments			Adjusted (Non-GAAP) (3)
		Acquisition- Related Charges (1)	Restructuring and Other Charges, Net (1)	Tax Items (2)	
(\$ in millions, except per share data)					
<b>Operating income:</b>					
Transportation Solutions	\$ 316	\$ 5	\$ 4	\$ -	\$ 325
Industrial Solutions	115	2	15	-	132
Communications Solutions	40	-	5	-	45
<b>Total</b>	<b>\$ 471</b>	<b>\$ 7</b>	<b>\$ 24</b>	<b>\$ -</b>	<b>\$ 502</b>
<b>Operating margin</b>	<b>14.9 %</b>				<b>15.8 %</b>
<b>Other income, net</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5</b>
<b>Income tax expense</b>	<b>\$ (447)</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ 355</b>	<b>\$ (93)</b>
<b>Effective tax rate</b>	<b>95.1 %</b>				<b>18.6 %</b>
<b>Income from continuing operations</b>	<b>\$ 23</b>	<b>\$ 6</b>	<b>\$ 24</b>	<b>\$ 355</b>	<b>\$ 408</b>
<b>Diluted earnings per share from continuing operations</b>	<b>\$ 0.07</b>	<b>\$ 0.02</b>	<b>\$ 0.07</b>	<b>\$ 1.05</b>	<b>\$ 1.21</b>

(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) Income tax expense related to the tax impacts of certain measures of Swiss tax reform.

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

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TE CONNECTIVITY LTD.

RECONCILIATION OF FORWARD-LOOKING NON-GAAP FINANCIAL MEASURES

TO FORWARD-LOOKING GAAP FINANCIAL MEASURES

As of October 28, 2020

(UNAUDITED)

	Outlook for Quarter Ending December 25, 2020
Diluted earnings per share from continuing operations	\$ 0.83
Restructuring and other charges, net	0.40
Acquisition-related charges	0.02
Adjusted diluted earnings per share from continuing operations (1)	\$ 1.25
Net sales growth (decline)	1.0 %
Translation	(1.7)
(Acquisitions) divestitures, net	(1.3)
Organic net sales growth (decline) (1)	(2.0) %

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

[announces-fourth-quarter-and-full-year-results-for-fiscal-year-2020-301161060.html](#)

SOURCE TE Connectivity Ltd.