



Q3 2018 Earnings

July 25, 2018



EVERY CONNECTION COUNTS



Forward-Looking Statements and Non-GAAP 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 the U.S. Tax Cuts and Jobs Act. 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. 29, 2017 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 measure, in this presentation.

Q3 Highlights

Q3 performance above guidance with double digit sales and adjusted EPS growth Y/Y

- **Sales of \$3.8B, up 12% Y/Y and up 6% organically**
 - Transportation grew 12% organically, well above market, with growth in all businesses and regions
 - Industrial grew 5% organically with growth across all business and regions
 - Communications down 6% organically, as expected driven by SubCom Y/Y decline
 - Data and Devices and Appliances delivered 10% combined organic growth
 - Orders up 9% organically Y/Y, ex-SubCom, with a book to bill of 1.05; growth in all segments and regions
- **Delivered Adjusted EPS growth of 15%**
 - Adjusted operating margins of 16.7%, with expansion in Industrial and Transportation segments
 - Adjusted EPS of \$1.43, with the Y/Y increase driven by operational strength and the benefit of currency translation
- **Free Cash Flow of \$504M with \$382M returned to shareholders**
- **Expect FY18 Sales of \$14.625B and Adjusted EPS guidance of \$5.57 at the mid-point**
 - Reported growth of 12% and organic growth of 6%
 - Raising adjusted EPS from \$5.55 to \$5.57 at the mid-point, up 15% year-over-year

Segment Orders Summary

(\$ in millions)

<u>Reported</u>	FY17	FY18	FY18	Q3 Y/Y Growth	
	Q3	Q2	Q3	Reported	Organic
Transportation	1,887	2,139	2,169	15%	8%
Industrial	951	1,048	1,102	16%	12%
Communications Ex SubCom*	432	492	476	10%	8%
Total TE Ex SubCom*	3,270	3,679	3,747	15%	9%
Book to Bill Ex SubCom*	1.06	1.03	1.05		

- Transportation growth across all regions
- Industrial growth driven by AD&M and Industrial Equipment strength in medical applications
- Communications growth in Data & Devices and Appliances

*SubCom is a project based business and excluded from the summary to provide a comparable view of orders in each period.

Continued order growth in all segments and regions

Transportation Solutions



\$ in Millions

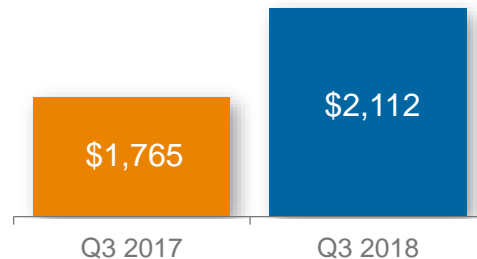
Sales

Reported

Up 20%

Organic

Up 12%



Y/Y Growth Rates

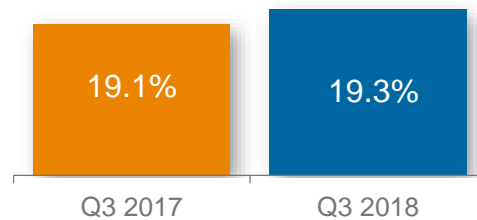
Reported

Organic

Orders	Reported	Organic
\$2,169	15%	8%

Adjusted Operating Margin

Operating margins in line with expectations while supporting investments for growth



Adjusted EBITDA Margin	Q3 2017	Q3 2018
	24.1%	24.2%

Business Performance

Y/Y Growth Rates

Reported

Organic

		Reported	Organic
Automotive	\$1,541	19%	10%
Commercial Transportation	335	28%	22%
Sensors	236	13%	8%
Transportation Solutions	\$2,112	20%	12%

- Automotive sales significantly above auto production trends, driven by content expansion and growth across all regions
- Commercial Transportation organic growth well above market with content gains and balanced growth across all regions and sub markets
- Sensors organic growth driven by auto, commercial transportation and industrial applications

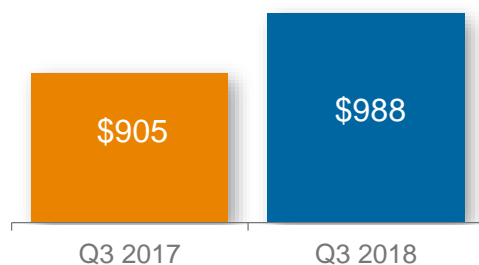
Industrial Solutions

\$ in Millions

Sales

Reported
Up 9%

Organic
Up 5%



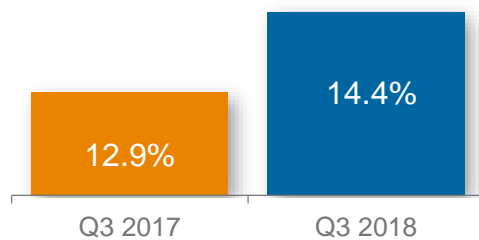
Y/Y Growth Rates

Reported **Organic**

Orders \$1,102 16% 12%

Adjusted Operating Margin

Adjusted Operating Margin expansion of 150 basis points, driven by operating leverage



Adjusted EBITDA Margin 17.3% 18.7%

Business Performance

Y/Y Growth Rates

Reported **Organic**

Industrial Equipment \$506 11% 6%

Aerospace, Defense and Marine 295 9% 6%

Energy 187 5% 2%

Industrial Solutions **\$988** **9%** **5%**

- Industrial Equipment organic growth across all regions driven by factory automation and medical applications
- AD&M organic growth driven by Defense and Commercial Air
- Energy growth driven by strength in the Americas partially offset by weakness in APAC and EMEA

Communications Solutions

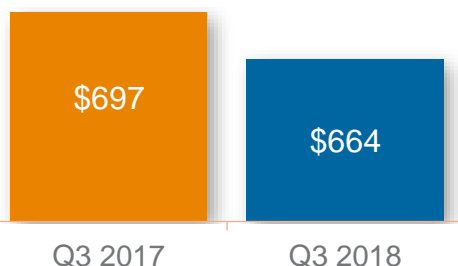


\$ in Millions

Sales

Reported

Down 5%



Organic

Down 6%

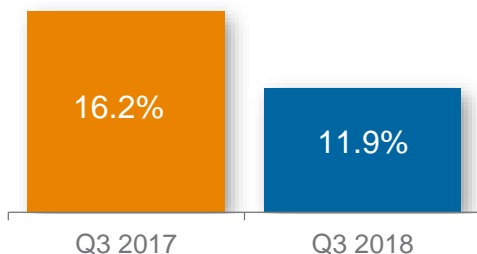
Y/Y Growth Rates

	Reported	Organic
Orders ex SubCom	\$476 10%	8%

Orders ex SubCom \$476 10% 8%

Adjusted Operating Margin

Operating margins in line with expectations; Y/Y decline driven by SubCom



Adjusted EBITDA Margin 19.8% 15.5%

Business Performance

Y/Y Growth Rates		Reported	Organic
Data & Devices	\$277	13%	11%
Appliances	203	12%	9%
SubCom	184	(32)%	(32)%
Communications Solutions	\$664	(5)%	(6)%

- Data & Devices organic growth across all regions driven by high speed connectivity in the data center and content growth from electrification trends
- Appliances driven by growth in all regions and continued share gains
- SubCom decline driven by timing of project revenues versus prior year
 - Continued order momentum with backlog ~\$1B

Q3 Financial Summary

(\$ in Millions, except per share amounts)	Q3 FY17	Q3 FY18
Net Sales	\$ 3,367	\$ 3,764
Operating Income	\$ 544	\$ 558
<i>Operating Margin</i>	16.2%	14.8%
Acquisition Related Charges	4	5
Restructuring & Other Charges, net	19	65
Adjusted Operating Income	\$ 567	\$ 628
<i>Adjusted Operating Margin</i>	16.8%	16.7%
Earnings Per Share*	\$ 1.21	\$ 1.29
Acquisition Related Charges	0.01	0.01
Restructuring & Other Charges, net	0.04	0.13
Tax Items	(0.02)	-
Adjusted EPS	\$ 1.24	\$ 1.43

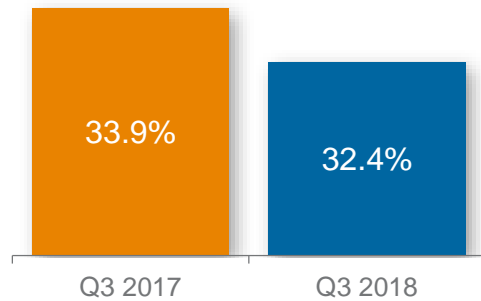
Adjusted Operating Income, Adjusted Operating Margin and Adjusted EPS are non-GAAP financial measures; see Appendix for descriptions and reconciliations.

*Represents Diluted Earnings Per Share from Continuing Operations

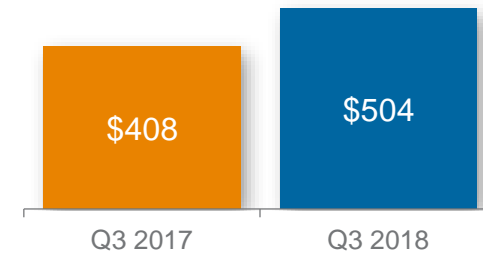
Operating Metrics

\$ in Millions

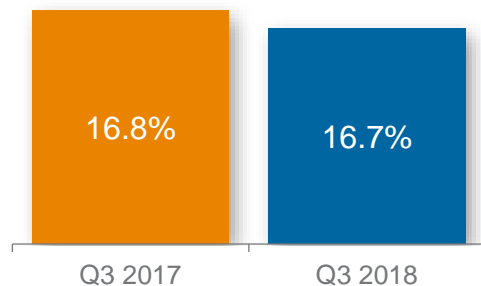
Adjusted Gross Margin Percentage



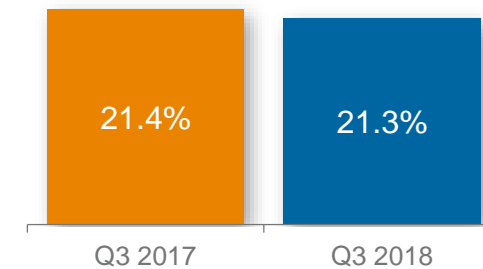
Free Cash Flow



Adjusted Operating Margin



Adjusted EBITDA Margin



Q4 Outlook

	Guidance*	Highlights
Transportation Solutions	<p>Up High Single Digits Up High Single Digits Organic</p>	<ul style="list-style-type: none"> • Transportation Solutions growth driven by high single digit organic growth in Automotive and continued strong momentum in Commercial Transportation and Sensors
Industrial Solutions	<p>Up Low Single Digits Up Mid Single Digits Organic</p>	<ul style="list-style-type: none"> • Industrial Solutions growth driven by strength across all business
Communications Solutions	<p>Down Low Single Digits Down Low Single Digits Organic</p>	<ul style="list-style-type: none"> • Communications Solutions performance driven by above market growth in Data & Devices and Appliances offset by SubCom
TE Connectivity	<p>Sales \$3.59B to \$3.69B Adjusted EPS \$1.31 to \$1.33</p>	<ul style="list-style-type: none"> • Sales up 5% Y/Y; Expect organic growth of 5% Y/Y • Adjusted EPS up 6% Y/Y at the midpoint <ul style="list-style-type: none"> • FX headwind impacting sales by ~\$49M Y/Y and Adjusted EPS by \$0.02 Y/Y • Y/Y tax rate negatively impacts Adjusted EPS by \$0.02

Organic growth of 5% with 6% adjusted EPS growth

* Assumes foreign exchange rates and commodity prices that are consistent with current levels

Organic Sales Growth and Adjusted EPS are non-GAAP financial measures; see Appendix for descriptions and reconciliations.

FY18 Outlook

Guidance*

Highlights

Transportation Solutions

Up High Teens
Up Low Double Digits Organic

Industrial Solutions

Up High Single Digits
Up Mid Single Digits Organic

Communications Solutions

Down Low Single Digits
Down Low Single Digits Organic

TE Connectivity

Sales of \$14.58B to \$14.68B
Adjusted EPS of \$5.56 to \$5.58

- Expect high-single digit organic Auto growth on ~2% production growth, reflecting content gains; Expect continued market outperformance in Commercial Transportation and continued growth in Sensors
- Industrial organic growth driven by Industrial Equipment, Commercial Air and Defense markets
- Communications organic decline driven by SubCom offset by above market growth in Appliances and Data & Devices
- Sales up 12% Y/Y; Organic growth of 6% Y/Y
- Adjusted EPS up 15% and \$0.74 Y/Y at midpoint
 - Generating \$0.58 of Adjusted EPS operationally
 - FX tailwind benefiting Adjusted EPS by \$0.19 Y/Y offset by \$0.03 tax impact

Fiscal Year Organic growth of 6% and adjusted EPS growth of 15%

* Assumes foreign exchange rates and commodity prices that are consistent with current levels

Organic Sales Growth and Adjusted EPS are non-GAAP financial measures; see Appendix for descriptions and reconciliations.

Additional Information

Y/Y Q3 2018

	Sales (in millions)	Adjusted EPS
Q3 2017 Results	\$3,367	\$1.24
Operational Performance	266	0.13
FX Impact	131	0.06
Tax Rate Impact	-	-
Q3 2018 Results	\$3,764	\$1.43

Y/Y Q4 2018

	Sales (in millions)	Adjusted EPS
Q4 2017 Results	\$3,456	\$1.25
Operational Performance	229	0.11
FX Impact	(49)	(0.02)
Tax Rate Impact		(0.02)
Q4 2018 Guidance	\$3,636	\$1.32

Guidance Range:
Sales of \$3.59B - \$3.69B
Adjusted EPS of \$1.31 – \$1.33

New acquisitions minimally accretive in first year

Y/Y FY 2018

	FY18	
	Sales (in millions)	Adjusted EPS
2017 Results	\$13,113	\$4.83
Operational Performance	1,089	0.58
FX Benefit	423	0.19
Tax Rate Impact	-	(0.03)
2018 Guidance	\$14,625	\$5.57

Guidance Range
Sales of \$14.58B - \$14.68B
Adjusted EPS of \$5.56 - \$5.58

Q3 Balance Sheet & Cash Flow Summary

Free Cash Flow and Working Capital

(\$ in Millions)	Q3 2017	Q3 2018
Cash from Continuing Operations	\$524	\$800
Capital expenditures, net	(159)	(227)
Cash paid (collected) pursuant to collateral requirements related to cross currency swaps	58	(69)
Pre-separation tax receipts, net	(15)	-
Free Cash Flow	\$408	\$504
A/R	\$2,271	\$2,591
Days Sales Outstanding*	61	62
Inventory (Excl. CIP)	\$1,635	\$1,882
Days on Hand*	66	66
Accounts Payable	\$1,309	\$1,583
Days Outstanding*	53	56

Liquidity, Cash & Debt

(\$ in Millions)	Q3 2017	Q3 2018
Beginning Cash Balance	\$773	\$559
Free Cash Flow	408	504
Dividends	(142)	(154)
Share repurchases	(178)	(230)
Acquisition	(77)	-
Other	(29)	91
Ending Cash Balance	\$755	\$770
Total Debt	\$3,991	\$4,008

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 Gross Margin and Adjusted Gross Margin Percentage – represent gross margin and gross margin percentage, respectively, (the most comparable GAAP financial measures) before special items including acquisition related charges, if any.
- 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 swaps, are also excluded by management in evaluating Free Cash Flow. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant, and equipment. These items are subtracted because they represent long-term commitments.

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

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

Segment Summary

	For the Quarters Ended				For the Nine Months Ended				
	June 29, 2018		June 30, 2017		June 29, 2018		June 30, 2017		
	(\$ in millions)								
	Net Sales		Net Sales		Net Sales		Net Sales		
Transportation Solutions	\$	2,112	\$	1,765	\$	6,278	\$	5,195	
Industrial Solutions		988		905		2,842		2,553	
Communications Solutions		664		697		1,869		1,909	
Total	\$	<u>3,764</u>	\$	<u>3,367</u>	\$	<u>10,989</u>	\$	<u>9,657</u>	
	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating	
	Income	Margin	Income	Margin	Income	Margin	Income	Margin	
Transportation Solutions	\$	394	18.7%	\$	333	18.9%	\$	986	19.0%
Industrial Solutions		93	9.4		100	11.0		258	10.1
Communications Solutions		71	10.7		111	15.9		276	14.5
Total	\$	<u>558</u>	<u>14.8%</u>	\$	<u>544</u>	<u>16.2%</u>	\$	<u>1,520</u>	<u>15.7%</u>
	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted	
	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating	
	Income ⁽¹⁾	Margin ⁽¹⁾	Income ⁽¹⁾	Margin ⁽¹⁾	Income ⁽¹⁾	Margin ⁽¹⁾	Income ⁽¹⁾	Margin ⁽¹⁾	
Transportation Solutions	\$	407	19.3%	\$	337	19.1%	\$	1,048	20.2%
Industrial Solutions		142	14.4		117	12.9		320	12.5
Communications Solutions		79	11.9		113	16.2		287	15.0
Total	\$	<u>628</u>	<u>16.7%</u>	\$	<u>567</u>	<u>16.8%</u>	\$	<u>1,655</u>	<u>17.1%</u>

⁽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 – Q3 18 vs. Q3 17

Change in Net Sales for the Quarter Ended June 29, 2018 versus Net Sales for the Quarter Ended June 30, 2017

	Net Sales Growth		Organic Net Sales Growth ⁽¹⁾		Translation ⁽²⁾		Acquisitions
	(\$ in millions)						
Transportation Solutions ⁽³⁾:							
Automotive	\$ 247	19.1%	\$ 130	10.0%	\$ 63		\$ 54
Commercial transportation	73	27.9	57	21.9	16		-
Sensors	27	12.9	17	8.0	10		-
Total	<u>347</u>	<u>19.7</u>	<u>204</u>	<u>11.6</u>	<u>89</u>		<u>54</u>
Industrial Solutions ⁽³⁾:							
Industrial equipment	50	11.0	27	6.0	18		5
Aerospace, defense, oil, and gas	24	8.9	16	6.0	8		-
Energy	9	5.1	4	2.2	5		-
Total	<u>83</u>	<u>9.2</u>	<u>47</u>	<u>5.3</u>	<u>31</u>		<u>5</u>
Communications Solutions ⁽³⁾:							
Data and devices	32	13.1	27	10.8	5		-
Subsea communications	(87)	(32.1)	(87)	(32.1)	-		-
Appliances	22	12.2	16	8.8	6		-
Total	<u>(33)</u>	<u>(4.7)</u>	<u>(44)</u>	<u>(6.3)</u>	<u>11</u>		<u>-</u>
Total	<u>\$ 397</u>	<u>11.8%</u>	<u>\$ 207</u>	<u>6.2%</u>	<u>\$ 131</u>		<u>\$ 59</u>

⁽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 June 29, 2018

	<u>Adjustments</u>			<u>Adjusted (Non-GAAP) ⁽²⁾</u>
	<u>U.S. GAAP</u>	<u>Acquisition Related Charges ⁽¹⁾</u>	<u>Restructuring and Other Charges, Net ⁽¹⁾</u>	
	(\$ in millions, except per share data)			
Operating Income:				
Transportation Solutions	\$ 394	\$ 2	\$ 11	\$ 407
Industrial Solutions	93	3	46	142
Communications Solutions	71	-	8	79
Total	<u>\$ 558</u>	<u>\$ 5</u>	<u>\$ 65</u>	<u>\$ 628</u>
Operating Margin	<u>14.8%</u>			<u>16.7%</u>
Other Expense, Net	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Income Tax Expense	<u>\$ (81)</u>	<u>\$ (2)</u>	<u>\$ (19)</u>	<u>\$ (102)</u>
Effective Tax Rate	<u>15.1%</u>			<u>16.9%</u>
Income from Continuing Operations	<u>\$ 454</u>	<u>\$ 3</u>	<u>\$ 46</u>	<u>\$ 503</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 1.29</u>	<u>\$ 0.01</u>	<u>\$ 0.13</u>	<u>\$ 1.43</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⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended June 30, 2017

	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)					
Operating Income:					
Transportation Solutions	\$ 333	\$ 1	\$ 3	\$ -	\$ 337
Industrial Solutions	100	3	14	-	117
Communications Solutions	111	-	2	-	113
Total	<u>\$ 544</u>	<u>\$ 4</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 567</u>
Operating Margin	<u>16.2%</u>				<u>16.8%</u>
Other Expense, Net	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ (5)</u>
Income Tax Expense	<u>\$ (71)</u>	<u>\$ (1)</u>	<u>\$ (3)</u>	<u>\$ (14)</u>	<u>\$ (89)</u>
Effective Tax Rate	<u>14.1%</u>				<u>16.7%</u>
Income from Continuing Operations	<u>\$ 432</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ (7)</u>	<u>\$ 444</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 1.21</u>	<u>\$ 0.01</u>	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ 1.24</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⁾ Income tax benefits associated with pre-separation tax matters and the related impact to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

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

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Nine Months Ended June 29, 2018

	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)					
Operating Income:					
Transportation Solutions	\$ 1,242	\$ 9	\$ 13	\$ -	\$ 1,264
Industrial Solutions	321	8	75	-	404
Communications Solutions	200	-	18	-	218
Total	<u>\$ 1,763</u>	<u>\$ 17</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 1,886</u>
Operating Margin	<u>16.0%</u>				<u>17.2%</u>
Other Income, Net	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>
Income Tax Expense	<u>\$ (789)</u>	<u>\$ (4)</u>	<u>\$ (27)</u>	<u>\$ 506</u>	<u>\$ (314)</u>
Effective Tax Rate	<u>46.5%</u>				<u>17.3%</u>
Income from Continuing Operations	<u>\$ 907</u>	<u>\$ 13</u>	<u>\$ 79</u>	<u>\$ 505</u>	<u>\$ 1,504</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 2.56</u>	<u>\$ 0.04</u>	<u>\$ 0.22</u>	<u>\$ 1.43</u>	<u>\$ 4.25</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 \$567 million of income tax expense related to the tax impacts of the Tax Cuts and Jobs Act and a \$61 million income tax benefit related to certain legal entity restructurings.

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

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Nine Months Ended June 30, 2017

	Adjustments				Adjusted (Non-GAAP) ⁽³⁾
	U.S. GAAP	Acquisition Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Tax Items ⁽²⁾	
(\$ in millions, except per share data)					
Operating Income:					
Transportation Solutions	\$ 986	\$ 2	\$ 60	\$ -	\$ 1,048
Industrial Solutions	258	8	54	-	320
Communications Solutions	276	-	11	-	287
Total	<u>\$ 1,520</u>	<u>\$ 10</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 1,655</u>
Operating Margin	<u>15.7%</u>				<u>17.1%</u>
Other Expense, Net	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ (24)</u>
Income Tax Expense	<u>\$ (164)</u>	<u>\$ (2)</u>	<u>\$ (33)</u>	<u>\$ (66)</u>	<u>\$ (265)</u>
Effective Tax Rate	<u>11.6%</u>				<u>17.1%</u>
Income from Continuing Operations	<u>\$ 1,244</u>	<u>\$ 8</u>	<u>\$ 92</u>	<u>\$ (59)</u>	<u>\$ 1,285</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 3.47</u>	<u>\$ 0.02</u>	<u>\$ 0.26</u>	<u>\$ (0.16)</u>	<u>\$ 3.58</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 income tax benefits associated with the tax impacts of certain intercompany transactions and the corresponding reduction in the valuation allowance for U.S. tax loss carryforwards. Also includes income tax benefits associated with pre-separation tax matters and the related impact to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

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

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended September 29, 2017

	<u>Adjustments</u>			<u>Adjusted (Non-GAAP) ⁽²⁾</u>
	<u>U.S. GAAP</u>	<u>Acquisition Related Charges ⁽¹⁾</u>	<u>Restructuring and Other Charges (Credits), Net ⁽¹⁾</u>	
	(\$ in millions, except per share data)			
Operating Income:				
Transportation Solutions	\$ 321	\$ 1	\$ 7	\$ 329
Industrial Solutions	111	-	19	130
Communications Solutions	109	-	(3)	106
Total	<u>\$ 541</u>	<u>\$ 1</u>	<u>\$ 23</u>	<u>\$ 565</u>
Operating Margin	<u>15.7%</u>			<u>16.3%</u>
Other Income, Net	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>
Income Tax Expense	<u>\$ (91)</u>	<u>\$ (1)</u>	<u>\$ (7)</u>	<u>\$ (99)</u>
Effective Tax Rate	<u>17.5%</u>			<u>18.2%</u>
Income from Continuing Operations	<u>\$ 429</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 445</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 1.21</u>	<u>\$ -</u>	<u>\$ 0.04</u>	<u>\$ 1.25</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⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Year Ended September 29, 2017

	Adjustments				Adjusted (Non-GAAP) ⁽³⁾
	U.S. GAAP	Acquisition Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Tax Items ⁽²⁾	
	(\$ in millions, except per share data)				
Operating Income:					
Transportation Solutions	\$ 1,307	\$ 3	\$ 67	\$ -	\$ 1,377
Industrial Solutions	369	8	73	-	450
Communications Solutions	385	-	8	-	393
Total	<u>\$ 2,061</u>	<u>\$ 11</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ 2,220</u>
Operating Margin	<u>15.7%</u>				<u>16.9%</u>
Other Expense, Net	<u>\$ (23)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ (16)</u>
Income Tax Expense	<u>\$ (255)</u>	<u>\$ (3)</u>	<u>\$ (40)</u>	<u>\$ (66)</u>	<u>\$ (364)</u>
Effective Tax Rate	<u>13.2%</u>				<u>17.4%</u>
Income from Continuing Operations	<u>\$ 1,673</u>	<u>\$ 8</u>	<u>\$ 108</u>	<u>\$ (59)</u>	<u>\$ 1,730</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 4.67</u>	<u>\$ 0.02</u>	<u>\$ 0.30</u>	<u>\$ (0.16)</u>	<u>\$ 4.83</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 income tax benefits associated with the tax impacts of certain intercompany transactions and the corresponding reduction in the valuation allowance for U.S. tax loss carryforwards. Also includes income tax benefits associated with pre-separation tax matters and the related impact to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

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

Reconciliation of Gross Margin & Gross Margin Percentage

	For the Quarters Ended	
	June 29, 2018	June 30, 2017
	(\$ in millions)	
Net Sales	\$ 3,764	\$ 3,367
Cost of Sales	<u>2,547</u>	<u>2,227</u>
Gross Margin	<u><u>1,217</u></u>	<u><u>1,140</u></u>
Gross Margin Percentage	<u><u>32.3%</u></u>	<u><u>33.9%</u></u>
Acquisition Related Charges	1	3
Adjusted Gross Margin ⁽¹⁾	<u><u>\$ 1,218</u></u>	<u><u>\$ 1,143</u></u>
Adjusted Gross Margin Percentage ⁽¹⁾	<u><u>32.4%</u></u>	<u><u>33.9%</u></u>

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

Reconciliation of Free Cash Flow

	<u>For the Quarters Ended</u>		<u>For the Nine Months Ended</u>	
	<u>June 29,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 29,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
	(in millions)			
Net cash provided by operating activities:				
Net cash provided by continuing operating activities	\$ 800	\$ 524	\$ 1,527	\$ 1,449
Net cash used in discontinued operating activities	-	(1)	-	(1)
	<u>800</u>	<u>523</u>	<u>1,527</u>	<u>1,448</u>
Net cash used in investing activities	(233)	(241)	(675)	(538)
Net cash used in financing activities	(338)	(299)	(1,302)	(791)
Effect of currency translation on cash	(18)	(1)	2	(11)
Net increase (decrease) in cash and cash equivalents	<u>\$ 211</u>	<u>\$ (18)</u>	<u>\$ (448)</u>	<u>\$ 108</u>
Net cash provided by continuing operating activities	\$ 800	\$ 524	\$ 1,527	\$ 1,449
Excluding:				
Receipts related to pre-separation U.S. tax matters, net	-	(15)	(5)	(23)
Cash paid (collected) pursuant to collateral requirements related to cross-currency swap contracts	(69)	58	10	19
Capital expenditures, net	<u>(227)</u>	<u>(159)</u>	<u>(667)</u>	<u>(440)</u>
Free cash flow⁽¹⁾	<u>\$ 504</u>	<u>\$ 408</u>	<u>\$ 865</u>	<u>\$ 1,005</u>

⁽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	
	June 29, 2018	June 30, 2017
	(\$ in millions)	
Net Income	\$ 454	\$ 435
(Income) from discontinued operations	-	(3)
Income tax expense	81	71
Other expense, net	1	12
Interest expense	25	32
Interest (income)	(3)	(3)
Operating Income	558	544
Acquisition related charges	5	4
Restructuring and other charges, net	65	19
Adjusted Operating Income⁽¹⁾	628	567
Depreciation and amortization ⁽²⁾	172	154
Adjusted EBITDA⁽¹⁾	<u>\$ 800</u>	<u>\$ 721</u>
Net Sales	\$ 3,764	\$ 3,367
Net income as a percentage of net sales	12.1%	12.9%
Adjusted EBITDA margin ⁽¹⁾	21.3%	21.4%

	For the Quarters Ended							
	June 29, 2018				June 30, 2017			
	Transportation Solutions	Industrial Solutions	Communications Solutions	Total	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(\$ in millions)							
Operating Income	\$ 394	\$ 93	\$ 71	\$ 558	\$ 333	\$ 100	\$ 111	\$ 544
Acquisition related charges	2	3	-	5	1	3	-	4
Restructuring and other charges, net	11	46	8	65	3	14	2	19
Adjusted Operating Income⁽¹⁾	407	142	79	628	337	117	113	567
Depreciation and amortization	105	43	24	172 ⁽²⁾	89	40	25	154 ⁽²⁾
Adjusted EBITDA⁽¹⁾	<u>\$ 512</u>	<u>\$ 185</u>	<u>\$ 103</u>	<u>\$ 800</u>	<u>\$ 426</u>	<u>\$ 157</u>	<u>\$ 138</u>	<u>\$ 721</u>
Net Sales	\$ 2,112	\$ 988	\$ 664	\$ 3,764	\$ 1,765	\$ 905	\$ 697	\$ 3,367
Operating margin	18.7%	9.4%	10.7%	14.8%	18.9%	11.0%	15.9%	16.2%
Adjusted operating margin ⁽¹⁾	19.3%	14.4%	11.9%	16.7%	19.1%	12.9%	16.2%	16.8%
Adjusted EBITDA margin ⁽¹⁾	24.2%	18.7%	15.5%	21.3%	24.1%	17.3%	19.8%	21.4%

⁽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 \$1 million and \$3 million for the quarters ended June 29, 2018 and June 30, 2017, respectively, as these charges are included in the acquisition related charges line.

Adjusted Return on Invested Capital (ROIC)

	As of or for the Quarters Ended							
	June 29, 2018	March 30, 2018	December 29, 2017	September 29, 2017	June 30, 2017	March 31, 2017	December 30, 2016	September 30, 2016
	(\$ in millions)							
Operating income	\$ 558	\$ 624	\$ 581	\$ 541	\$ 544	\$ 481	\$ 495	\$ 529
Acquisition related charges	5	5	7	1	4	3	3	4
Restructuring and other charges, net	65	6	35	23	19	59	47	30
Adjusted Operating Income ⁽¹⁾	<u>\$ 628</u>	<u>\$ 635</u>	<u>\$ 623</u>	<u>\$ 565</u>	<u>\$ 567</u>	<u>\$ 543</u>	<u>\$ 545</u>	<u>\$ 563</u>
Amortization expense	\$ 45	\$ 45	\$ 45	\$ 43	\$ 43	\$ 41	\$ 42	\$ 41
Adjustments ⁽²⁾	(1)	(2)	(1)	-	(3)	(1)	(1)	(1)
Adjusted amortization expense	<u>\$ 44</u>	<u>\$ 43</u>	<u>\$ 44</u>	<u>\$ 43</u>	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 41</u>	<u>\$ 40</u>
Adjusted operating income plus adjusted amortization expense	<u>\$ 672</u>	<u>\$ 678</u>	<u>\$ 667</u>	<u>\$ 608</u>	<u>\$ 607</u>	<u>\$ 583</u>	<u>\$ 586</u>	<u>\$ 603</u>
Income from continuing operations before income taxes	\$ 535	\$ 600	\$ 561	\$ 520	\$ 503	\$ 445	\$ 460	\$ 489
Acquisition related charges	5	5	7	1	4	3	3	4
Restructuring and other charges, net	65	6	35	23	19	59	47	30
Tax items	-	-	(1)	-	7	-	-	-
Adjusted income from continuing operations before income taxes	<u>\$ 605</u>	<u>\$ 611</u>	<u>\$ 602</u>	<u>\$ 544</u>	<u>\$ 533</u>	<u>\$ 507</u>	<u>\$ 510</u>	<u>\$ 523</u>
Income taxes paid, net of refunds	\$ 109	\$ 126	\$ 82	\$ 67	\$ 79	\$ 81	\$ 96	\$ 64
(Payments) refunds for tax deficiencies related to pre-separation tax matters	-	-	-	-	15	3	5	(22)
Payments related to income taxes on the sale of the Broadband Network								
Solutions business	-	-	-	-	-	-	-	(10)
Adjusted income taxes paid, net of refunds	<u>\$ 109</u>	<u>\$ 126</u>	<u>\$ 82</u>	<u>\$ 67</u>	<u>\$ 94</u>	<u>\$ 84</u>	<u>\$ 101</u>	<u>\$ 32</u>
Adjusted cash tax rate	18.0%	20.6%	13.6%	12.3%	17.6%	16.6%	19.8%	6.1%
Adjusted net operating profit after taxes	<u>\$ 551</u>	<u>\$ 538</u>	<u>\$ 576</u>	<u>\$ 533</u>	<u>\$ 500</u>	<u>\$ 486</u>	<u>\$ 470</u>	<u>\$ 566</u>
Trailing four quarter adjusted net operating profit after taxes	<u>\$ 2,198</u>				<u>\$ 2,022</u>			
Total debt	\$ 4,008	\$ 4,010	\$ 4,005	\$ 4,344	\$ 3,991	\$ 3,952	\$ 4,028	\$ 4,070
Total shareholders' equity	9,492	9,480	9,631	9,751	9,141	8,753	8,837	8,485
Invested capital	<u>\$ 13,500</u>	<u>\$ 13,490</u>	<u>\$ 13,636</u>	<u>\$ 14,095</u>	<u>\$ 13,132</u>	<u>\$ 12,705</u>	<u>\$ 12,865</u>	<u>\$ 12,555</u>
Trailing four quarter average invested capital	<u>\$ 13,680</u>				<u>\$ 12,814</u>			
Adjusted ROIC ⁽¹⁾	<u>16.1%</u>				<u>15.8%</u>			

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

⁽²⁾ Includes 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 September 28, 2018 ⁽¹⁾	Outlook for Fiscal 2018 ⁽¹⁾
Diluted earnings per share from continuing operations (GAAP)	\$1.23 - \$1.25	\$3.79 - \$3.81
Restructuring and other charges, net	0.07	0.29
Acquisition related charges	0.01	0.05
Tax items	-	1.43
Adjusted diluted earnings per share from continuing operations (non-GAAP) ⁽²⁾	<u>\$1.31 - \$1.33</u>	<u>\$5.56 - \$5.58</u>
Net sales growth (GAAP)	4 - 6%	11 - 12%
Translation	2	(3)
(Acquisitions) divestitures, net	(2)	(2)
Organic net sales growth (non-GAAP) ⁽²⁾	<u>4 - 6%</u>	<u>6 - 7%</u>
Effective tax rate (GAAP)		40 - 41%
Effective tax rate adjustments ⁽³⁾		(22)
Adjusted effective tax rate (non-GAAP) ⁽²⁾		<u>18 - 19%</u>

⁽¹⁾ Outlook is as of July 25, 2018.

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

⁽³⁾ Includes adjustments for special tax items and the tax effect of acquisition related charges and net 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.