



Q1 2020 Earnings

January 29, 2020



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. 27, 2019 as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures

Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP financial measure, in this presentation.

Q1 Highlights

Sales and Adjusted EPS exceeded guidance midpoint

- Sales of \$3.2B, down 5% on a reported & organic basis Y/Y; outperforming markets with content growth
 - Transportation down 6% organically, as expected, driven by production declines in the auto and commercial transportation markets
 - Industrial grew 1% organically, ahead of guidance, driven by AD&M, Energy and Medical
 - Communications down 14% organically, as expected, driven by continued distribution destocking
 - Sales included an approximate headwind of \$45M from currency exchange rates
- Orders grew sequentially, with a book to bill of 1.02
- Adjusted EPS of \$1.21, exceeding the high end of guidance due to higher sales and cost initiatives
- Strong Free Cash Flow of ~ \$245M with ~\$300M returned to shareholders

Increasing full year guidance driven by Q1 strength

- Sales of \$13.05B, which includes a ~\$200M Y/Y headwind from currency exchange rates
 - Content growth enabling market outperformance
- Raising Adjusted EPS to \$5.10
 - Includes a ~\$0.30 Y/Y headwind from currency and tax impacts
 - Continue to execute cost reduction & footprint consolidation plans, while investing for long term growth

Segment Orders Summary

(\$ in millions)

<u>Reported</u>	FY19	FY19	FY20	Q1 Y/Y Growth	
	Q1	Q4	Q1	Reported	Organic
Transportation	1,916	1,899	1,867	(3)%	(2)%
Industrial	1,001	933	965	(4)%	(2)%
Communications	403	374	409	1%	2%
Total TE	3,320	3,206	3,241	(2)%	(2)%
Book to Bill	0.99	0.97	1.02		

- Transportation sequential declines primarily driven by North America; seeing signs of stability in China
- Industrial sequential orders growth driven by AD&M and Medical; sequential growth across all regions
- Communications sequential order growth in Appliances and Data & Devices; sequential growth in Europe and China
- Distribution channel orders grew sequentially, as expected

Sequential orders growth signaling stabilization in certain end markets

Transportation Solutions

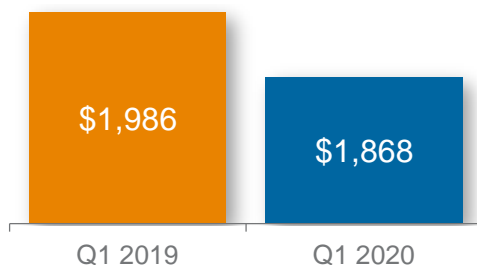


\$ in Millions

Q1 Sales

Reported

Down 6%

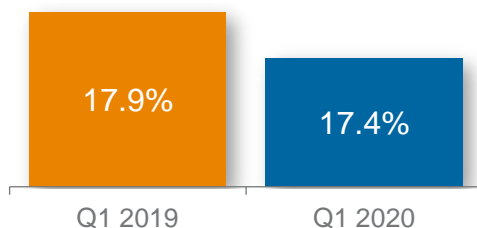


Organic

Down 6%

Q1 Adjusted Operating Margin

Adjusted Operating Margin down as expected on lower volumes



Adjusted EBITDA Margin 23.4% 23.4%

Q1 Business Performance

Y/Y Growth Rates		Reported	Organic
Automotive	\$1,405	(4)%	(3)%
Commercial Transportation	258	(13)%	(16)%
Sensors	205	(7)%	(11)%
Transportation Solutions	\$1,868	(6)%	(6)%

- Automotive sales down 3% organically driven by global auto production declines
- Commercial Transportation organic declines driven by weakness in North America and Europe, partially offset by growth in China
- Sensors decline driven by weakness in commercial transportation and industrial markets

Industrial Solutions

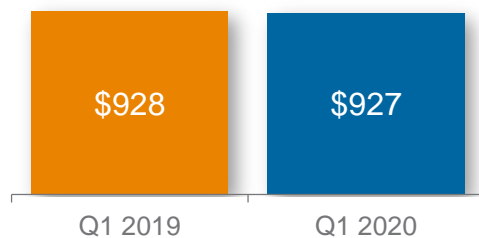
\$ in Millions

Q1 Sales

Reported

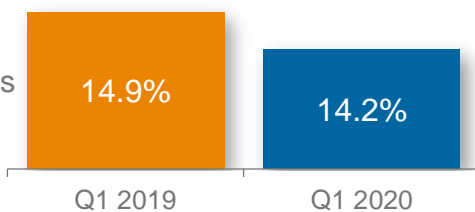
Flat

Organic
Up 1%



Q1 Adjusted Operating Margin

Adjusted Operating Margin down, as expected, due to costs associated with footprint optimization



Adjusted EBITDA Margin 19.7% 19.1%

Q1 Business Performance

Y/Y Growth Rates

Reported Organic

Segment	Revenue (\$ Millions)	Reported (%)	Organic (%)
Aerospace, Defense and Marine	\$309	8%	9%
Industrial Equipment	263	(17)%	(15)%
Medical	179	7%	7%
Energy	176	10%	12%
Industrial Solutions	\$927	0%	1%

- AD&M strong growth ahead of market driven by new program ramps in Defense and Commercial Aerospace applications
- Industrial Equipment declines driven by market weakness and distribution inventory destocking
- Medical growth driven by interventional medical applications
- Energy organic growth driven by investments for renewable energy and upgraded infrastructure



Communications Solutions

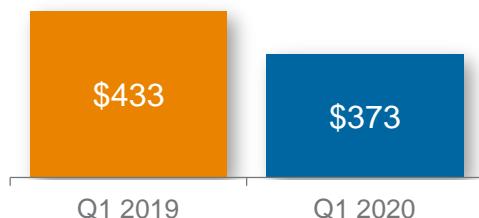


\$ in Millions

Q1 Sales

Reported

Down 14%

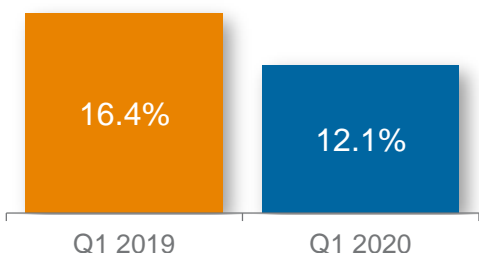


Organic

Down 14%

Q1 Adjusted Operating Margin

Adjusted Operating Margin decline, as expected, driven by market weakness



Adjusted EBITDA Margin 19.4% 16.4%

Q1 Business Performance

Y/Y Growth Rates		Reported	Organic
Data & Devices	\$219	(15)%	(15)%
Appliances	154	(13)%	(11)%
Communications Solutions	\$373	(14)%	(14)%

- Data & Devices and Appliances Y/Y declines continue to be driven by inventory destocking and demand driven weakness across all regions
- Expect to return to mid teens target Adjusted Operating Margins in second half as distribution channel demand normalizes

Q1 Financial Summary

(\$ in Millions, except per share amounts)	Q1 FY19	Q1 FY20
Net Sales	\$ 3,347	\$ 3,168
Operating Income	\$ 484	\$ 471
<i>Operating Margin</i>	14.5%	14.9%
Acquisition Related Charges	6	7
Restructuring & Other Charges, net	75	24
Adjusted Operating Income	\$ 565	\$ 502
<i>Adjusted Operating Margin</i>	16.9%	15.8%
Earnings Per Share*	\$ 1.11	\$ 0.07
Acquisition Related Charges	0.01	0.02
Restructuring & Other Charges, net	0.16	0.07
Tax Items**	-	1.05
Adjusted EPS	\$ 1.29	\$ 1.21

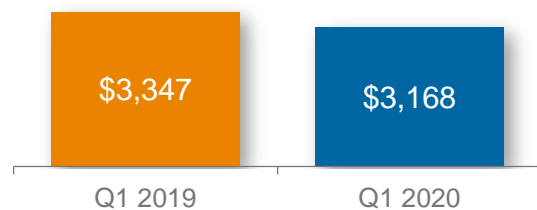
*Represents Diluted Earnings Per Share from Continuing Operations

** Income tax expense related to the tax impacts of certain measures of Swiss tax reform

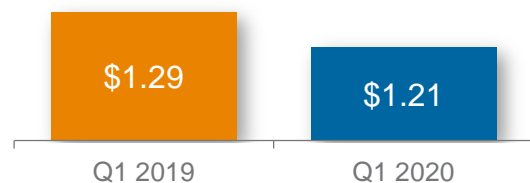
Q1 Financial Performance

\$ in Millions

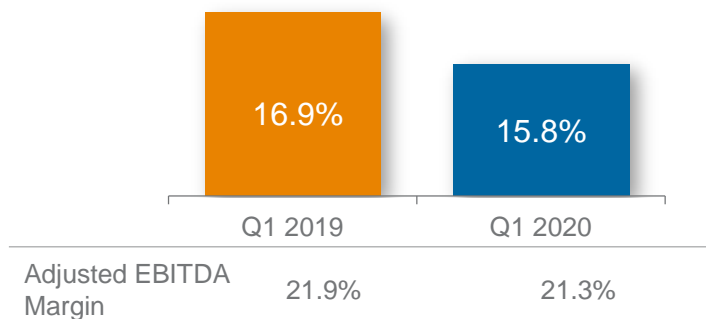
Sales



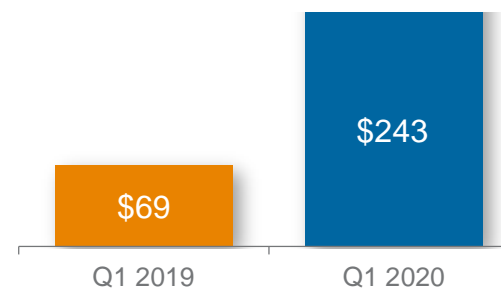
Adjusted EPS



Adjusted Operating Margin



Free Cash Flow







Q2 Outlook

	Guidance* (Y/Y)	Highlights
Transportation Solutions	<p>Down Mid Single Digits Down Low Single Digits Organic</p>	<ul style="list-style-type: none"> Transportation Solutions impacted by mid single-digit declines in global auto production and continued weakness in Commercial Transportation markets
Industrial Solutions	<p>Down Mid Single Digits Down Low Single Digits Organic</p>	<ul style="list-style-type: none"> Continued market-driven weakness in Industrial Equipment, partially offset by growth in Medical, Defense and Energy
Communications Solutions	<p>Down Mid Teens Down Low Teens Organic</p>	<ul style="list-style-type: none"> Communications Solutions decline driven by inventory destocking in the distribution channel and demand weakness across all regions
TE Connectivity	<p>Sales \$3.1B to \$3.3B Adjusted EPS \$1.22 to \$1.28</p>	<ul style="list-style-type: none"> Sales down 6% reported and 5% organic Y/Y Adjusted EPS down \$0.17 Y/Y from a market driven sales decline <ul style="list-style-type: none"> Includes a \$0.06 headwind from Tax and FX

Expect sequential improvement in Sales and Adjusted EPS

FY20 Outlook

	Guidance* (Y/Y)	Highlights
 <p>Transportation Solutions</p>	<p>Down Mid Single Digits Down Low Single Digits Organic</p>	<ul style="list-style-type: none"> • Content growth enabling auto market outperformance versus global production declines of mid single digits for the full year. Expect to outperform weak markets in Commercial Transportation • Industrial Solutions organic growth driven by Medical, Defense and Energy, partially offset by Industrial Equipment weakness from inventory destocking in the distribution channel • Communications decline driven by continued market weakness and inventory destocking in the distribution channel
 <p>Industrial Solutions</p>	<p>Flat Up Low Single Digits Organic</p>	
 <p>Communications Solutions</p>	<p>Down High Single Digits Down Mid Single Digits Organic</p>	
 <p>TE Connectivity</p>	<p>Sales of \$12.85B to \$13.25B Adjusted EPS of \$4.95 to \$5.25</p>	<ul style="list-style-type: none"> • Sales down 3% reported and 2% organic Y/Y • Adjusted EPS of \$5.10 includes headwinds of \$0.30 from Tax and FX

Guidance reflects outperformance versus weaker end markets due to benefits from content growth

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

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



Additional Information

Y/Y Q1 2020

	Sales (in millions)	Adjusted EPS
Q1 2019 Results	\$3,347	\$1.29
Operational Performance	(136)	(0.05)
FX Impact	(43)	(0.02)
Tax Rate Impact	-	(0.01)
Q1 2020 Results	\$3,168	\$1.21

Y/Y Q2 2020

	Sales (in millions)	Adjusted EPS
Q2 2019 Results	\$3,412	\$1.42
Operational Performance	(135)	(0.11)
FX Impact	(77)	(0.04)
Tax Rate Impact	-	(0.02)
Q2 2020 Guidance	\$3,200	\$1.25

Guidance Range:
Sales of \$3.1B - \$3.3B
Adjusted EPS of \$1.22 – \$1.28

Y/Y FY 2020

	Sales (in millions)	Adjusted EPS
2019 Results	\$13,448	\$5.55
Operational Performance	(189)	(0.15)
FX Impact	(209)	(0.11)
Tax Rate Impact	-	(0.19)
2020 Results	\$13,050	\$5.10

Guidance Range
Sales of \$12.85B - \$13.25B
Adjusted EPS of \$4.95 - \$5.25

Q1 Balance Sheet & Cash Flow Summary

Free Cash Flow and Working Capital

(\$ in Millions)	Q1 2019	Q1 2020
Cash from Continuing Operations	\$328	\$411
Capital expenditures, net	(209)	(174)
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	(50)	6
Free Cash Flow	\$69	\$243
A/R	\$2,380	\$2,338
Days Sales Outstanding*	64	66
Inventory	\$1,986	\$2,003
Days on Hand*	80	81
Accounts Payable	\$1,538	\$1,433
Days Outstanding*	62	60

Liquidity, Cash & Debt

(\$ in Millions)	Q1 2019	Q1 2020
Beginning Cash Balance	\$848	\$927
Free Cash Flow	69	243
Dividends	(150)	(154)
Share repurchases	(519)	(139)
Net decrease in debt	(28)	(9)
Proceeds from the sale of discontinued operation, net	288	0
Acquisition of businesses, net of cash acquired	0	(115)
Other	(3)	(11)
Ending Cash Balance	\$505	\$742
Total Debt	\$3,967	\$3,973

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



Sales Breakout of Industrial Businesses

Segment and Industry End Markets	For the Quarters Ended							For the Years Ended		
	September 27, 2019	June 28, 2019	March 29, 2019	December 28, 2018	September 28, 2018	June 29, 2018	March 30, 2018	December 29, 2017	September 27, 2019	September 28, 2018
(in millions)										
Net Sales – As Historically Reported:										
Industrial Solutions:										
Aerospace, defense, oil, and gas	\$ 348	\$ 342	\$ 331	\$ 285	\$ 310	\$ 295	\$ 298	\$ 254	\$ 1,306	\$ 1,157
Industrial equipment	479	485	502	483	514	506	496	471	1,949	1,987
Energy	187	178	174	160	190	187	178	157	699	712
Total	\$ 1,014	\$ 1,005	\$ 1,007	\$ 928	\$ 1,014	\$ 988	\$ 972	\$ 882	\$ 3,954	\$ 3,856
Impact of Realignment:										
Industrial Solutions:										
Aerospace, defense, oil, and gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Industrial equipment	(187)	(176)	(176)	(168)	(178)	(172)	(160)	(155)	(707)	(665)
Medical	187	176	176	168	178	172	160	155	707	665
Energy	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Sales - Recast to Reflect Realignment:										
Industrial Solutions:										
Aerospace, defense, oil, and gas	\$ 348	\$ 342	\$ 331	\$ 285	\$ 310	\$ 295	\$ 298	\$ 254	\$ 1,306	\$ 1,157
Industrial equipment	292	309	326	315	336	334	336	316	1,242	1,322
Medical	187	176	176	168	178	172	160	155	707	665
Energy	187	178	174	160	190	187	178	157	699	712
Total	\$ 1,014	\$ 1,005	\$ 1,007	\$ 928	\$ 1,014	\$ 988	\$ 972	\$ 882	\$ 3,954	\$ 3,856



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 (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 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) 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, 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					
	December 27, 2019		December 28, 2018			
	(\$ in millions)					
	Net Sales		Net Sales			
Transportation Solutions	\$	1,868	\$	1,986		
Industrial Solutions		927		928		
Communications Solutions		373		433		
Total	\$	3,168	\$	3,347		
	Operating	Operating	Operating	Operating		
	Income	Margin	Income	Margin		
Transportation Solutions	\$	316	16.9%	\$	332	16.7%
Industrial Solutions		115	12.4		100	10.8
Communications Solutions		40	10.7		52	12.0
Total	\$	471	14.9%	\$	484	14.5%
	Adjusted	Adjusted	Adjusted	Adjusted		
	Operating	Operating	Operating	Operating		
	Income ⁽¹⁾	Margin ⁽¹⁾	Income ⁽¹⁾	Margin ⁽¹⁾		
Transportation Solutions	\$	325	17.4%	\$	356	17.9%
Industrial Solutions		132	14.2		138	14.9
Communications Solutions		45	12.1		71	16.4
Total	\$	502	15.8%	\$	565	16.9%

⁽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 December 27, 2019 versus Net Sales for the Quarter Ended December 28, 2018

	Net Sales		Organic Net Sales		Translation ⁽²⁾	Acquisitions				
	Growth (Decline)		Growth (Decline) ⁽¹⁾							
	(\$ in millions)									
Transportation Solutions ⁽³⁾:										
Automotive	\$	(64)	(4.4)%	\$	(43)	(2.9)%	\$	(21)	\$	-
Commercial transportation		(39)	(13.1)		(45)	(15.6)		(7)		13
Sensors		(15)	(6.8)		(25)	(11.3)		(2)		12
Total		(118)	(5.9)		(113)	(5.6)		(30)		25
Industrial Solutions ⁽³⁾:										
Aerospace, defense, oil, and gas		24	8.4		27	9.4		(3)		-
Industrial equipment		(52)	(16.5)		(47)	(15.0)		(5)		-
Medical		11	6.5		12	6.9		(1)		-
Energy		16	10.0		19	12.1		(3)		-
Total		(1)	(0.1)		11	1.2		(12)		-
Communications Solutions ⁽³⁾:										
Data and devices		(38)	(14.8)		(38)	(14.8)		-		-
Appliances		(22)	(12.5)		(21)	(11.4)		(1)		-
Total		(60)	(13.9)		(59)	(13.7)		(1)		-
Total	\$	(179)	(5.3)%	\$	(161)	(4.8)%	\$	(43)	\$	25

⁽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.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended December 27, 2019

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

⁽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

	<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	\$ 332	\$ 3	\$ 21	\$ 356
Industrial Solutions	100	3	35	138
Communications Solutions	52	-	19	71
Total	<u>\$ 484</u>	<u>\$ 6</u>	<u>\$ 75</u>	<u>\$ 565</u>
Operating margin	<u>14.5%</u>			<u>16.9%</u>
Other expense, net	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Income tax expense	<u>\$ (78)</u>	<u>\$ (1)</u>	<u>\$ (19)</u>	<u>\$ (98)</u>
Effective tax rate	<u>16.9%</u>			<u>18.1%</u>
Income from continuing operations	<u>\$ 383</u>	<u>\$ 5</u>	<u>\$ 56</u>	<u>\$ 444</u>
Diluted earnings per share from continuing operations	<u>\$ 1.11</u>	<u>\$ 0.01</u>	<u>\$ 0.16</u>	<u>\$ 1.29</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 March 29, 2019

	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	\$ 316	\$ 4	\$ 24	\$ -	\$ 344
Industrial Solutions	137	5	17	-	159
Communications Solutions	77	-	1	-	78
Total	<u>\$ 530</u>	<u>\$ 9</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 581</u>
Operating margin	<u>15.5%</u>				<u>17.0%</u>
Other income, net	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Income tax expense	<u>\$ (91)</u>	<u>\$ (2)</u>	<u>\$ (10)</u>	<u>\$ 15</u>	<u>\$ (88)</u>
Effective tax rate	<u>17.5%</u>				<u>15.4%</u>
Income from continuing operations	<u>\$ 429</u>	<u>\$ 7</u>	<u>\$ 32</u>	<u>\$ 15</u>	<u>\$ 483</u>
Diluted earnings per share from continuing operations	<u>\$ 1.26</u>	<u>\$ 0.02</u>	<u>\$ 0.09</u>	<u>\$ 0.04</u>	<u>\$ 1.42</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 expense associated with the tax impacts of certain legal entity restructurings and intercompany transactions.

⁽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				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)				
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	<u>\$ 5.72</u>	<u>\$ 0.11</u>	<u>\$ 0.57</u>	<u>\$ (0.86)</u>	<u>\$ 5.55</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 \$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 Free Cash Flow

	<u>For the Quarters Ended</u>	
	<u>December 27, 2019</u>	<u>December 28, 2018</u>
	(in millions)	
Net cash provided by operating activities:		
Net cash provided by continuing operating activities	\$ 411	\$ 328
Net cash used in discontinued operating activities	-	(31)
	<u>411</u>	<u>297</u>
Net cash provided by (used in) investing activities	(289)	80
Net cash used in financing activities	(314)	(719)
Effect of currency translation on cash	7	(1)
Net decrease in cash, cash equivalents, and restricted cash	<u>\$ (185)</u>	<u>\$ (343)</u>
Net cash provided by continuing operating activities	\$ 411	\$ 328
Excluding:		
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	6	(50)
Capital expenditures, net	<u>(174)</u>	<u>(209)</u>
Free cash flow⁽¹⁾	<u>\$ 243</u>	<u>\$ 69</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	
	December 27, 2019	December 28, 2018
	(\$ in millions)	
Net income	\$ 26	\$ 276
Loss (income) from discontinued operations	(3)	107
Income tax expense	447	78
Other (income) expense, net	(5)	1
Interest expense	12	27
Interest income	(6)	(5)
Operating income	471	484
Acquisition-related charges	7	6
Restructuring and other charges, net	24	75
Adjusted operating income ⁽¹⁾	502	565
Depreciation and amortization ⁽²⁾	174	167
Adjusted EBITDA ⁽¹⁾	\$ 676	\$ 732
Net sales	\$ 3,168	\$ 3,347
Net income as a percentage of net sales	0.8%	8.2%
Adjusted EBITDA margin ⁽¹⁾	21.3%	21.9%

	For the Quarters Ended							
	December 27, 2019				December 28, 2018			
	Transportation Solutions	Industrial Solutions	Communications Solutions	Total	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(\$ in millions)							
Operating income	\$ 316	\$ 115	\$ 40	\$ 471	\$ 332	\$ 100	\$ 52	\$ 484
Acquisition-related charges	5	2	-	7	3	3	-	6
Restructuring and other charges, net	4	15	5	24	21	35	19	75
Adjusted operating income ⁽¹⁾	325	132	45	502	356	138	71	565
Depreciation and amortization ⁽²⁾	113	45	16	174	109	45	13	167
Adjusted EBITDA ⁽¹⁾	\$ 438	\$ 177	\$ 61	\$ 676	\$ 465	\$ 183	\$ 84	\$ 732
Net sales	\$ 1,868	\$ 927	\$ 373	\$ 3,168	\$ 1,986	\$ 928	\$ 433	\$ 3,347
Operating margin	16.9%	12.4%	10.7%	14.9%	16.7%	10.8%	12.0%	14.5%
Adjusted operating margin ⁽¹⁾	17.4%	14.2%	12.1%	15.8%	17.9%	14.9%	16.4%	16.9%
Adjusted EBITDA margin ⁽¹⁾	23.4%	19.1%	16.4%	21.3%	23.4%	19.7%	19.4%	21.9%

⁽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 for the quarter December 28, 2018, as these charges are included in the acquisition-related charges line.

Adjusted Return on Invested Capital (ROIC)

	As of or for the Quarters Ended							
	December 27, 2019	September 27, 2019	June 28, 2019	March 29, 2019	December 28, 2018	September 28, 2018	June 29, 2018	March 30, 2018
	(\$ in millions)							
Operating income	\$ 471	\$ 444	\$ 520	\$ 530	\$ 484	\$ 570	\$ 554	\$ 621
Acquisition-related charges and other items	7	23	9	9	6	5	5	5
Restructuring and other charges, net	24	71	67	42	75	22	64	6
Adjusted operating income ⁽¹⁾	\$ 502	\$ 538	\$ 596	\$ 581	\$ 565	\$ 597	\$ 623	\$ 632
Amortization expense	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Adjustment ⁽²⁾	-	-	-	(2)	(1)	-	(1)	(2)
Adjusted amortization expense	\$ 45	\$ 45	\$ 45	\$ 43	\$ 44	\$ 45	\$ 44	\$ 43
Adjusted operating income plus adjusted amortization expense	\$ 547	\$ 583	\$ 641	\$ 624	\$ 609	\$ 642	\$ 667	\$ 675
Income from continuing operations before income taxes	\$ 470	\$ 437	\$ 513	\$ 520	\$ 461	\$ 546	\$ 530	\$ 598
Acquisition-related charges and other items	7	23	9	9	6	5	5	5
Restructuring and other charges, net	24	71	67	42	75	22	64	6
Tax items	-	-	-	-	-	-	-	-
Adjusted income from continuing operations before income taxes	\$ 501	\$ 531	\$ 589	\$ 571	\$ 542	\$ 573	\$ 599	\$ 609
Income taxes paid, net of refunds	\$ 43	\$ 61	\$ 100	\$ 102	\$ 75	\$ 76	\$ 109	\$ 126
Adjusted cash tax rate	8.6%	11.5%	17.0%	17.9%	13.8%	13.3%	18.2%	20.7%
Adjusted net operating profit after taxes	\$ 500	\$ 516	\$ 532	\$ 513	\$ 525	\$ 557	\$ 546	\$ 535
Trailing four quarter adjusted net operating profit after taxes	\$ 2,061				\$ 2,163			
Total debt	\$ 3,973	\$ 3,965	\$ 4,036	\$ 3,982	\$ 3,967	\$ 4,000	\$ 4,008	\$ 4,010
Total shareholders' equity	10,557	10,570	10,622	9,994	10,236	10,831	9,492	9,480
Invested capital	\$ 14,530	\$ 14,535	\$ 14,658	\$ 13,976	\$ 14,203	\$ 14,831	\$ 13,500	\$ 13,490
Trailing four quarter average invested capital	\$ 14,425				\$ 14,006			
Adjusted ROIC ⁽¹⁾	14.3%				15.4%			

⁽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 and other items line.

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

	Outlook for Quarter Ending March 27, 2020 ⁽¹⁾	Outlook for Fiscal 2020 ⁽¹⁾
Diluted earnings per share from continuing operations	\$1.05 - \$1.11	\$3.23 - \$3.53
Restructuring and other charges, net	0.14	0.58
Acquisition-related charges	0.03	0.08
Tax items	-	1.06
Adjusted diluted earnings per share from continuing operations ⁽²⁾	<u>\$1.22 - \$1.28</u>	<u>\$4.95 - \$5.25</u>
Net sales growth (decline)	(9)% - (3)%	(4)% - (2)%
Translation	2	2
(Acquisitions) divestitures, net	(1)	(1)
Organic net sales growth (decline) ⁽²⁾	<u>(8)% - (2)%</u>	<u>(3)% - (1)%</u>
Effective tax rate		37.0% - 37.5%
Effective tax rate adjustments ⁽³⁾		<u>(19.0)</u>
Adjusted effective tax rate ⁽²⁾		<u>18.0% - 18.5%</u>

⁽¹⁾ Outlook is as of January 29, 2020

⁽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.