

# TE Connectivity Fourth Quarter 2020 Earnings

October 28, 2020

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# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results, and the impact on our operations resulting from the coronavirus disease 2019 ("COVID-19"). Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, the extent, severity and duration of COVID-19 negatively affecting our business operations; business, economic, competitive and regulatory risks, such as conditions affecting demand for products in the automotive and other industries we serve; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation, including the effects of Swiss tax reform. In addition, the extent to which COVID-19 will impact our business and our financial results will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the virus, the severity of the virus, the duration of the outbreak, the impact on our suppliers' and customers' supply chains, the actions that may be taken by various governmental authorities in response to the outbreak in jurisdictions in which we operate, and the possible impact on the global economy and local economies in which we operate. More detailed information about these and other factors is set forth in TE Connectivity Ltd.'s Annual Report on Form 10-K for the fiscal year ended Sept. 27, 2019 as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

## Non-GAAP Financial Measures

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

# Earnings Highlights

## Q4 Sales of \$3.26B, better than expectations; Adjusted EPS of \$1.16

- Sales up 28% sequentially on a reported basis versus expectations of up 10%
  - Transportation up 49% sequentially, driven by Automotive
  - Industrial up 11% sequentially, with sequential growth in all business units
  - Communications up 2% sequentially, driven by Appliances
- Strong orders of ~\$3.35B and a book to bill of 1.03
- Adjusted EPS of \$1.16; Adjusted Operating Margins up ~500bps sequentially to 14.5%
- Generated Free Cash Flow of ~\$650M, benefitting from planned inventory reduction in the quarter

## FY20 results demonstrate resiliency in a challenging environment

- Sales of \$12.2B, Adjusted Operating Margins of 14.2%, Adjusted EPS of \$4.26
- Communications resilient through the Covid-19 downturn, highlighting the diversity of our portfolio
- Global manufacturing strategy enabled resiliency in operations to meet our customer commitments
- Accelerated cost reduction and factory footprint consolidation plans
- FCF of ~\$1.5B with 104% conversion; ~\$1.1B returned to shareholders

## Q1 Guidance

- Expect sales of ~\$3.2B, up 1% reported Y/Y and Adjusted EPS of ~\$1.25, up 3% Y/Y
- Expect Adjusted Operating Margins and EPS to expand on a Y/Y basis in Q1

# Segment Orders Summary

(\$ in millions)

<u>Reported</u>	FY19	FY20	FY20	Q4 Growth	
	Q4	Q3	Q4	Y/Y	Q/Q
Transportation	1,899	1,178	2,124	12%	80%
Industrial	933	824	799	(14%)	(3)%
Communications	374	384	425	13%	11%
<b>Total TE</b>	<b>3,206</b>	<b>2,386</b>	<b>3,348</b>	<b>4%</b>	<b>40%</b>
<b>Book to Bill</b>	<b>0.97</b>	<b>0.94</b>	<b>1.03</b>		

- Transportation growth driven by Auto; sequential growth across all regions
- Industrial Y/Y declines driven primarily by Comm Air
- Communications growth driven by Appliances

Y/Y orders growth in all businesses in Transportation and Communications



# Transportation Solutions

\$ in Millions

## Q4 Sales

Reported

**Down 2%**

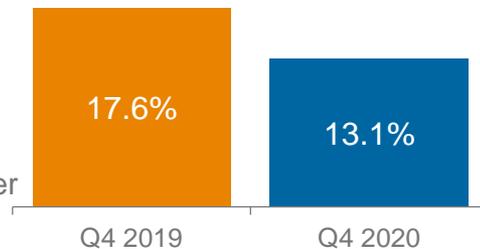
Organic

**Down 6%**



## Q4 Adjusted Operating Margin

Adjusted Operating Margins impacted by planned inventory reduction in the quarter



Adjusted EBITDA Margin      23.6%      19.6%

## Q4 Business Performance

Y/Y Growth Rates

**Reported**

**Organic**

Business Segment	Revenue (\$ in Millions)	Reported Y/Y Growth (%)	Organic Y/Y Growth (%)
Automotive	\$1,336	(3)%	(4)%
Commercial Transportation	266	(6)%	(6)%
Sensors	263	10%	(17)%
<b>Transportation Solutions</b>	<b>\$1,865</b>	<b>(2)%</b>	<b>(6)%</b>

- Automotive sales decline driven by global auto production trends; 6% content outperformance for FY20
- Commercial Transportation organic declines in North America and Europe, partially offset by growth in China
- Sensors +9% sequentially on an organic basis as expected; Y/Y impacted by market volatility



# Industrial Solutions

\$ in Millions

## Q4 Sales

Reported

**Down 5%**

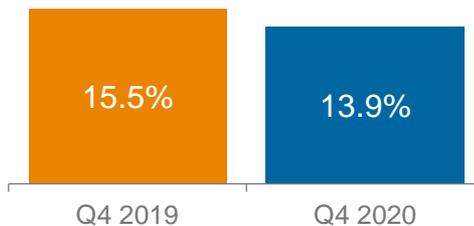
Organic

**Down 6%**



## Q4 Adjusted Operating Margin

Adjusted Operating Margins impacted by volume declines and inventory work down



Adjusted EBITDA Margin      19.9%      18.6%

## Q4 Business Performance

Y/Y Growth Rates

**Reported**      **Organic**

Business Segment	Revenue (\$ in Millions)	Reported Y/Y Growth	Organic Y/Y Growth
Aerospace, Defense and Marine	\$309	(11)%	(13)%
Industrial Equipment	290	(1)%	(2)%
Medical	171	(9)%	(9)%
Energy	189	1%	0%
<b>Industrial Solutions</b>	<b>\$959</b>	<b>(5)%</b>	<b>(6)%</b>

- AD&M decline driven by continued weakness in Commercial Aerospace market
- Industrial Equipment declines in Europe partially offset by growth in Asia
- Medical decline driven by continued delay in elective procedures caused by Covid-19
- Energy growth in China, partially offset by weakness in North America



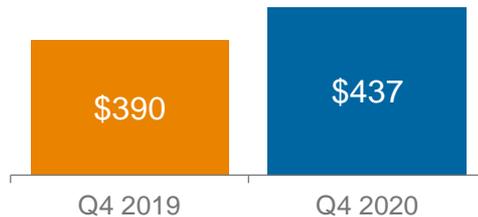
# Communications Solutions

\$ in Millions

## Q4 Sales

Reported  
**Up 12%**

Organic  
**Up 11%**

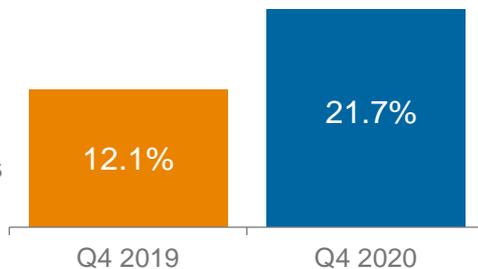


## Q4 Business Performance

Y/Y Growth Rates		Reported	Organic
Data & Devices	\$260	8%	7%
Appliances	177	18%	18%
<b>Communications Solutions</b>	<b>\$437</b>	<b>12%</b>	<b>11%</b>

## Q4 Adjusted Operating Margin

Adjusted Operating Margin performance ahead of expectations



Adjusted EBITDA Margin      16.2%      25.4%

- Data & Devices growth driven by strength in cloud related demand
- Appliances growth across all regions driven by improved housing market and supply chain replenishment
- Continue to expect Adjusted Operating Margins in the mid-teens going forward

# Q4 Financial Summary

(\$ in Millions, except per share amounts)

	Q4 FY19	Q4 FY20
<b>Net Sales</b>	\$ 3,300	\$ 3,261
<b>Operating Income</b>	\$ 444	\$ 347
<i>Operating Margin</i>	13.5%	10.6%
Acquisition-Related Charges & Other Items	23	13
Restructuring & Other Charges, Net	71	113
<b>Adjusted Operating Income</b>	\$ 538	\$ 473
<i>Adjusted Operating Margin</i>	16.3%	14.5%
<b>Earnings Per Share*</b>	\$ 1.11	\$ 0.69
Acquisition-Related Charges & Other Items	0.05	0.03
Restructuring & Other Charges, Net	0.17	0.28
Tax Items	-	0.17**
<b>Adjusted EPS</b>	\$ 1.33	\$ 1.16

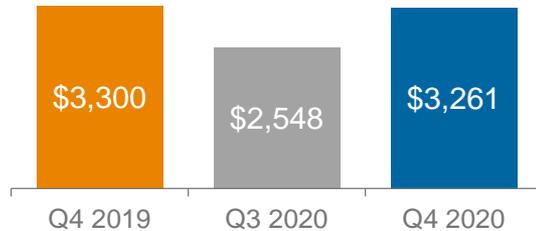
\*Represents Diluted Earnings (Loss) Per Share from Continuing Operations.

\*\* Income tax expense related to increases to the valuation allowance for certain deferred tax assets.

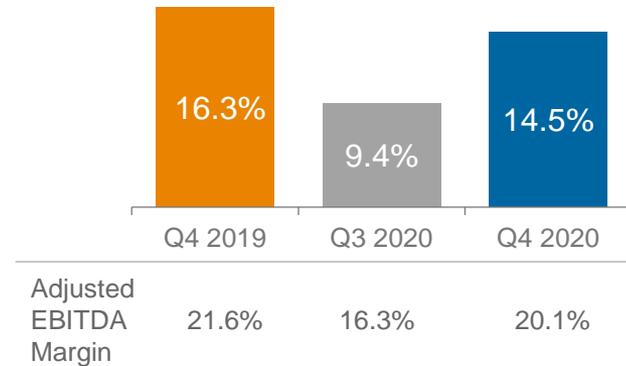
Adjusted Operating Income, Adjusted Operating Margin and Adjusted EPS are non-GAAP financial measures; see Appendix for descriptions and reconciliations.

# Q4 Financial Performance

## Sales



## Adjusted Operating Margin



## Adjusted EPS



## Free Cash Flow



Strong sequential improvement across all financial metrics

# Expectations Going Forward

## Q1 FY21 Guidance

- Expect Q1 sales of ~\$3.2B, up 1% reported and down 2% organically Y/Y
  - Sequential organic growth in Transportation offset by declines in Industrial & Communications
- Adjusted EPS of ~\$1.25, up ~3% Y/Y
- Expect Y/Y growth in Adjusted Operating Margins and EPS

## Key Market Assumptions

- Global auto production in Q1 of 20M – 21M vehicles, representing the high point for the fiscal year
- Expect the Comm Air market to decline over 20% for the second consecutive year
- Cloud provider capex growth driven by increasing online activities

## FY21 Financial Assumptions

- Estimated Adjusted tax rate of ~19%, with continued lower cash tax rate consistent with prior years
- Restructuring charges of ~\$200M
- Expect FCF conversion of ~100%
- Expect balanced capital strategy with 2/3 of Free Cash Flow returned to shareholders

# Additional Information

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# Y/Y Q4 2020

	Sales (in millions)	Adjusted EPS
<b>Q4 2019 Results</b>	<b>\$3,300</b>	<b>\$1.33</b>
Operational Performance	(78)	(0.19)
FX Impact	39	0.04
Tax Rate Impact	-	(0.02)
<b>Q4 2020 Results</b>	<b>\$3,261</b>	<b>\$1.16</b>

# Y/Y FY 2020

	Sales (in millions)	Adjusted EPS
<b>2019 Results</b>	<b>\$13,448</b>	<b>\$5.55</b>
Operational Performance	(1,177)	(1.23)
FX Impact	(99)	0.02
Tax Rate Impact	-	(0.08)
<b>2020 Results</b>	<b>\$12,172</b>	<b>\$4.26</b>

# Y/Y Q1 2021

	Sales (in millions)	Adjusted EPS
<b>Q1 2020 Results</b>	<b>\$3,168</b>	<b>\$1.21</b>
Operational Performance	(23)	-
FX Impact	55	0.04
Tax Rate Impact	-	-
<b>Q1 2021 Guidance</b>	<b>\$3,200</b>	<b>\$1.25</b>

# Q4 Balance Sheet & Cash Flow Summary

## Free Cash Flow and Working Capital

(\$ in Millions)	Q4 2019	Q4 2020
<b>Cash from Continuing Operating Activities</b>	\$879	\$719
Capital expenditures, net	(152)	(110)
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	(39)	39
<b>Free Cash Flow</b>	<b>\$688</b>	<b>\$648</b>
<b>A/R</b>	\$2,320	\$2,377
Days Sales Outstanding*	63	66
<b>Inventory</b>	\$1,836	\$1,950
Days on Hand*	71	74
<b>Accounts Payable</b>	\$1,357	\$1,276
Days Outstanding*	55	50

## Liquidity, Cash & Debt

(\$ in Millions)	Q4 2019	Q4 2020
<b>Beginning Cash Balance</b>	\$546	\$474
<b>Free Cash Flow</b>	688	648
Dividends	(154)	(159)
Share repurchases	(178)	0
Net decrease in debt	(31)	0
Acquisition of businesses, net of cash acquired	0	(11)
Other	56	(7)
<b>Ending Cash Balance</b>	<b>\$927</b>	<b>\$945</b>
<b>Total Debt</b>	<b>\$3,965</b>	<b>\$4,146</b>

# Appendix

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# 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.

## Non-GAAP Financial Measures (cont.)

- Adjusted EBITDA and Adjusted EBITDA Margin - represent net income (loss) and net income (loss) 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, impairment of goodwill, 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.
- Free Cash Flow Conversion – represents the ratio of Free Cash Flow to Adjusted Income (Loss) from Continuing Operations. We use Free Cash Flow Conversion as an indicator of our ability to convert earnings to cash.
- 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 Year Ended			
	September 25, 2020		September 27, 2019		September 25, 2020		September 27, 2019	
	(\$ in millions)							
	<b>Net Sales</b>		<b>Net Sales</b>		<b>Net Sales</b>		<b>Net Sales</b>	
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>\$ 3,261</b>		<b>\$ 3,300</b>		<b>\$ 12,172</b>		<b>\$ 13,448</b>	
	<b>Operating Income</b>	<b>Operating Margin</b>	<b>Operating Income</b>	<b>Operating Margin</b>	<b>Operating Income (Loss)</b>	<b>Operating Margin</b>	<b>Operating Income</b>	<b>Operating Margin</b>
Transportation Solutions	\$ 198	10.6 %	\$ 270	14.2 %	\$ (93)	(1.4) %	\$ 1,226	15.7 %
Industrial Solutions	85	8.9	150	14.8	412	11.1	543	13.7
Communications Solutions	64	14.6	24	6.2	218	13.5	209	12.5
<b>Total</b>	<b>\$ 347</b>	<b>10.6 %</b>	<b>\$ 444</b>	<b>13.5 %</b>	<b>\$ 537</b>	<b>4.4 %</b>	<b>\$ 1,978</b>	<b>14.7 %</b>
	<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>Adjusted Operating Margin<sup>(1)</sup></b>	<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>Adjusted Operating Margin<sup>(1)</sup></b>	<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>Adjusted Operating Margin<sup>(1)</sup></b>	<b>Adjusted Operating Income<sup>(1)</sup></b>	<b>Adjusted Operating Margin<sup>(1)</sup></b>
Transportation Solutions	\$ 245	13.1 %	\$ 334	17.6 %	\$ 952	13.9 %	\$ 1,401	17.9 %
Industrial Solutions	133	13.9	157	15.5	522	14.1	621	15.7
Communications Solutions	95	21.7	47	12.1	260	16.1	258	15.4
<b>Total</b>	<b>\$ 473</b>	<b>14.5 %</b>	<b>\$ 538</b>	<b>16.3 %</b>	<b>\$ 1,734</b>	<b>14.2 %</b>	<b>\$ 2,280</b>	<b>17.0 %</b>

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

# Reconciliation of Net Sales Growth

Change in Net Sales for the Quarter Ended September 25, 2020 versus Net Sales for the Quarter Ended September 27, 2019						
	Net Sales		Organic Net Sales		Translation <sup>(2)</sup>	Acquisitions
	Growth (Decline)		Growth (Decline) <sup>(1)</sup>			
	(\$ in millions)					
<b>Transportation Solutions <sup>(3)</sup>:</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 <sup>(3)</sup>:</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 <sup>(3)</sup>:</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>	<b>\$ (39)</b>	<b>(1.2) %</b>	<b>\$ (138)</b>	<b>(4.1) %</b>	<b>\$ 39</b>	<b>\$ 60</b>

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		Translation <sup>(2)</sup>	Acquisitions
	Growth (Decline)		Growth (Decline) <sup>(1)</sup>			
	(\$ in millions)					
<b>Transportation Solutions <sup>(3)</sup>:</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 <sup>(3)</sup>:</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 <sup>(3)</sup>:</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>	<b>\$ (1,276)</b>	<b>(9.5) %</b>	<b>\$ (1,332)</b>	<b>(9.9) %</b>	<b>\$ (99)</b>	<b>\$ 155</b>

<sup>(1)</sup> Organic net sales growth (decline) is a non-GAAP financial measure. See description of non-GAAP financial measures.

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

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

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended September 25, 2020

	<u>U.S. GAAP</u>	<u>Adjustments</u>			<u>Adjusted (Non-GAAP) <sup>(3)</sup></u>
		<u>Acquisition- Related Charges <sup>(1)</sup></u>	<u>Restructuring and Other Charges, Net <sup>(1)</sup></u>	<u>Tax Items <sup>(2)</sup></u>	
(\$ 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>	<u>\$ 347</u>	<u>\$ 13</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 473</u>
<b>Operating margin</b>	<u>10.6 %</u>				<u>14.5 %</u>
<b>Income tax expense</b>	<u>\$ (109)</u>	<u>\$ (4)</u>	<u>\$ (21)</u>	<u>\$ 56</u>	<u>\$ (78)</u>
<b>Effective tax rate</b>	<u>32.3 %</u>				<u>16.8 %</u>
<b>Income from continuing operations</b>	<u>\$ 228</u>	<u>\$ 9</u>	<u>\$ 92</u>	<u>\$ 56</u>	<u>\$ 385</u>
<b>Diluted earnings per share from continuing operations</b>	<u>\$ 0.69</u>	<u>\$ 0.03</u>	<u>\$ 0.28</u>	<u>\$ 0.17</u>	<u>\$ 1.16</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Income tax expense related to increases to the valuation allowance for certain deferred tax assets.

<sup>(3)</sup> See description of non-GAAP financial measures.

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

	<u>Adjustments</u>				<u>Adjusted (Non-GAAP) <sup>(3)</sup></u>
	<u>U.S. GAAP</u>	<u>Acquisition- Related Charges and Other Items <sup>(1)(2)</sup></u>	<u>Restructuring and Other Charges, Net <sup>(1)</sup></u>	<u>Tax Items</u>	
	(\$ 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>	<u>\$ 444</u>	<u>\$ 23</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 538</u>
<b>Operating margin</b>	<u>13.5 %</u>				<u>16.3 %</u>
<b>Income tax expense</b>	<u>\$ (61)</u>	<u>\$ (5)</u>	<u>\$ (15)</u>	<u>\$ 1</u>	<u>\$ (80)</u>
<b>Effective tax rate</b>	<u>14.0 %</u>				<u>15.1 %</u>
<b>Income from continuing operations</b>	<u>\$ 376</u>	<u>\$ 18</u>	<u>\$ 56</u>	<u>\$ 1</u>	<u>\$ 451</u>
<b>Diluted earnings per share from continuing operations</b>	<u>\$ 1.11</u>	<u>\$ 0.05</u>	<u>\$ 0.17</u>	<u>\$ -</u>	<u>\$ 1.33</u>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended June 26, 2020

	U.S. GAAP	Adjustments			Adjusted (Non-GAAP) <sup>(4)</sup>
		Acquisition- Related Charges <sup>(1)</sup>	Restructuring and Other Charges, Net <sup>(1)</sup>	Tax Items <sup>(2)</sup>	
(\$ in millions, except per share data)					
<b>Operating income (loss):</b>					
Transportation Solutions	\$ (1)	\$ 6	\$ 55	\$ -	\$ 60
Industrial Solutions	70	2	40	-	112
Communications Solutions	65	-	3	-	68
<b>Total</b>	<u>\$ 134</u>	<u>\$ 8</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 240</u>
<b>Operating margin</b>	<u>5.3 %</u>				<u>9.4 %</u>
<b>Other income, net</b>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>
<b>Income tax expense</b>	<u>\$ (185)</u>	<u>\$ (1)</u>	<u>\$ (21)</u>	<u>\$ 170</u>	<u>\$ (37)</u>
<b>Effective tax rate</b>	<u>145.7 %</u>				<u>15.9 %</u>
<b>Income (loss) from continuing operations</b>	<u>\$ (58)</u>	<u>\$ 7</u>	<u>\$ 77</u>	<u>\$ 170</u>	<u>\$ 196</u>
<b>Diluted earnings (loss) per share from continuing operations <sup>(3)</sup></b>	<u>\$ (0.18)</u>	<u>\$ 0.02</u>	<u>\$ 0.23</u>	<u>\$ 0.51</u>	<u>\$ 0.59</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Income tax expense related to an increase to the valuation allowance for certain non-U.S. deferred tax assets.

<sup>(3)</sup> U.S. GAAP diluted shares excludes one 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.

<sup>(4)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Year Ended September 25, 2020

	U.S. GAAP	Adjustments				Adjusted (Non-GAAP) <sup>(4)</sup>
		Acquisition- Related Charges <sup>(1)</sup>	Restructuring and Other Charges, Net <sup>(1)</sup>	Impairment of Goodwill <sup>(1)</sup>	Tax Items <sup>(2)</sup>	
(\$ 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>	<u>\$ 537</u>	<u>\$ 40</u>	<u>\$ 257</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 1,734</u>
<b>Operating margin</b>	<u>4.4 %</u>					<u>14.2 %</u>
<b>Other income, net</b>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ 12</u>
<b>Income tax expense</b>	<u>\$ (783)</u>	<u>\$ (8)</u>	<u>\$ (46)</u>	<u>\$ (4)</u>	<u>\$ 550</u>	<u>\$ (291)</u>
<b>Effective tax rate</b>	<u>149.4 %</u>					<u>17.0 %</u>
<b>Income (loss) from continuing operations</b>	<u>\$ (259)</u>	<u>\$ 32</u>	<u>\$ 211</u>	<u>\$ 896</u>	<u>\$ 542</u>	<u>\$ 1,422</u>
<b>Diluted earnings (loss) per share from continuing operations <sup>(3)</sup></b>	<u>\$ (0.78)</u>	<u>\$ 0.10</u>	<u>\$ 0.63</u>	<u>\$ 2.68</u>	<u>\$ 1.62</u>	<u>\$ 4.26</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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) <sup>(4)</sup>
	U.S. GAAP	Acquisition- Related Charges and Other Items <sup>(1)(2)</sup>	Restructuring and Other Charges, Net <sup>(1)</sup>	Tax Items <sup>(3)</sup>	
	(\$ 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>	<u>\$ 1,978</u>	<u>\$ 47</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 2,280</u>
<b>Operating margin</b>	<u>14.7%</u>				<u>17.0%</u>
<b>Other income, net</b>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
<b>Income tax (expense) benefit</b>	<u>\$ 15</u>	<u>\$ (9)</u>	<u>\$ (61)</u>	<u>\$ (291)</u>	<u>\$ (346)</u>
<b>Effective tax rate</b>	<u>(0.8)%</u>				<u>15.5%</u>
<b>Income from continuing operations</b>	<u>\$ 1,946</u>	<u>\$ 38</u>	<u>\$ 194</u>	<u>\$ (291)</u>	<u>\$ 1,887</u>
<b>Diluted earnings per share from continuing operations</b>	<u>\$ 5.72</u>	<u>\$ 0.11</u>	<u>\$ 0.57</u>	<u>\$ (0.86)</u>	<u>\$ 5.55</u>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> See description of non-GAAP financial measures.

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

	<u>U.S. GAAP</u>	<u>Adjustments</u>			<u>Adjusted (Non-GAAP) <sup>(3)</sup></u>
		<u>Acquisition-Related Charges <sup>(1)</sup></u>	<u>Restructuring and Other Charges, Net <sup>(1)</sup></u>	<u>Tax Items <sup>(2)</sup></u>	
		(\$ 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>	<u>\$ 471</u>	<u>\$ 7</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 502</u>
<b>Operating margin</b>	<u>14.9 %</u>				<u>15.8 %</u>
<b>Other income, net</b>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
<b>Income tax expense</b>	<u>\$ (447)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ (93)</u>
<b>Effective tax rate</b>	<u>95.1 %</u>				<u>18.6 %</u>
<b>Income from continuing operations</b>	<u>\$ 23</u>	<u>\$ 6</u>	<u>\$ 24</u>	<u>\$ 355</u>	<u>\$ 408</u>
<b>Diluted earnings per share from continuing operations</b>	<u>\$ 0.07</u>	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ 1.05</u>	<u>\$ 1.21</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Income tax expense related to the tax impacts of certain measures of Swiss tax reform.

<sup>(3)</sup> See description of non-GAAP financial measures.

# Reconciliation of Free Cash Flow

	For the Quarters Ended			For the Year Ended	
	June 26, 2020	September 25, 2020	September 27, 2019	September 25, 2020	September 27, 2019
	(in millions)				
Net cash provided by operating activities:					
Net cash provided by continuing operating activities	\$ 380	\$ 719	\$ 879	\$ 1,991	\$ 2,454
Net cash provided by (used in) discontinued operating activities	-	1	(1)	1	(32)
	380	720	878	1,992	2,422
Net cash used in investing activities	(81)	(117)	(153)	(865)	(692)
Net cash used in financing activities	(625)	(135)	(334)	(1,105)	(1,643)
Effect of currency translation on cash	4	3	(10)	(4)	(8)
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<u>\$ (322)</u>	<u>\$ 471</u>	<u>\$ 381</u>	<u>\$ 18</u>	<u>\$ 79</u>
Net cash provided by continuing operating activities	\$ 380	\$ 719	\$ 879	\$ 1,991	\$ 2,454
Excluding:					
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	27	39	(39)	34	(132)
Capital expenditures, net	(127)	(110)	(152)	(543)	(706)
<b>Free cash flow<sup>(1)</sup></b>	<u>\$ 280</u>	<u>\$ 648</u>	<u>\$ 688</u>	<u>\$ 1,482</u>	<u>\$ 1,616</u>

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

# Free Cash Flow Conversion

	For the Year Ended September 25, 2020 (\$ in millions)
<b>Free cash flow</b> <sup>(1)</sup>	<u>\$ 1,482</u>
<b>Adjusted income from continuing operations</b> <sup>(1)</sup>	<u>\$ 1,422</u>
<b>Free cash flow conversion</b> <sup>(1)</sup>	<u>104.2 %</u>

<sup>(1)</sup> See description of non-GAAP financial measures.

# Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin

	For the Quarters Ended			For the Years Ended	
	June 26, 2020	September 25, 2020	September 27, 2019	September 25, 2020	September 27, 2019
	(\$ in millions)				
<b>Net income (loss)</b>	\$ (41)	\$ 230	\$ 372	\$ (241)	\$ 1,844
(Income) loss from discontinued operations	(17)	(2)	4	(18)	102
Income tax expense (benefit)	185	109	61	783	(15)
Other income, net	(4)	-	-	(20)	(2)
Interest expense	13	12	13	48	68
Interest income	(2)	(2)	(6)	(15)	(19)
<b>Operating income</b>	134	347	444	537	1,978
Acquisition-related charges and other items	8	13	23	40	47
Restructuring and other charges, net	98	113	71	257	255
Impairment of goodwill	-	-	-	900	-
<b>Adjusted operating income</b> <sup>(1)</sup>	240	473	538	1,734	2,280
Depreciation and amortization <sup>(2)</sup>	176	181	175	711	687
<b>Adjusted EBITDA</b> <sup>(1)</sup>	<u>\$ 416</u>	<u>\$ 654</u>	<u>\$ 713</u>	<u>\$ 2,445</u>	<u>\$ 2,967</u>
<b>Net sales</b>	\$ 2,548	\$ 3,261	\$ 3,300	\$ 12,172	\$ 13,448
Net income (loss) as a percentage of net sales	(1.6) %	7.1 %	11.3 %	(2.0) %	13.7 %
<b>Adjusted EBITDA margin</b> <sup>(1)</sup>	16.3 %	20.1 %	21.6 %	20.1 %	22.1 %

	For the Quarters Ended				For the Quarters Ended			
	September 25, 2020		September 27, 2019		September 25, 2020		September 27, 2019	
	Transportation Solutions	Industrial Solutions	Communications Solutions	Total	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(\$ in millions)							
<b>Operating income</b>	\$ 198	\$ 85	\$ 64	\$ 347	\$ 270	\$ 150	\$ 24	\$ 444
Acquisition-related charges and other items	11	2	-	13	18	4	1	23
Restructuring and other charges, net	36	46	31	113	46	3	22	71
Impairment of goodwill	-	-	-	-	-	-	-	-
<b>Adjusted operating income</b> <sup>(1)</sup>	245	133	95	473	334	157	47	538
Depreciation and amortization	120	45	16	181	114	45	16	175
<b>Adjusted EBITDA</b> <sup>(1)</sup>	<u>\$ 365</u>	<u>\$ 178</u>	<u>\$ 111</u>	<u>\$ 654</u>	<u>\$ 448</u>	<u>\$ 202</u>	<u>\$ 63</u>	<u>\$ 713</u>
<b>Net sales</b>	\$ 1,865	\$ 959	\$ 437	\$ 3,261	\$ 1,896	\$ 1,014	\$ 390	\$ 3,300
Operating margin	10.6 %	8.9 %	14.6 %	10.6 %	14.2 %	14.8 %	6.2 %	13.5 %
Adjusted operating margin <sup>(1)</sup>	13.1 %	13.9 %	21.7 %	14.5 %	17.6 %	15.5 %	12.1 %	16.3 %
<b>Adjusted EBITDA margin</b> <sup>(1)</sup>	19.6 %	18.6 %	25.4 %	20.1 %	23.6 %	19.9 %	16.2 %	21.6 %

<sup>(1)</sup> See description of non-GAAP financial measures.

<sup>(2)</sup> Excludes non-cash amortization associated with fair value adjustments related to acquired customer order backlog of \$3 million for the year ended September 27, 2019 as these charges are included in the acquisition-related charges and other items line.

# Adjusted Return on Invested Capital (ROIC)

	As of or for the Quarters Ended							
	September 25, 2020	June 26, 2020	March 27, 2020	December 27, 2019	September 27, 2019	June 28, 2019	March 29, 2019	December 28, 2018
	(\$ in millions)							
Operating income (loss)	\$ 347	\$ 134	\$ (415)	\$ 471	\$ 444	\$ 520	\$ 530	\$ 484
Acquisition-related charges and other items	13	8	12	7	23	9	9	6
Restructuring and other charges, net	113	98	22	24	71	67	42	75
Impairment of goodwill	-	-	900	-	-	-	-	-
Adjusted operating income <sup>(1)</sup>	<u>\$ 473</u>	<u>\$ 240</u>	<u>\$ 519</u>	<u>\$ 502</u>	<u>\$ 538</u>	<u>\$ 596</u>	<u>\$ 581</u>	<u>\$ 565</u>
Amortization expense	\$ 45	\$ 46	\$ 46	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Adjustment <sup>(2)</sup>	-	-	-	-	-	-	(2)	(1)
Adjusted amortization expense	<u>\$ 45</u>	<u>\$ 46</u>	<u>\$ 46</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 43</u>	<u>\$ 44</u>
Adjusted operating income plus adjusted amortization expense	<u>\$ 518</u>	<u>\$ 286</u>	<u>\$ 565</u>	<u>\$ 547</u>	<u>\$ 583</u>	<u>\$ 641</u>	<u>\$ 624</u>	<u>\$ 609</u>
Income (loss) from continuing operations before income taxes	\$ 337	\$ 127	\$ (410)	\$ 470	\$ 437	\$ 513	\$ 520	\$ 461
Acquisition-related charges and other items	13	8	12	7	23	9	9	6
Restructuring and other charges, net	113	98	22	24	71	67	42	75
Impairment of goodwill	-	-	900	-	-	-	-	-
Tax items	-	-	(8)	-	-	-	-	-
Adjusted income from continuing operations before income taxes	<u>\$ 463</u>	<u>\$ 233</u>	<u>\$ 516</u>	<u>\$ 501</u>	<u>\$ 531</u>	<u>\$ 589</u>	<u>\$ 571</u>	<u>\$ 542</u>
Income taxes paid, net of refunds	\$ 62	\$ 51	\$ 101	\$ 43	\$ 61	\$ 100	\$ 102	\$ 75
Adjusted cash tax rate	13.4 %	21.9 %	19.6 %	8.6 %	11.5 %	17.0 %	17.9 %	13.8 %
<b>Adjusted net operating profit after taxes</b>	<u>\$ 449</u>	<u>\$ 223</u>	<u>\$ 454</u>	<u>\$ 500</u>	<u>\$ 516</u>	<u>\$ 532</u>	<u>\$ 513</u>	<u>\$ 525</u>
<b>Trailing four quarter adjusted net operating profit after taxes</b>	<u>\$ 1,626</u>				<u>\$ 2,086</u>			
Total debt	\$ 4,146	\$ 4,086	\$ 4,355	\$ 3,973	\$ 3,965	\$ 4,036	\$ 3,982	\$ 3,967
Total TEConnectivity Ltd. shareholders' equity	9,383	9,036	9,066	10,557	10,570	10,622	9,994	10,236
<b>Invested capital</b>	<u>\$ 13,529</u>	<u>\$ 13,122</u>	<u>\$ 13,421</u>	<u>\$ 14,530</u>	<u>\$ 14,535</u>	<u>\$ 14,658</u>	<u>\$ 13,976</u>	<u>\$ 14,203</u>
<b>Trailing four quarter average invested capital</b>	<u>\$ 13,651</u>				<u>14,343</u>			
<b>Adjusted ROIC <sup>(1)</sup></b>	<u>11.9 %</u>				<u>14.5 %</u>			

<sup>(1)</sup> See description of non-GAAP financial measures.

<sup>(2)</sup> 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

	<b>Outlook for Quarter Ending December 25, 2020 <sup>(1)</sup></b>
<b>Diluted earnings per share from continuing operations</b>	\$ 0.83
Restructuring and other charges, net	0.40
Acquisition-related charges	0.02
<b>Adjusted diluted earnings per share from continuing operations <sup>(2)</sup></b>	<u><u>\$ 1.25</u></u>
<b>Net sales growth (decline)</b>	1.0 %
Translation	(1.7)
(Acquisitions) divestitures, net	(1.3)
<b>Organic net sales growth (decline) <sup>(2)</sup></b>	<u><u>(2.0) %</u></u>
	<b>Outlook for Fiscal 2021 <sup>(1)</sup></b>
<b>Effective tax rate</b>	<u>19 %</u>
Effective tax rate adjustments <sup>(3)</sup>	-
<b>Adjusted effective tax rate <sup>(2)</sup></b>	<u><u>19 %</u></u>

<sup>(1)</sup> Outlook is as of October 28, 2020.

<sup>(2)</sup> See description of non-GAAP financial measures.

<sup>(3)</sup> 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.