



Q1 2019 Earnings

January 23, 2019



EVERY CONNECTION COUNTS



Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive and data and devices industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in TE Connectivity Ltd.’s Annual Report on Form 10-K for the fiscal year ended Sept. 28, 2018 as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures

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

Q1 Highlights

Delivered revenue and EPS in line with guidance in a softening market environment

- **Sales of \$3.35B, flat Y/Y on a reported basis and up 2% organically**
 - Transportation flat organically with Auto outperforming declining production, reflecting global content growth
 - Industrial grew 5% organically driven by AD&M and Medical
 - Communications grew 5% organically with strong growth in Data and Devices
- **Adjusted EPS of \$1.29, at the high end of guidance**
 - Adjusted operating margins of 16.9%
 - Adjusted EPS of \$1.29, down 9% Y/Y with headwinds from tax and currency exchange rates
- **Free Cash Flow of \$69M, in line with expectations, with \$645M returned to shareholders**

Full year guidance updated to reflect end market weakness primarily in China

- **FY19 Guidance reflecting flat organic sales Y/Y**
 - Q1 orders down 4% organically Y/Y with Book to Bill of 0.99
 - Revenue of \$13.65B which includes ~\$375M headwind Y/Y from foreign currency exchange rates
 - Adjusted EPS of \$5.45, which includes a \$0.25 headwind Y/Y from currency and tax impacts
 - Accelerating cost reduction and footprint consolidation plans to help mitigate lower sales

Segment Orders Summary

(\$ in millions)

<u>Reported</u>	FY18	FY18	FY19	Q1 Y/Y Growth	
	Q1	Q4	Q1	Reported	Organic
Transportation	2,129	2,033	1,916	(10)%	(8)%
Industrial	942	980	1,001	6%	6%
Communications	454	452	403	(11)%	(10)%
Total TE	3,525	3,465	3,320	(6)%	(4)%
Book to Bill	1.06	0.99	0.99		

- Q1 orders decline driven primarily by weakness in China, partially offset by strength in North America
- Transportation declines in Automotive and Commercial Transportation, partially offset by orders growth in Sensors
- Industrial orders growing as expected driven by Aerospace, Defense and Oil & Gas
- Communications impacted by Asia weakness in both Data and Devices and Appliances

Y/Y and sequential declines in orders driven by weakness in China

Transportation Solutions

\$ in Millions

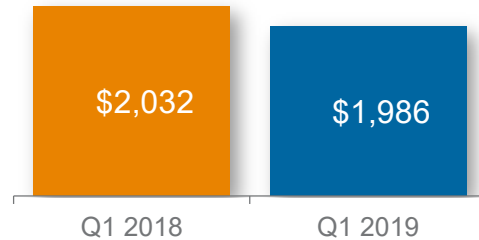
Q1 Sales

Reported

Down 2%

Organic

Flat



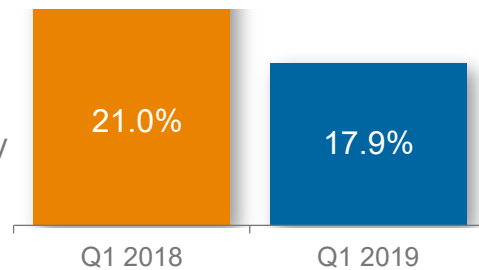
Y/Y Growth Rates

Orders

	Reported	Organic
Orders	\$1,916 (10)%	(8)%

Q1 Adjusted Operating Margin

Adjusted Operating Margin flat sequentially as expected



Adjusted EBITDA Margin 25.9% 23.4%

Q1 Business Performance

Y/Y Growth Rates

Reported

Organic

		Reported	Organic
Automotive	\$1,469	(3)%	(1)%
Commercial Transportation	297	(1)%	2%
Sensors	220	2%	4%
Transportation Solutions	\$1,986	(2)%	0%

- Automotive sales decline of 1% organically versus global auto production declines of 7%; market outperformance in each region driven by content growth
- Commercial Transportation organic growth of 2% vs market declines of 7%, reflecting content and share gains
- Sensors organic growth driven by industrial related applications



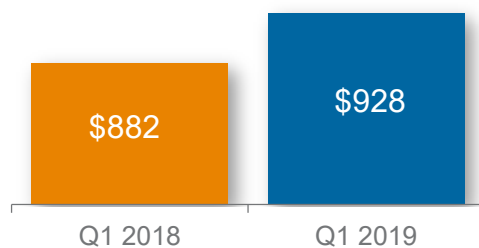
Industrial Solutions

\$ in Millions

Q1 Sales

Reported
Up 5%

Organic
Up 5%



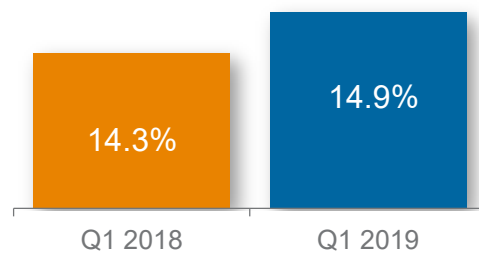
Y/Y Growth Rates

	Reported	Organic
Orders	6%	6%

Orders \$1,001 6% 6%

Q1 Adjusted Operating Margin

Adjusted Operating Margin expansion of 60 basis points driven primarily by operating leverage



Adjusted EBITDA Margin 19.0% 19.7%

Q1 Business Performance

Y/Y Growth Rates		Reported	Organic
Aerospace, Defense and Marine	\$285	12%	13%
Industrial Equipment	483	3%	(1)%
Energy	160	2%	6%
Industrial Solutions	\$928	5%	5%

- AD&M double digit organic growth across Commercial Aerospace, Defense, and Oil & Gas
- Industrial Equipment down slightly organically, with growth in medical applications more than offset by weakness in factory automation applications
- Energy organic growth driven by North America

Communications Solutions

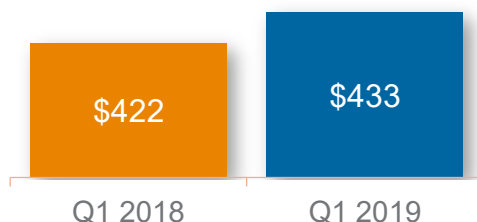


\$ in Millions

Q1 Sales

Reported
Up 3%

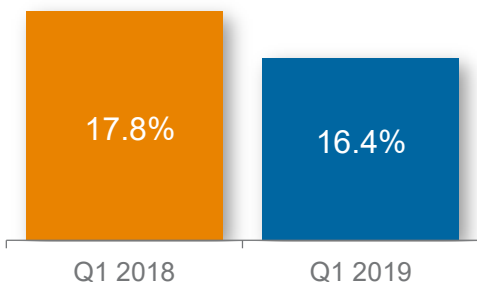
Organic
Up 5%



Y/Y Growth Rates	Reported	Organic
Orders	\$403 (11)%	(10)%

Q1 Adjusted Operating Margin

Adjusted Operating Margin in line with expectations



Adjusted EBITDA Margin	22.3%	19.4%
------------------------	-------	-------

Q1 Business Performance

Y/Y Growth Rates	Reported	Organic
Data & Devices	\$257 8%	9%
Appliances	176 (4)%	(2)%
Communications Solutions	\$433 3%	5%

- Data & Devices organic growth driven by high speed connectivity in the data center
- Appliances impacted by softness in the Asia market, partially offset by growth in North America

Q1 Financial Summary

(\$ in Millions, except per share amounts)	Q1 FY18	Q1 FY19
Net Sales	\$ 3,336	\$ 3,347
Operating Income	\$ 586	\$ 484
<i>Operating Margin</i>	17.6%	14.5%
Acquisition Related Charges	7	6
Restructuring & Other Charges, net	34	75
Adjusted Operating Income	\$ 627	\$ 565
<i>Adjusted Operating Margin</i>	18.8%	16.9%
Earnings (Loss) Per Share*	\$ (0.09)	\$ 1.11
Acquisition Related Charges	0.01	0.01
Restructuring & Other Charges, net	0.07	0.16
Tax Items**	1.42	-
Adjusted EPS	\$ 1.42	\$ 1.29

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

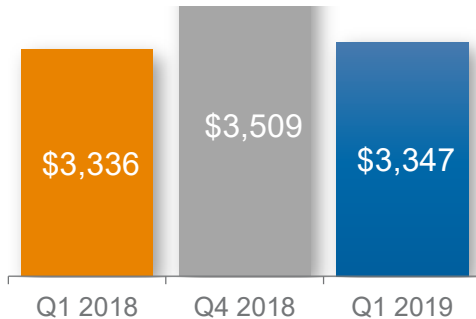
** Q1 FY18 includes \$567 million of income tax expense related to the tax impacts of the Tax Cuts and Jobs Act and a \$61 million income tax benefit related to certain legal entity restructurings

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

Q1 Financial Performance

\$ in Millions

Sales

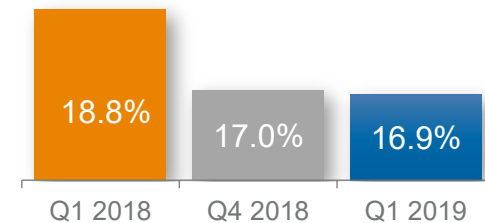


- Q1 FY19 Sales up 2% organically Y/Y
- Q1 FY19 FX headwind of \$73M Y/Y

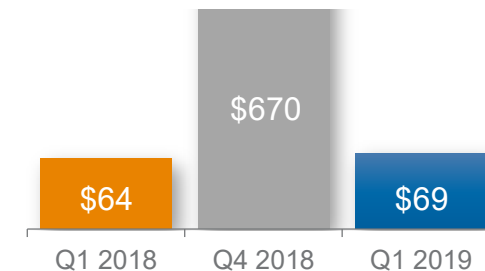
Adjusted EPS



Adjusted Operating Margin



Free Cash Flow



Q2 Outlook

	Guidance*	Highlights
Transportation Solutions	<p>Down High Single Digits Down Low Single Digits Organic</p>	<ul style="list-style-type: none"> Automotive expected to be down mid single digits organically Y/Y on 9% decline in global production, primarily driven by China. Expect growth in Sensors Industrial Solutions organic growth driven by AD&M and medical applications, offset by softness in factory automation applications Communications Solutions organic decline driven by Asia
Industrial Solutions	<p>Flat Up Low Single Digits Organic</p>	
Communications Solutions	<p>Down High Single Digits Down Mid Single Digits Organic</p>	
TE Connectivity	<p>Sales \$3.3B to \$3.4B Adjusted EPS \$1.25 to \$1.29</p>	<ul style="list-style-type: none"> Sales down 6% reported and 2% organic Y/Y Adjusted EPS down 11% Y/Y at the midpoint <ul style="list-style-type: none"> FX headwind impacting sales by \$155M Y/Y and Adjusted EPS by \$0.05 Y/Y

Y/Y declines driven by market weakness in China

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

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



FY19 Outlook

	Guidance*	Highlights
Transportation Solutions	<p>Down Low Single Digits Flat Organic</p>	<ul style="list-style-type: none"> Content growth enables market outperformance, with flat Auto organic growth on 4-5% decline in global auto production. Expect continued growth in Sensors Industrial Solutions growth driven by AD&M and medical applications Communications decline driven by Asia markets in Data & Devices and Appliances
Industrial Solutions	<p>Up Low Single Digits Up Low Single Digits Organic</p>	
Communications Solutions	<p>Down Mid Single Digits Down Low Single Digits Organic</p>	
TE Connectivity	<p>Sales of \$13.45B to \$13.85B Adjusted EPS of \$5.35 to \$5.55</p>	<ul style="list-style-type: none"> Sales down 2% reported and flat organic Y/Y Adjusted EPS up low-single digits excluding headwinds from: <ul style="list-style-type: none"> FX impacting Sales by ~\$375M and Adjusted EPS by \$0.16 Tax impacting Adjusted EPS by \$0.09

Demonstrating resiliency in weaker markets

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

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



Additional Information

Y/Y Q1 2019

	Sales (in millions)	Adjusted EPS
Q1 2018 Results	\$3,336	\$1.42
Operational Performance	84	(0.02)
Non-operational Items	-	(0.06)
FX Impact	(73)	(0.03)
Tax Rate Impact	-	(0.02)
Q1 2019 Results	\$3,347	\$1.29

Y/Y Q2 2019

	Sales (in millions)	Adjusted EPS
Q2 2018 Results	\$3,562	\$1.42
Operational Performance	(57)	(0.11)
FX Impact	(155)	(0.05)
Tax Rate Impact	-	0.01
Q2 2019 Guidance	\$3,350	\$1.27

Guidance Range:
Sales of \$3.3B - \$3.4B
Adjusted EPS of \$1.25 – \$1.29

Y/Y FY 2019

	Sales (in millions)	Adjusted EPS
2018 Results	\$13,988	\$5.61
Operational Performance	37	0.09
FX Impact	(375)	(0.16)
Tax Rate Impact	-	(0.09)
2019 Guidance	\$13,650	\$5.45

Guidance Range
Sales of \$13.45B - \$13.85B
Adjusted EPS of \$5.35 - \$5.55

Q1 Balance Sheet & Cash Flow Summary

Free Cash Flow and Working Capital

(\$ in Millions)	Q1 2018	Q1 2019
Cash from Continuing Operations	\$283	\$328
Capital expenditures, net	(237)	(209)
Cash (collected) paid pursuant to collateral requirements related to cross currency swaps	18	(50)
Free Cash Flow	\$64	\$69
A/R	\$2,274	\$2,380
Days Sales Outstanding*	61	64
Inventory	\$1,810	\$1,986
Days on Hand*	75	80
Accounts Payable	\$1,519	\$1,538
Days Outstanding*	63	62

Liquidity, Cash & Debt

(\$ in Millions)	Q1 2018	Q1 2019
Beginning Cash Balance	\$1,218	\$848
Free Cash Flow	64	69
Dividends	(141)	(150)
Share repurchases	(167)	(519)
Proceeds from sale of discontinued operation, net	-	288
Net decrease in debt	(348)	(28)
Other	78	(3)
Ending Cash Balance	\$704	\$505
Total Debt	\$4,005	\$3,967

Appendix

Non-GAAP Financial Measures

We present non-GAAP performance and liquidity measures as we believe it is appropriate for investors to consider adjusted financial measures in addition to results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP financial measures provide supplemental information and should not be considered replacements for results in accordance with GAAP. Management uses non-GAAP financial measures internally for planning and forecasting purposes and in its decision-making processes related to the operations of our company. We believe these measures provide meaningful information to us and investors because they enhance the understanding of our operating performance, ability to generate cash, and the trends of our business. Additionally, we believe that investors benefit from having access to the same financial measures that management uses in evaluating our operations. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP financial measures in combination with the most directly comparable GAAP financial measures in order to better understand the amounts, character, and impact of any increase or decrease in reported amounts. These non-GAAP financial measures may not be comparable to similarly-titled measures reported by other companies.

The following provides additional information regarding our non-GAAP financial measures:

- Organic Net Sales Growth – represents net sales growth (the most comparable GAAP financial measure) excluding the impact of foreign currency exchange rates, and acquisitions and divestitures that occurred in the preceding twelve months, if any. Organic Net Sales Growth is a useful measure of our performance because it excludes items that are not completely under management’s control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity. This measure is a significant component in our incentive compensation plans.
- Adjusted Operating Income and Adjusted Operating Margin – represent operating income and operating margin, respectively, (the most comparable GAAP financial measures) before special items including restructuring and other charges, acquisition related charges, and other income or charges, if any. We utilize these adjusted measures in combination with operating income and operating margin to assess segment level operating performance and to provide insight to management in evaluating segment operating plan execution and market conditions. Adjusted Operating Income is a significant component in our incentive compensation plans.
- Adjusted Other Income (Expense), Net – represents net other income (expense) (the most comparable GAAP financial measure) before special items including tax sharing income related to adjustments to prior period tax returns and other items, if any.
- Adjusted Income Tax Expense and Adjusted Effective Tax Rate – represent income tax expense and effective tax rate, respectively, (the most comparable GAAP financial measures) after adjusting for the tax effect of special items including restructuring and other charges, acquisition related charges, other income or charges, and certain significant tax items, if any.
- Adjusted Income from Continuing Operations – represents income from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition related charges, tax sharing income related to adjustments to prior period tax returns and other tax items, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects.
- Adjusted Earnings Per Share – represents diluted earnings per share from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition related charges, tax sharing income related to adjustments to prior period tax returns and other tax items, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects. This measure is a significant component in our incentive compensation plans.

Non-GAAP Financial Measures (cont.)

- Adjusted EBITDA and Adjusted EBITDA Margin - represent net income and net income as a percentage of net sales, respectively, (the most comparable GAAP financial measures) before interest expense, interest income, income taxes, depreciation, and amortization, as adjusted for net other income, income from discontinued operations, and special items including restructuring and other charges, acquisition related charges, and other income or charges, if any.
- Free Cash Flow (FCF) – is a useful measure of our ability to generate cash. The difference between net cash provided by continuing operating activities (the most comparable GAAP financial measure) and Free Cash Flow consists mainly of significant cash outflows and inflows that we believe are useful to identify. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations.

Free Cash Flow is defined as net cash provided by continuing operating activities excluding voluntary pension contributions and the cash impact of special items, if any, minus net capital expenditures. Voluntary pension contributions are excluded from the GAAP financial measure because this activity is driven by economic financing decisions rather than operating activity. Certain special items, including net payments related to pre-separation tax matters and cash paid (collected) pursuant to collateral requirements related to cross-currency swap contracts, are also excluded by management in evaluating Free Cash Flow. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant, and equipment. These items are subtracted because they represent long-term commitments.

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

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

Segment Summary

	For the Quarters Ended					
	December 28, 2018		December 29, 2017			
	(\$ in millions)					
	Net Sales		Net Sales			
Transportation Solutions	\$	1,986	\$	2,032		
Industrial Solutions		928		882		
Communications Solutions		433		422		
Total	\$	3,347	\$	3,336		
	Operating	Operating	Operating	Operating		
	Income	Margin	Income	Margin		
Transportation Solutions	\$	332	16.7%	\$	417	20.5%
Industrial Solutions		100	10.8		102	11.6
Communications Solutions		52	12.0		67	15.9
Total	\$	484	14.5%	\$	586	17.6%
	Adjusted	Adjusted	Adjusted	Adjusted		
	Operating	Operating	Operating	Operating		
	Income ⁽¹⁾	Margin ⁽¹⁾	Income ⁽¹⁾	Margin ⁽¹⁾		
Transportation Solutions	\$	356	17.9%	\$	426	21.0%
Industrial Solutions		138	14.9		126	14.3
Communications Solutions		71	16.4		75	17.8
Total	\$	565	16.9%	\$	627	18.8%

⁽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 – Q1 19 vs. Q1 18

Change in Net Sales for the Quarter Ended December 28, 2018 versus Net Sales for the Quarter Ended December 29, 2017

	Net		Organic Net		Translation ⁽²⁾	Acquisition
	Sales Growth		Sales Growth ⁽¹⁾			
			(\$ in millions)			
Transportation Solutions ⁽³⁾:						
Automotive	\$	(48) (3.2)%	\$	(9) (0.6)%	\$	(39) \$ -
Commercial transportation		(3) (1.0)		5 1.7		(8) -
Sensors		5 2.3		8 3.8		(3) -
Total		(46) (2.3)		4 0.2		(50) -
Industrial Solutions ⁽³⁾:						
Industrial equipment		12 2.5		(2) (0.5)		(7) 21
Aerospace, defense, oil, and gas		31 12.2		33 12.7		(2) -
Energy		3 1.9		9 5.8		(6) -
Total		46 5.2		40 4.5		(15) 21
Communications Solutions ⁽³⁾:						
Data and devices		19 8.0		22 9.3		(3) -
Appliances		(8) (4.3)		(3) (1.7)		(5) -
Total		11 2.6		19 4.6		(8) -
Total	\$	11 0.3%	\$	63 1.9%	\$	(73) \$ 21

⁽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 December 28, 2018

	<u>U.S. GAAP</u>	<u>Adjustments</u>		<u>Adjusted (Non-GAAP) ⁽²⁾</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 December 29, 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	\$ 417	\$ 5	\$ 4	\$ -	\$ 426
Industrial Solutions	102	2	22	-	126
Communications Solutions	67	-	8	-	75
Total	<u>\$ 586</u>	<u>\$ 7</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 627</u>
Operating Margin	<u>17.6%</u>				<u>18.8%</u>
Other Income, Net	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>
Income Tax Expense	<u>\$ (599)</u>	<u>\$ (2)</u>	<u>\$ (8)</u>	<u>\$ 506</u>	<u>\$ (103)</u>
Effective Tax Rate	<u>105.8%</u>				<u>17.0%</u>
Income (Loss) from Continuing Operations	<u>\$ (33)</u>	<u>\$ 5</u>	<u>\$ 26</u>	<u>\$ 505</u>	<u>\$ 503</u>
Diluted Earnings (Loss) per Share from Continuing Operations ⁽⁴⁾	<u>\$ (0.09)</u>	<u>\$ 0.01</u>	<u>\$ 0.07</u>	<u>\$ 1.42</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 \$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.

⁽⁴⁾ U.S. GAAP diluted shares excludes 3 million of nonvested restricted share awards and nonvested options 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.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended September 28, 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	\$ 341	\$ 3	\$ 20	\$ -	\$ 364
Industrial Solutions	146	2	4	-	152
Communications Solutions	83	-	(2)	-	81
Total	<u>\$ 570</u>	<u>\$ 5</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 597</u>
Operating Margin	<u>16.2%</u>				<u>17.0%</u>
Other Expense, Net	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Income Tax (Expense) Benefit	<u>\$ 1,128</u>	<u>\$ (1)</u>	<u>\$ (4)</u>	<u>\$ (1,222)</u>	<u>\$ (99)</u>
Effective Tax Rate	<u>(206.6)%</u>				<u>17.3%</u>
Income from Continuing Operations	<u>\$ 1,674</u>	<u>\$ 4</u>	<u>\$ 18</u>	<u>\$ (1,222)</u>	<u>\$ 474</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 4.78</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ (3.49)</u>	<u>\$ 1.35</u>

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

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

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

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended March 30, 2018

	U.S. GAAP	Adjustments		Adjusted (Non-GAAP) ⁽²⁾
		Acquisition Related Charges ⁽¹⁾	Restructuring and Other Charges (Credits), Net ⁽¹⁾	
(\$ in millions, except per share data)				
Operating Income:				
Transportation Solutions	\$ 427	\$ 2	\$ (2)	\$ 427
Industrial Solutions	125	3	7	135
Communications Solutions	69	-	1	70
Total	\$ 621	\$ 5	\$ 6	\$ 632
Operating Margin	17.4%			17.7%
Other Income, Net	\$ 1	\$ -	\$ -	\$ 1
Income Tax Expense	\$ (108)	\$ -	\$ 1	\$ (107)
Effective Tax Rate	18.1%			17.6%
Income from Continuing Operations	\$ 490	\$ 5	\$ 7	\$ 502
Diluted Earnings per Share from Continuing Operations	\$ 1.38	\$ 0.01	\$ 0.02	\$ 1.42

⁽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 28, 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	\$ 1,578	\$ 12	\$ 33	\$ -	\$ 1,623
Industrial Solutions	465	10	80	-	555
Communications Solutions	288	-	13	-	301
Total	<u>\$ 2,331</u>	<u>\$ 22</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ 2,479</u>
Operating Margin	<u>16.7%</u>				<u>17.7%</u>
Other Income, Net	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
Income Tax (Expense) Benefit	<u>\$ 344</u>	<u>\$ (5)</u>	<u>\$ (31)</u>	<u>\$ (716)</u>	<u>\$ (408)</u>
Effective Tax Rate	<u>(15.4)%</u>				<u>17.1%</u>
Income from Continuing Operations	<u>\$ 2,584</u>	<u>\$ 17</u>	<u>\$ 95</u>	<u>\$ (717)</u>	<u>\$ 1,979</u>
Diluted Earnings per Share from Continuing Operations	<u>\$ 7.32</u>	<u>\$ 0.05</u>	<u>\$ 0.27</u>	<u>\$ (2.03)</u>	<u>\$ 5.61</u>

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

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

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

Reconciliation of Free Cash Flow

	For the Quarters Ended		
	December 28, 2018	December 29, 2017	September 28, 2018
	(in millions)		
Net cash provided by operating activities:			
Net cash provided by continuing operating activities	\$ 328	\$ 283	\$ 922
Net cash provided by (used in) discontinued operating activities	(31)	67	2
	297	350	924
Net cash provided by (used in) investing activities	80	(241)	(419)
Net cash used in financing activities	(719)	(634)	(420)
Effect of currency translation on cash	(1)	11	(7)
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (343)	\$ (514)	\$ 78
Net cash provided by continuing operating activities	\$ 328	\$ 283	\$ 922
Excluding:			
Cash (collected) paid pursuant to collateral requirements related to cross-currency swap contracts	(50)	18	6
Capital expenditures, net	(209)	(237)	(258)
Free cash flow⁽¹⁾	\$ 69	\$ 64	\$ 670

⁽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 28,	December 29,
	2018	2017
	(\$ in millions)	
Net Income (Loss)	\$ 276	\$ (40)
Loss from discontinued operations	107	7
Income tax expense	78	599
Other (income) expense, net	1	(2)
Interest expense	27	26
Interest income	(5)	(4)
Operating Income	484	586
Acquisition related charges	6	7
Restructuring and other charges, net	75	34
Adjusted Operating Income ⁽¹⁾	565	627
Depreciation and amortization ⁽²⁾	167	161
Adjusted EBITDA ⁽¹⁾	\$ 732	\$ 788
Net Sales	\$ 3,347	\$ 3,336
Net income (loss) as a percentage of net sales	8.2%	(1.2)%
Adjusted EBITDA margin ⁽¹⁾	21.9%	23.6%

	For the Quarters Ended							
	December 28, 2018				December 29, 2017			
	Transportation Solutions	Industrial Solutions	Communications Solutions	Total	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(\$ in millions)							
Operating Income	\$ 332	\$ 100	\$ 52	\$ 484	\$ 417	\$ 102	\$ 67	\$ 586
Acquisition related charges	3	3	-	6	5	2	-	7
Restructuring and other charges, net	21	35	19	75	4	22	8	34
Adjusted Operating Income ⁽¹⁾	356	138	71	565	426	126	75	627
Depreciation and amortization ⁽²⁾	109	45	13	167	100	42	19	161
Adjusted EBITDA ⁽¹⁾	\$ 465	\$ 183	\$ 84	\$ 732	\$ 526	\$ 168	\$ 94	\$ 788
Net Sales	\$ 1,986	\$ 928	\$ 433	\$ 3,347	\$ 2,032	\$ 882	\$ 422	\$ 3,336
Operating margin	16.7%	10.8%	12.0%	14.5%	20.5%	11.6%	15.9%	17.6%
Adjusted operating margin ⁽¹⁾	17.9%	14.9%	16.4%	16.9%	21.0%	14.3%	17.8%	18.8%
Adjusted EBITDA margin ⁽¹⁾	23.4%	19.7%	19.4%	21.9%	25.9%	19.0%	22.3%	23.6%

⁽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 quarters ended December 28, 2018 and December 29, 2017, 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 28, 2018	September 28, 2018	June 29, 2018	March 30, 2018	December 29, 2017	September 29, 2017	June 30, 2017	March 31, 2017
	(\$ in millions)							
Operating income	\$ 484	\$ 570	\$ 554	\$ 621	\$ 586	\$ 491	\$ 486	\$ 435
Acquisition related charges	6	5	5	5	7	1	4	3
Restructuring and other charges, net	75	22	64	6	34	22	20	59
Adjusted Operating Income ⁽¹⁾	<u>\$ 565</u>	<u>\$ 597</u>	<u>\$ 623</u>	<u>\$ 632</u>	<u>\$ 627</u>	<u>\$ 514</u>	<u>\$ 510</u>	<u>\$ 497</u>
Amortization expense	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 43	\$ 43	\$ 41
Adjustment ⁽²⁾	(1)	-	(1)	(2)	(1)	-	(3)	(1)
Adjusted amortization expense	<u>\$ 44</u>	<u>\$ 45</u>	<u>\$ 44</u>	<u>\$ 43</u>	<u>\$ 44</u>	<u>\$ 43</u>	<u>\$ 40</u>	<u>\$ 40</u>
Adjusted operating income plus adjusted amortization expense	<u>\$ 609</u>	<u>\$ 642</u>	<u>\$ 667</u>	<u>\$ 675</u>	<u>\$ 671</u>	<u>\$ 557</u>	<u>\$ 550</u>	<u>\$ 537</u>
Income from continuing operations before income taxes	\$ 461	\$ 546	\$ 530	\$ 598	\$ 566	\$ 451	\$ 445	\$ 396
Acquisition related charges	6	5	5	5	7	1	4	3
Restructuring and other charges, net	75	22	64	6	34	22	20	59
Tax items	-	-	-	-	(1)	-	7	-
Adjusted income from continuing operations before income taxes	<u>\$ 542</u>	<u>\$ 573</u>	<u>\$ 599</u>	<u>\$ 609</u>	<u>\$ 606</u>	<u>\$ 474</u>	<u>\$ 476</u>	<u>\$ 458</u>
Income taxes paid, net of refunds	\$ 75	\$ 76	\$ 109	\$ 126	\$ 82	\$ 67	\$ 79	\$ 81
Refunds for tax deficiencies related to pre-separation tax matters	-	-	-	-	-	-	15	3
Adjusted income taxes paid, net of refunds	<u>\$ 75</u>	<u>\$ 76</u>	<u>\$ 109</u>	<u>\$ 126</u>	<u>\$ 82</u>	<u>\$ 67</u>	<u>\$ 94</u>	<u>\$ 84</u>
Adjusted cash tax rate	13.8%	13.3%	18.2%	20.7%	13.5%	14.1%	19.7%	18.3%
Adjusted net operating profit after taxes	<u>\$ 525</u>	<u>\$ 557</u>	<u>\$ 546</u>	<u>\$ 535</u>	<u>\$ 580</u>	<u>\$ 478</u>	<u>\$ 441</u>	<u>\$ 439</u>
Trailing four quarter adjusted net operating profit after taxes	<u>\$ 2,163</u>				<u>\$ 1,938</u>			
Total debt	\$ 3,967	\$ 4,000	\$ 4,008	\$ 4,010	\$ 4,005	\$ 4,344	\$ 3,991	\$ 3,952
Total shareholders' equity	10,236	10,831	9,492	9,480	9,631	9,751	9,141	8,753
Invested capital	<u>\$ 14,203</u>	<u>\$ 14,831</u>	<u>\$ 13,500</u>	<u>\$ 13,490</u>	<u>\$ 13,636</u>	<u>\$ 14,095</u>	<u>\$ 13,132</u>	<u>\$ 12,705</u>
Trailing four quarter average invested capital	<u>\$ 14,006</u>				<u>\$ 13,392</u>			
Adjusted ROIC ⁽¹⁾	<u>15.4%</u>				<u>14.5%</u>			

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

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

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

	Outlook for Quarter Ending March 29, 2019 ⁽¹⁾	Outlook for Fiscal 2019 ⁽¹⁾
Diluted earnings per share from continuing operations (GAAP)	\$1.13 - \$1.17	\$4.94 - \$5.14
Restructuring and other charges, net	0.10	0.33
Acquisition related charges	0.02	0.08
Adjusted diluted earnings per share from continuing operations (non-GAAP) ⁽²⁾	\$1.25 - \$1.29	\$5.35 - \$5.55
Net sales growth (GAAP)	(7)% - (5)%	(4)% - (1)%
Translation	5	3
(Acquisitions) divestitures, net	(1)	(1)
Organic net sales growth (non-GAAP) ⁽²⁾	(3)% - (1)%	(2)% - 1%
Effective tax rate (GAAP)		18.0%
Effective tax rate adjustments ⁽³⁾		0.5
Adjusted effective tax rate (non-GAAP) ⁽²⁾		18.5%

⁽¹⁾ Outlook is as of January 23, 2019

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

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