# Delphi 2017 Investor Conference

September 27th, 2017



# Delphi Automotive PLC
# Welcome


## Elena D. Rosman

Vice President, Investor Relations




# Forward-looking statements

This presentation, as well as other statements made by Delphi Automotive PLC (the “Company”), contain forward-looking statements that reflect, when made, the Company’s current views with respect to current events, certain investments and acquisitions and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to the Company’s operations and business environment, which may cause the actual results of the Company to be materially different from any future results. All statements that address future operating, financial or business performance or the Company’s strategies or expectations are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s filings with the Securities and Exchange Commission. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect the Company. It should be remembered that the price of the ordinary shares and any income from them can go down as well as up. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise, except as may be required by law.

# Today's Agenda

10:00 AM | 11:00 AM | 12:00 PM | 1:00 PM | 2:00 PM | 3:00 PM | 4:00 PM | 5:00 PM

**REMAINCO**
10:00AM – 1:00PM

**LUNCH & TECHNOLOGY DISPLAYS**
1:00PM – 1:45PM

**SPINCO**
1:45PM – 2:45PM

**LEADERSHIP Q&A**
2:45PM – 3:00PM

**TECHNOLOGY DISPLAYS & RECEPTION**
3:00PM



# Delphi Automotive PLC
# Strategic Overview


## Kevin P. Clark

President and Chief Executive Officer




# Evolution Since IPO

DELPHI

IPO 2010 — Today 2017

| | | |
|---|---|---|
| **GROWTH ABOVE MARKET** | **"Can they grow faster than markets?"** | • Enhanced portfolio around safe, green and connected megatrends<br>• Achieved mid-single digit organic growth |
| **MARGIN EXPANSION** | **"Can they expand margins?"** | • Optimized cost structure; expanded margins almost 500 bps<br>• Improved cash flow breakeven 10 points |
| **CASH DEPLOYMENT** | **"How will Delphi deploy cash?"** | • Achieved and maintained Investment Grade credit rating<br>• Deployed $3.4B for M&A while returning almost $6.0B to shareholders |
| **POSITIONING FOR THE FUTURE** | **"How will they compete over the long term?"** | • Advanced engineering from ~14% of engineering spend to over 20%<br>• Booked ~$160B of new awards enabled by expanded software capabilities |

**Strong execution since IPO**

# Robust Business Model

## **LEADING PORTFOLIO** ALIGNED TO GLOBAL MEGATRENDS

**SAFE**
A FUTURE WITH ZERO ACCIDENTS

**GREEN**
A FUTURE WITH ZERO EMISSIONS

**CONNECTED**
A FUTURE WITH SEAMLESS CONNECTIVITY

## BUILT ON A FOUNDATION OF **EXECUTION**

### INNOVATION
- 20,000 scientists and engineers, 15 major technical centers
- Introducing industry leading technologies

### COLLABORATION
- Leveraging technology capabilities across the enterprise to best serve customers
- Developing strategic relationships that create long term value

### EXCELLENCE
- Flawless operating execution; delivering quality at 99.99999%
- Committed to increasing shareholder value

## WITH A CONSISTENT **MANAGEMENT PHILOSOPHY**

### DISCIPLINED REVENUE GROWTH
- Focused on Safe, Green and Connected
- Balanced customer, platform and regional growth

### COST STRUCTURE OPTIMIZATION
- Increase leverage in operating model, footprint optimization
- Continuous improvement culture

### INCREASE CASH FLOW
- Maintain investment grade ratings
- Investment in organic and acquisition growth; return excess cash to shareholders

**“Delphi DNA” - foundational elements deliver value**

# Enhanced Technology Capabilities

DELPHI

IPO 2010

Today 2017

**BOLT-ON'S**

ACQUISITIONS ACCRETIVE TO SHAREHOLDER VALUE

**ADVANCED TECHNOLOGY**

STRATEGIC ACQUISITIONS ACCELERATE SPEED TO MARKET AND REVENUE GROWTH

**STRATEGIC INVESTMENTS**

COLLABORATION FOR START-UP AGILITY WHILE ACCELERATING COMMERCIALIZATION

FCI

UNWIRED TECHNOLOGY

ANTAYA TECHNOLOGIES CORPORATION

HellermannTyton

CONTROLTEC UNLOCKING THE POWER OF DATA

ottomatika™

MOVIMENTO®

puredepth

TULA

QUANERGY™

Valens

otonomo

LeddarTech®

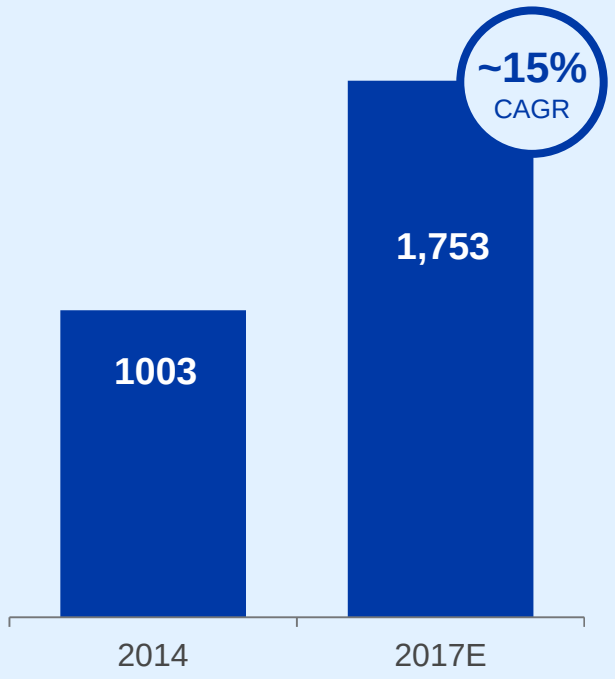
INNOVIZ TECHNOLOGIES

**Industry leading portfolio of advanced technologies**

# Operational Excellence

## New Launches

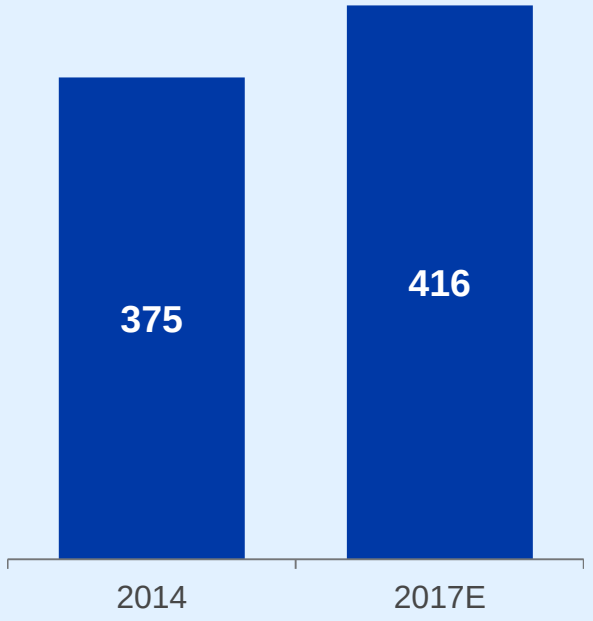
More launches, increasing complexity




## Material Productivity

Offsetting price, driving ~5% savings

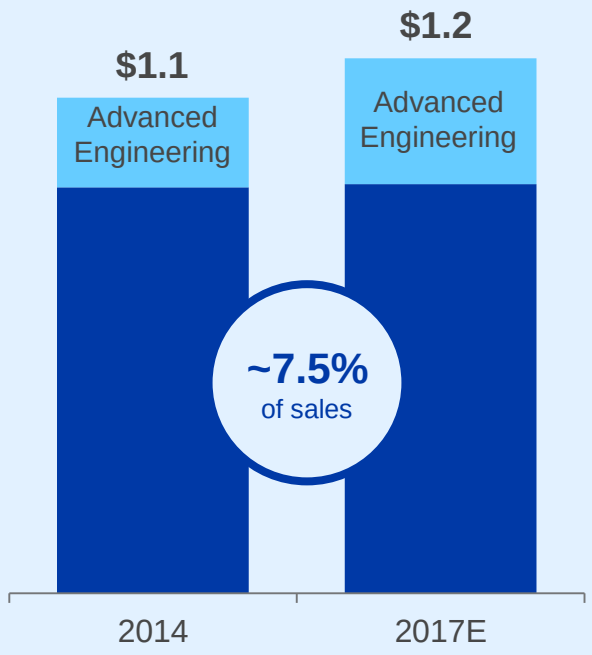
Gross Productivity, ($ millions)




## Engineering Spend

Expanding advanced engineering

Net Engineering Spend, ($ billions)




**Relentless focus on improving costs while funding growth investments**

# “Delphi DNA” Delivers Results…

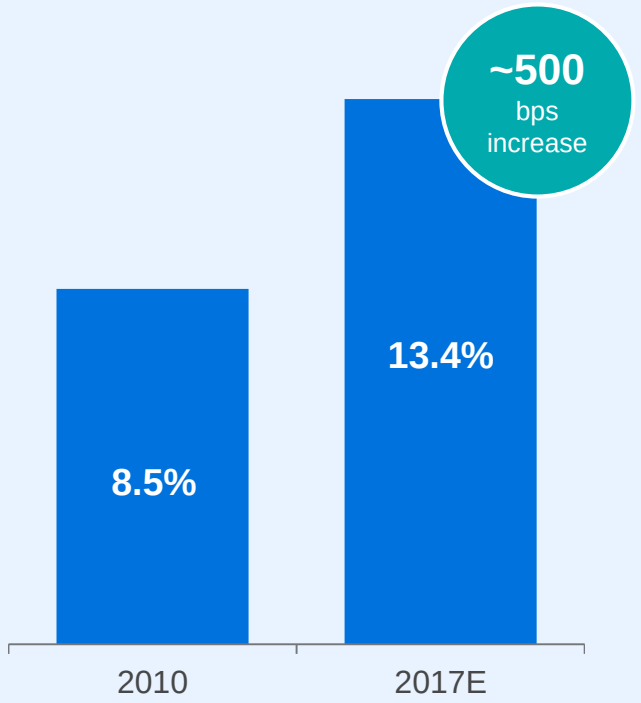
## Revenue

($ billions)




## Operating Margins

% of sales[2]




## Cash Flow

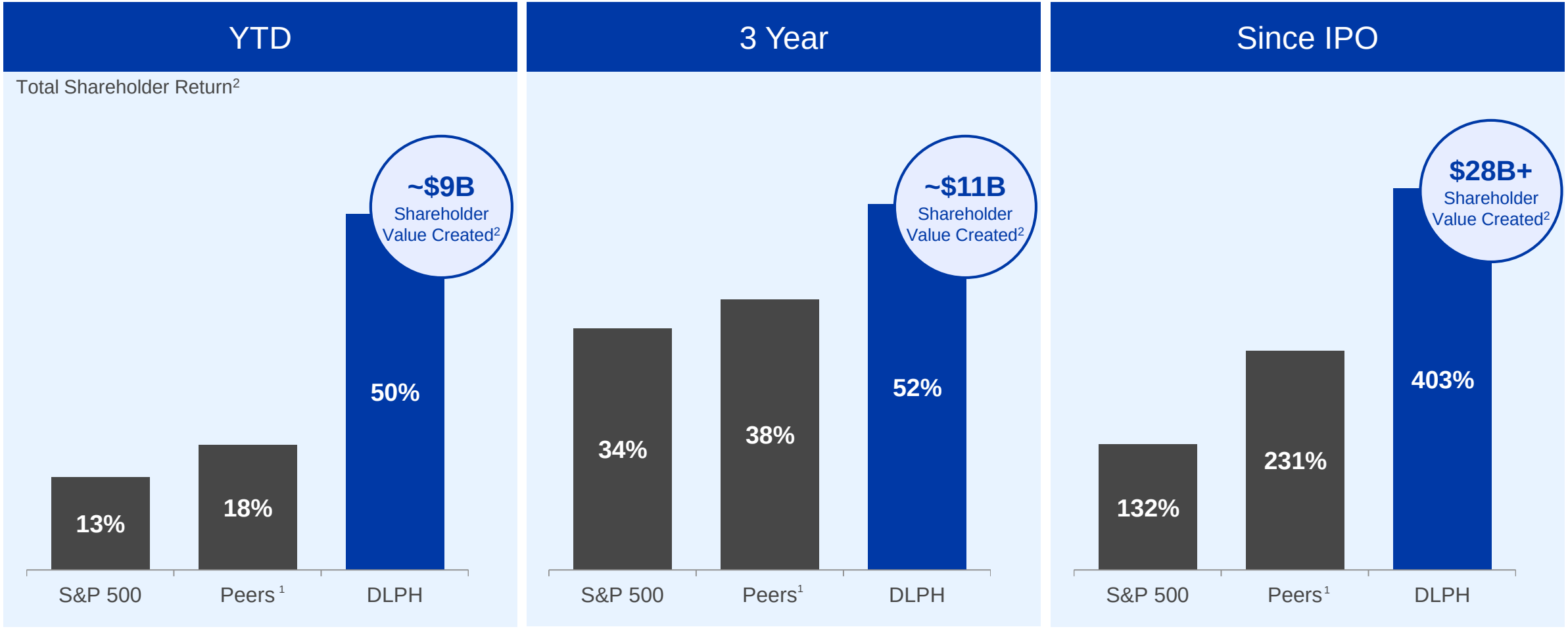
Operating cash flow, ($ billions)




**Strategy delivering solid financial performance**

1. At constant foreign exchange and commodity rates; excludes impact of acquisitions and divestitures
2. Adjusted for restructuring and other special items, see appendix to Financial Overview for detail

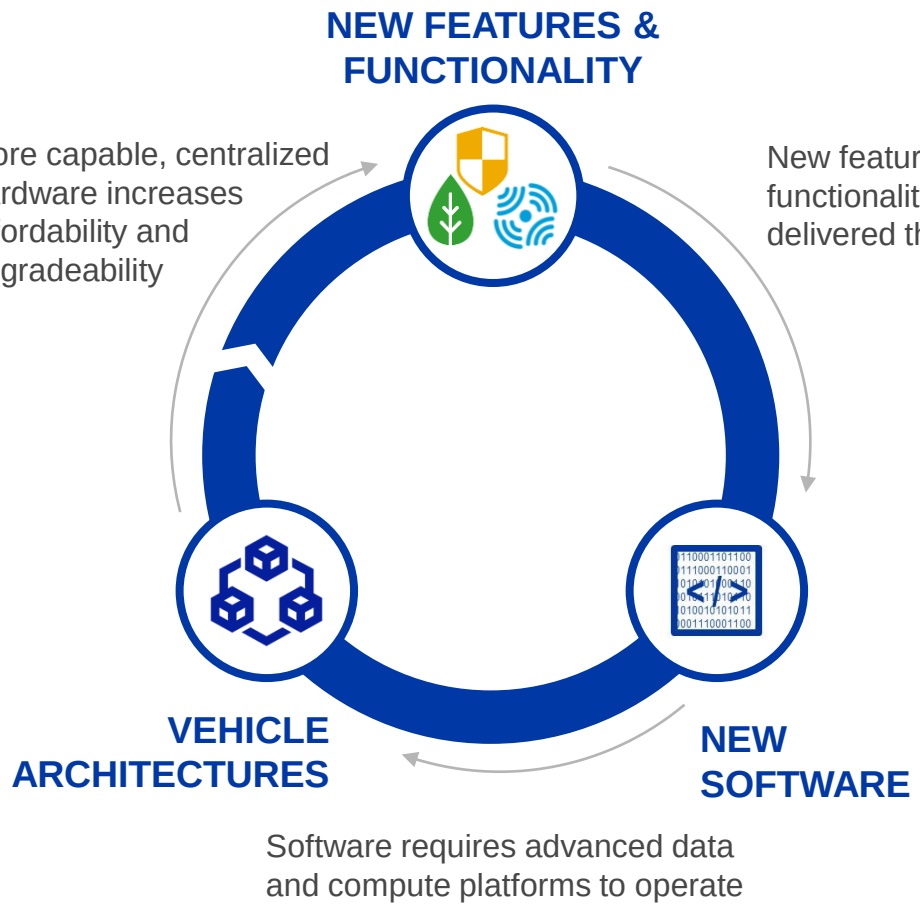
# … and Rewards Shareholders



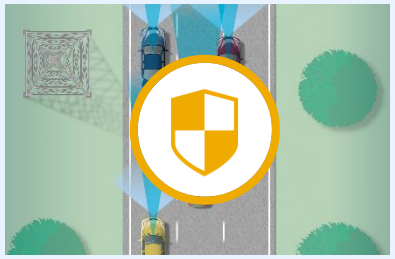

**Outperforming market and peers; significant value created for shareholders**

1. Peer Group includes – Adient, BorgWarner, Tenneco, Autoliv, Lear, Continental, Magna, Valeo, Sumitomo, Denso Corp, Aisin Seiki, Visteon
2. Through September 15, 2017

# Increasing Need For Software And Systems Integration

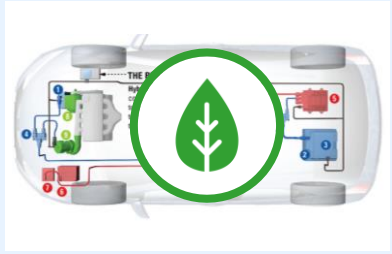



## Advanced software enables…



### ACTIVE SAFETY

- Automatic emergency braking
- RACam / Sensor fusion
- 360 degree sensing



### ADVANCED POWERTRAINS

- Fuel Injection Systems
- 2-step cylinder deactivation
- Viper CIDD



### INFOTAINMENT & CONNECTIVITY

- 3D Gesture Recognition System
- Vehicle to vehicle (V2V) communication
- Smart phone integration / BYOD support

**New features and value increasingly defined by software**

# Pace Of Change Is Accelerating

DELPHI

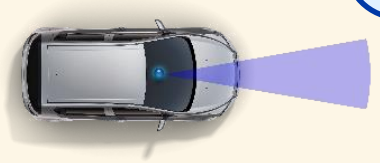
IPO

Today

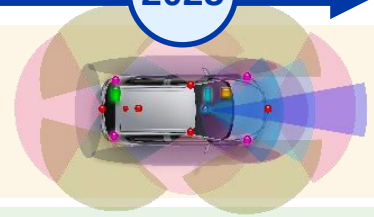
2010 2015 2020 2025

**SAFE**

ACTIVE SAFETY



AUTONOMOUS DRIVING



**GREEN**

ELECTRIFIED VEHICES

ELECTRIFIED VEHICES



**CONNECTED**

SMARTPHONE INTEGRATION

CLOUD CONNECTIVITY

SOFTWARE DEFINED PLATFORM

**END MARKETS**

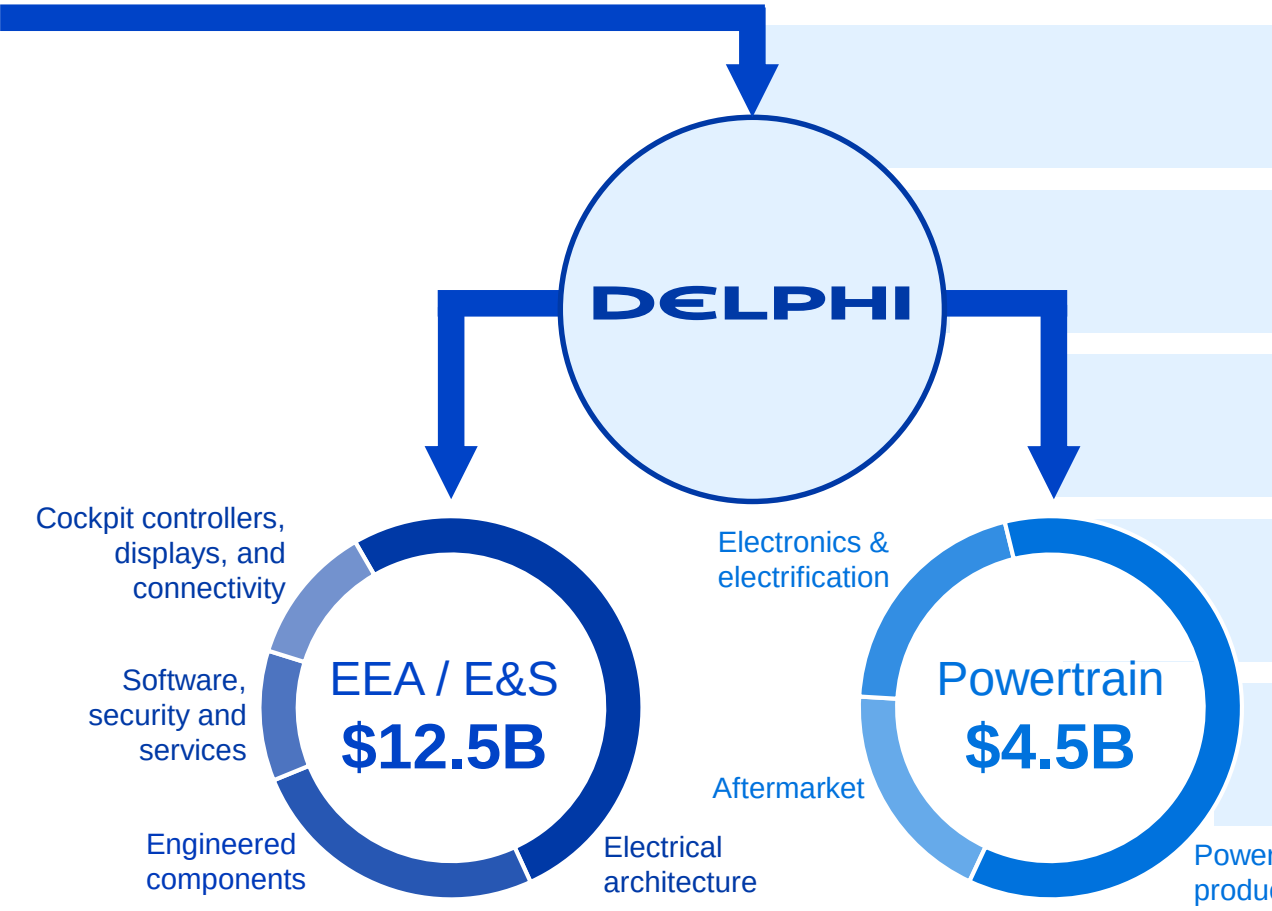
TRADITIONAL OEMs

TRADITIONAL AND NEW OEMs
MOBILITY PROVIDERS

TRADITIONAL AND NEW OEMs
MOBILITY PROVIDERS
DATA CONSUMERS

**Increasing need for software and systems integration capabilities**

# Proactively Addressing Changing Environment



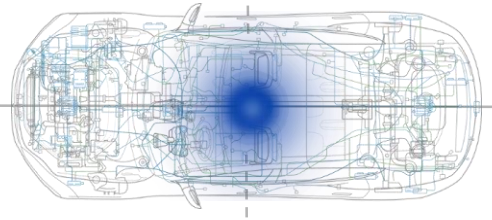

- Well-positioned to serve customer's evolving needs
- Distinct growth drivers and investment rationale
- Increased alignment to changing industry trends
- Focused capital allocation
- Increased flexibility to pursue strategic and tactical plans

**Two focused companies well-positioned to win in changing environment**

DELPHI

# Powertrain Vision: Enabling Advanced Vehicle Propulsion

INTERNET OF THINGS



PROPULSION MANAGEMENT

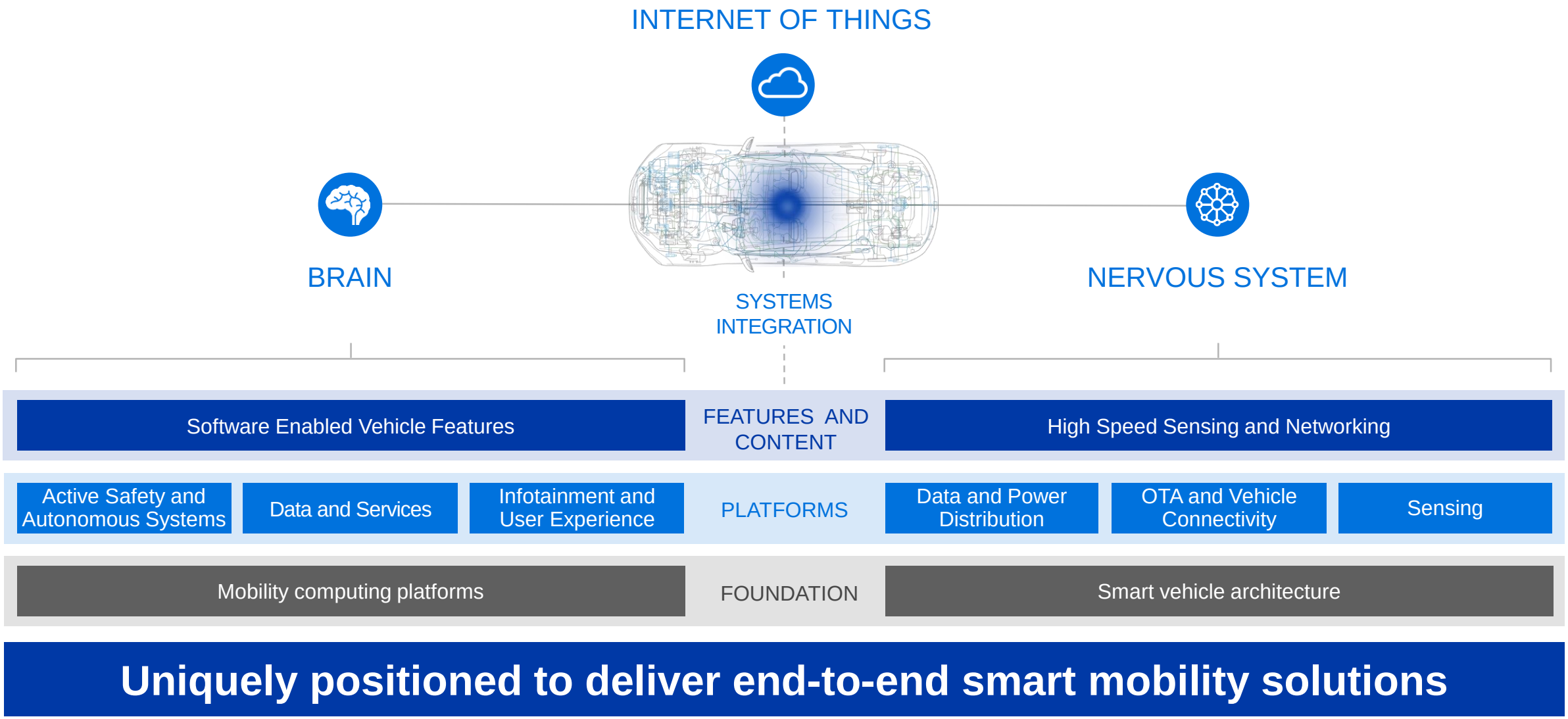
SOFTWARE AND CONTROL

SYSTEMS INTEGRATION

| | | |
|---|---|---|
| Optimum Vehicle Efficiency and Driving Experience | FEATURES AND CONTENT | Intelligent Propulsion Systems |
| Fuel Injection; Sensors and Actuators; Power Electronics | PLATFORMS | Software Algorithms; Advanced Combustion Management; Supervisory Control |
| Internal Combustion Engine and Electrification Solutions | FOUNDATION | Engine Management Systems |

**Uniquely positioned to deliver most efficient propulsion solution**

# RemainCo Vision: Enabling Smart Mobility Solutions




**Uniquely positioned to deliver end-to-end smart mobility solutions**

# Smart Mobility Solutions

**SOFTWARE DEFINED VEHICLE**

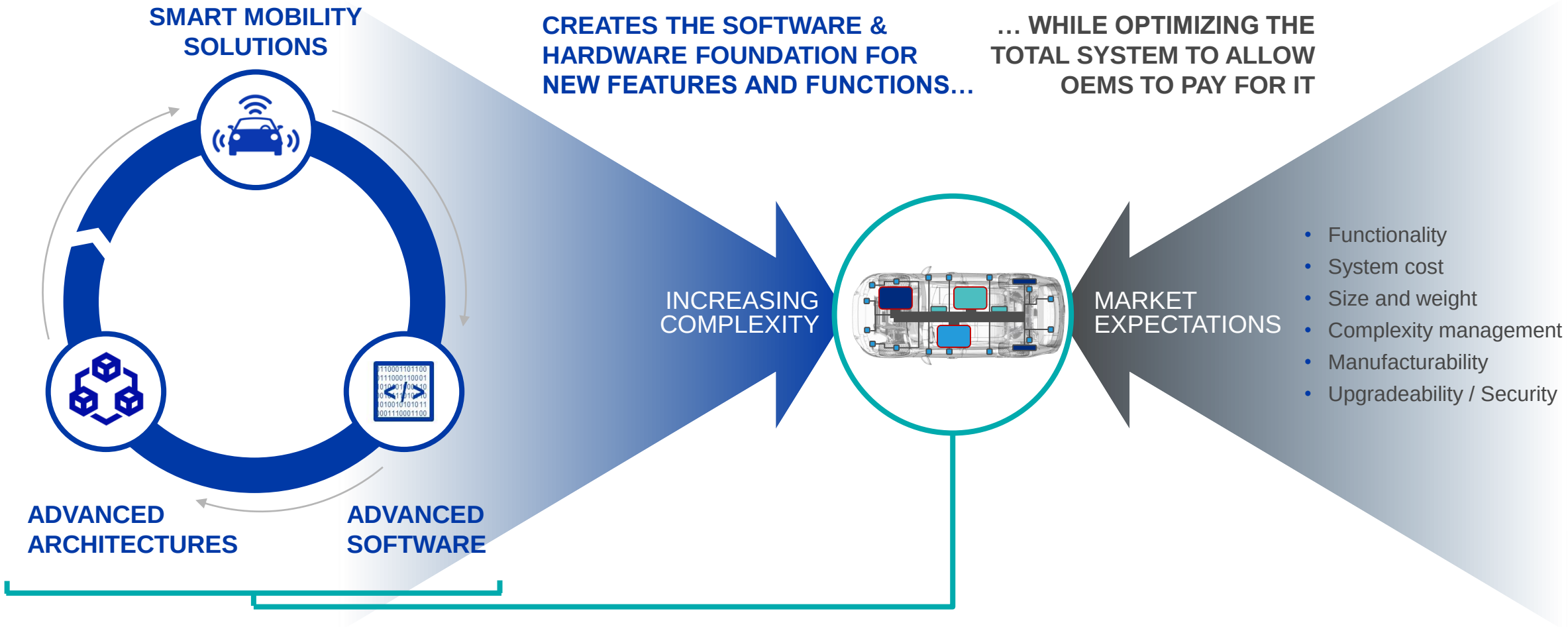
**+**

**OPERATING ENVIRONMENT**



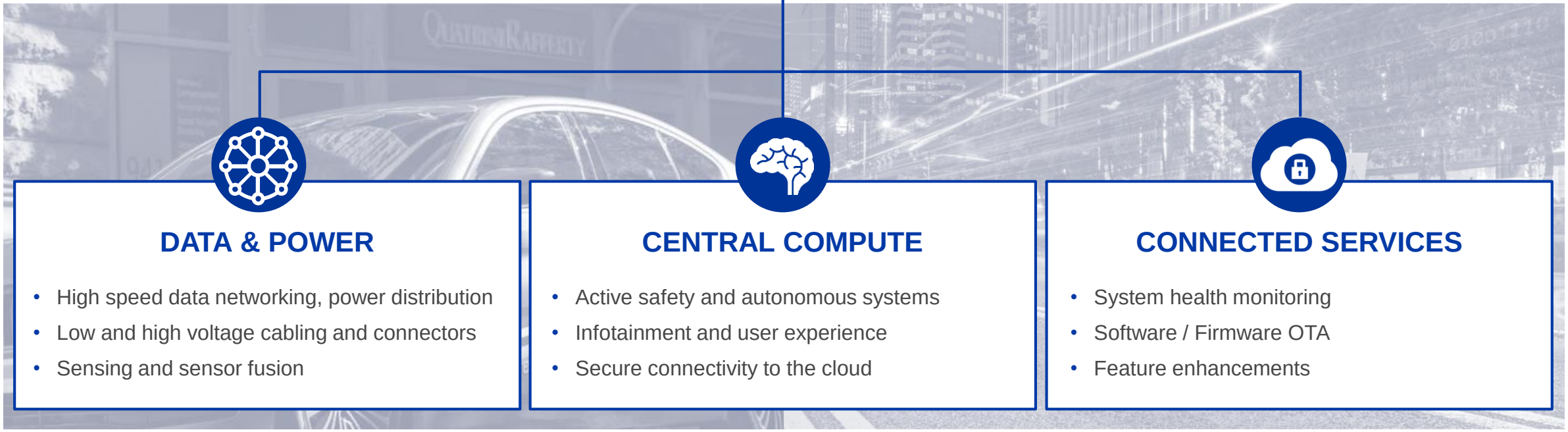
**Seamless integration of the vehicle into the operating environment**

# Smart Vehicle Architecture Enables Mobility Solutions




**Paradigm shift in vehicles architecture**

# RemainCo Smart Mobility Solutions Portfolio



## DATA & POWER

- High speed data networking, power distribution
- Low and high voltage cabling and connectors
- Sensing and sensor fusion

## CENTRAL COMPUTE

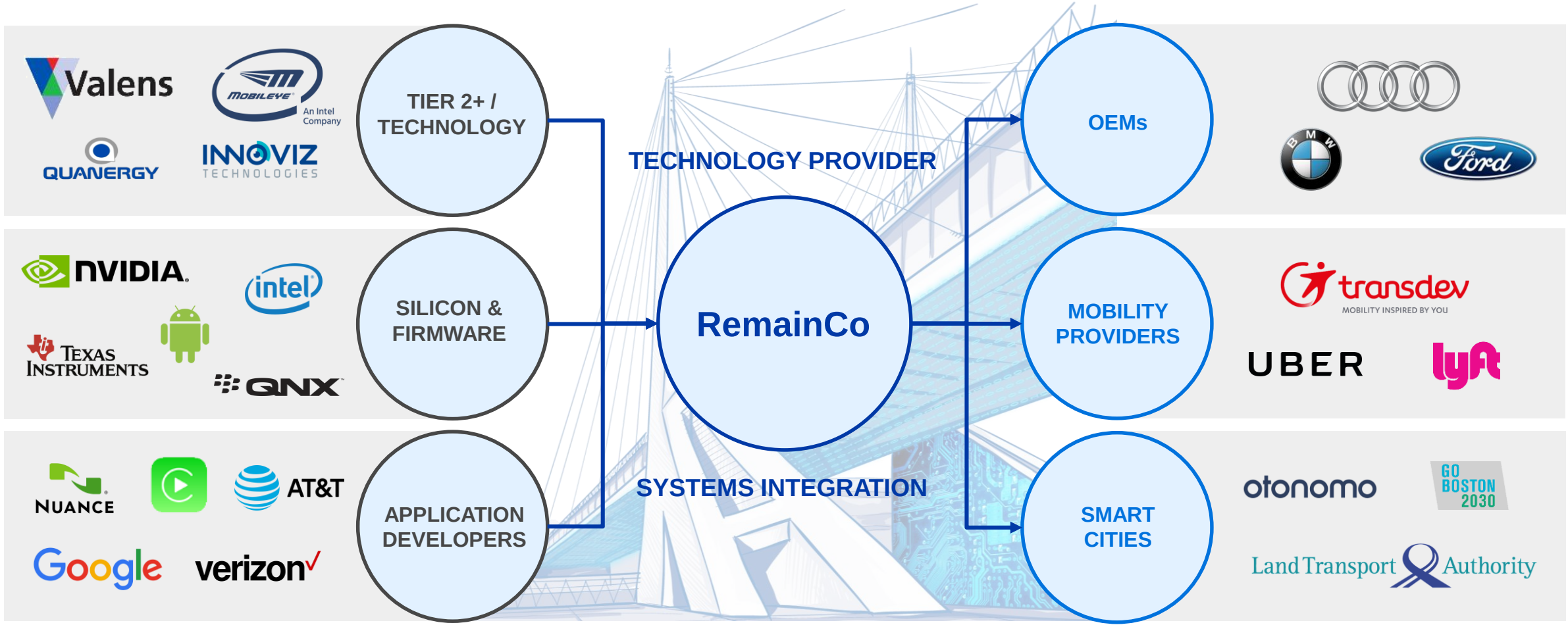
- Active safety and autonomous systems
- Infotainment and user experience
- Secure connectivity to the cloud

## CONNECTED SERVICES

- System health monitoring
- Software / Firmware OTA
- Feature enhancements

**RemainCo uniquely positioned to enable smart mobility solutions**

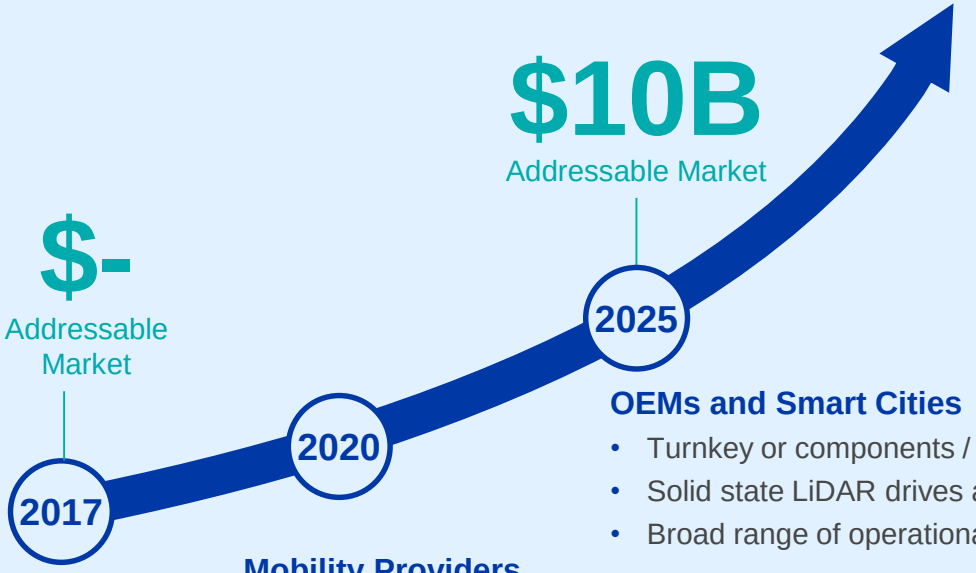
# RemainCo's Role In Smart Mobility




**Technology provider with superior systems integration capabilities**

# Smart Mobility Architecture Enabling New Markets

## Automated Driving



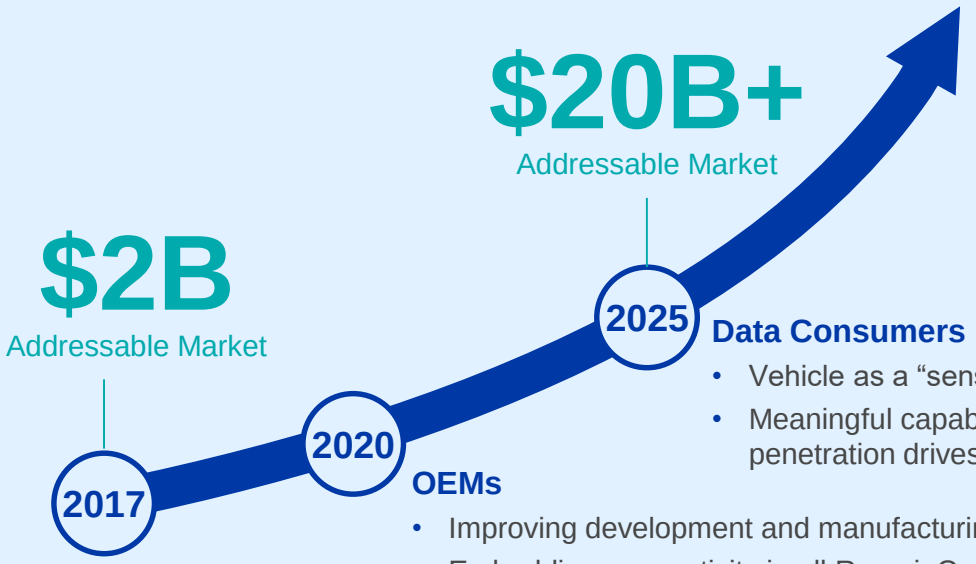

**OEMs and Smart Cities**

- Turnkey or components / modules
- Solid state LiDAR drives affordability
- Broad range of operational domains

**Mobility Providers**

- Leveraging CSLP Turnkey Solution
- Business case supports higher up front cost
- Geofenced / application specific use cases

## Connected Services

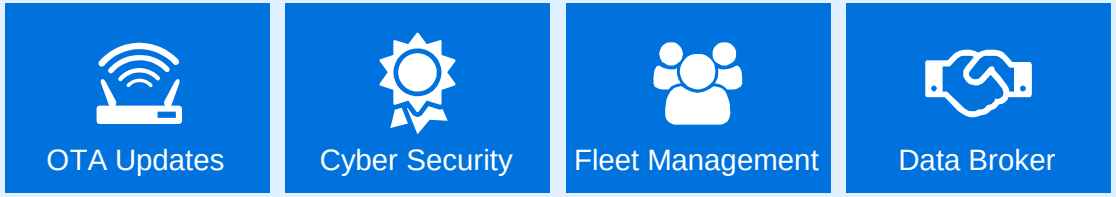



**Data Consumers**

- Vehicle as a “sensor”
- Meaningful capability penetration drives demand

**OEMs**

- Improving development and manufacturing
- Embedding connectivity in all RemainCo solutions




**Connected car platform provides significant data monetization opportunity**


APTV
LISTED
NYSE
APTIV

# Execution Priorities

Today

APTIV

2017

2022

**GROWING ADVANCED CAPABILITIES**

- Core competencies positioning Aptiv to enable future mobility solutions
- Expanding resources and footprint in global technology hubs to capitalize on opportunities

**EXECUTION**

- Increasing speed and scale: key growth businesses mature, convergence of technologies
- Relentless focus on cost structure optimization, driving more margin expansion

**PORTFOLIO MANAGEMENT**

- Portfolio of relevant technologies drives accelerated growth beyond 2020
- Leadership in mobility services enables access to significant new business models

**DELIVERING SHAREHOLDER VALUE**

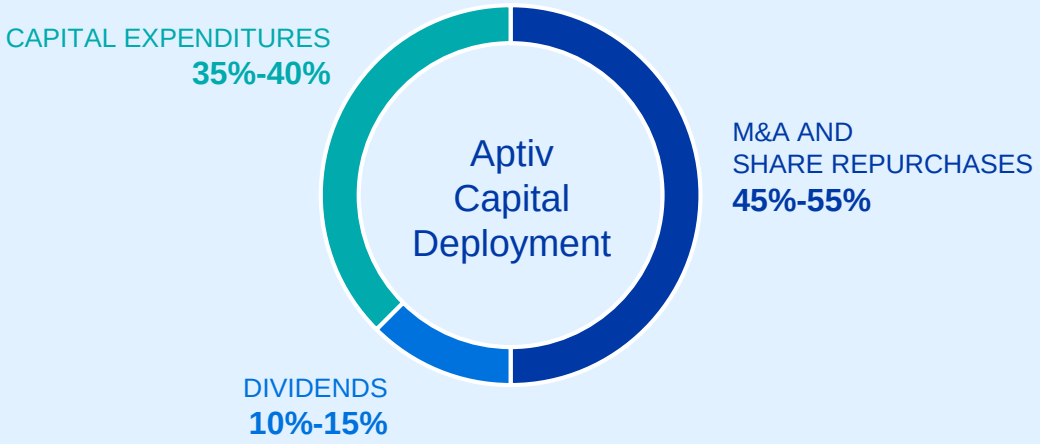
- Accelerating capital deployment to capitalize on new mobility opportunities
- Laser-focused on delivering value for shareholders

**Relentless focus on optimizing business model while investing for growth**

# Capital Allocation Strategy

## Cash Priorities

- Maintain investment grade ratings
- Disciplined re-investment in business to drive growth and increase returns
- Strategic acquisitions that are accretive to shareholder value
- Pay a competitive dividend, while returning excess cash to shareholders




## M&A Deployment Focus Areas

**FOCUS AREAS**

- TECHNOLOGY ENABLERS
- CONNECTIVITY AND INFRASTRUCTURE
- BOLT ON'S / DIVERSIFICATION
- STRATEGIC PARTNERSHIPS

**PRIOR EXAMPLES**

ottomatika™
puredepth
CONTROLTEC
MOVIMENTO
FCI
HellermannTyton
Valens
otonomo
QUANERGY
INNOVIZ TECHNOLOGIES
LeddarTech

**Focused on value enhancing organic and inorganic investment opportunities**

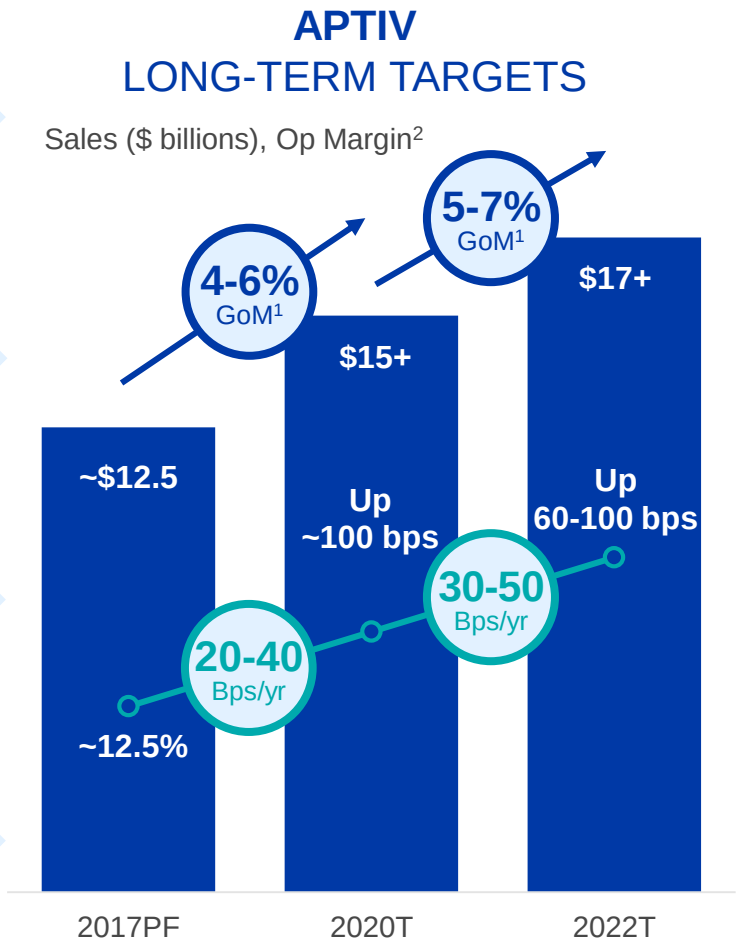
# Summary

Alignment to Safe, Green, and Connected megatrends continues

Focused on execution; well positioned for future of mobility

Continuous improvement mindset and disciplined cash deployment

Outperformance yields exceptional shareholder value




**Driving shareholder value**

1. Adjusted Growth over Delphi weighted Market
2. Proforma for Powertrain spin-off; adjusted for restructuring and other special items. See appendix Financial Overview for detail.

# Who You'll Hear From Today

## APTIV



**TECHNOLOGY OVERVIEW**
**Glen De Vos**
Senior Vice President and
Chief Technology Officer



**NERVOUS SYSTEM: DATA & POWER**
**Jerome Dorlack**
Senior Vice President and President of Electrical Electronic Distribution Systems and President, South America



**BRAIN: SOFTWARE DEFINED PLATFORM**
**Lee Bauer**
Vice President, Vehicle Architecture



**CONNECTED SERVICES**
**David Ploucha**
President, Control-Tec



**EEA SEGMENT OVERVIEW**
**Majdi Abulaban**
Senior Vice President and President, Electrical/Electronic Architecture Segment, and Engineered Components Group, and President, Asia Pacific



**E&S SEGMENT OVERVIEW**
**David Paja**
Senior Vice President
and President, Electronics and Safety



**FINANCIAL OVERVIEW**
**Joe Massaro**
Senior Vice President and Chief Financial Officer

## DELPHI TECHNOLOGIES

**STRATEGIC OVERVIEW**
**Liam Butterworth**
Senior Vice President and President, Powertrain Systems,
Chief Executive Officer (Post Spin)



**TECHNOLOGY OVERVIEW**
**Mary Gustanski**
Senior Vice President and
Chief Technology Officer,
Powertrain Systems,
Chief Technology Officer (Post Spin)



# Aptiv PLC
# Technology Overview


## Glen W. De Vos

Senior Vice President and Chief Technology Officer




# Smart Mobility Addressing Key Challenges

## SMART MOBILITY



## URBAN MOBILITY CHALLENGES BY 2050

| +70% | 5x | 4x | 3x | +40% |
|---|---|---|---|---|
| Of Population | Emissions | Cost | Travel time | freight |

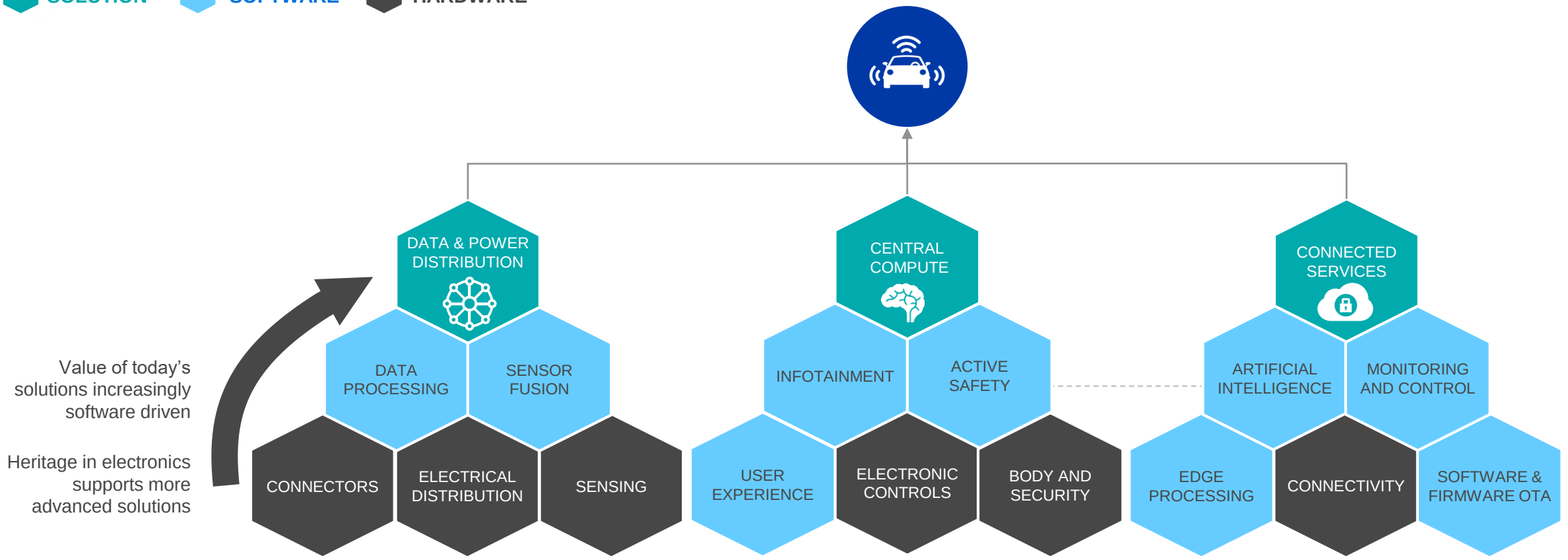
## BENEFITS OF MOBILITY AUTOMATION TO CITIES

| 28% | 44% | 30% | 66% | 87% |
|---|---|---|---|---|
| Less Vehicles | Fewer Parking Spaces | Shorter Travel Time | Lower Emissions | Fewer Accidents |

**Uniquely positioned to address mobility's toughest challenges**

# Smart Mobility Solutions Portfolio

SOLUTION SOFTWARE HARDWARE




Value of today's solutions increasingly software driven

Heritage in electronics supports more advanced solutions

**Aptiv a software and technologies integrator**

# Industry Leading Software Capabilities

APPROACHING **$1B** SOFTWARE VALUE BY 2020

**40B** LINES OF CODE SHIPPED DAILY

**60%** OF E&S ENGINEERS FOCUSED ON SOFTWARE

**50+** 3RD PARTY ALGORITHMS INTEGRATED IN AN AVERAGE ACTIVE SAFETY PRODUCT

## Global Footprint



- Mountain View, CA
- Pittsburgh, PA
- Krakow, Poland
- Wuppertal, Germany
- Shanghai, China
- Bangalore, India

## 30+ Key Partnerships

QNX, Microsoft, Mobileye An Intel Company, intel, Valens, ANSYS, otonomo, AT&T

## University Engagement

Georgia Tech, University of Michigan, Massachusetts Institute of Technology, Carnegie Mellon University, Purdue University

**Strong foundation of execution and development skills**

# Software And Computing Requirements Expanding

| ENHANCED VEHICLE CAPABILITIES | TODAY | | TOMORROW | |
|---|---|---|---|---|
| | SOFTWARE COMPLEXITY | COMPUTING POWER | SOFTWARE COMPLEXITY | COMPUTING POWER |
| **SAFETY** Increased safety and control functionality | AUTOMATIC EMERGENCY BRAKING | | LEVEL 4/5 AUTONOMOUS DRIVING | |
| **CONNECTIVITY** Increased communications protocols | SMART PHONE INTEGRATION | | V2E | |
| **INFOTAINMENT AND UX** Increased capability and customization | RECONFIGURABLE CLUSTERS | | 8+ DISPLAYS, 40X IMPROVED GRAPHICS | |
| **ANALYTICS** Access data to monitor vehicle performance | VEHICLE HEALTH MONITORING | | DATA SERVICES | |

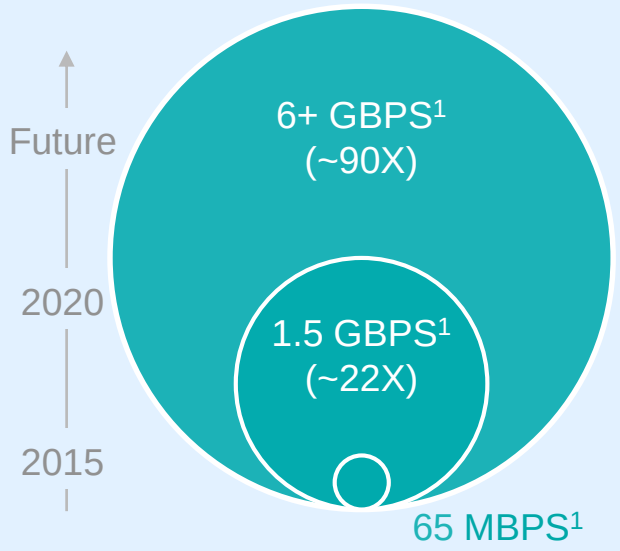
**Features demanding step function improvements in software and computing**

# Architecture Capabilities Increasing Exponentially

## Speed

### DATA TRANSFER SPEEDS

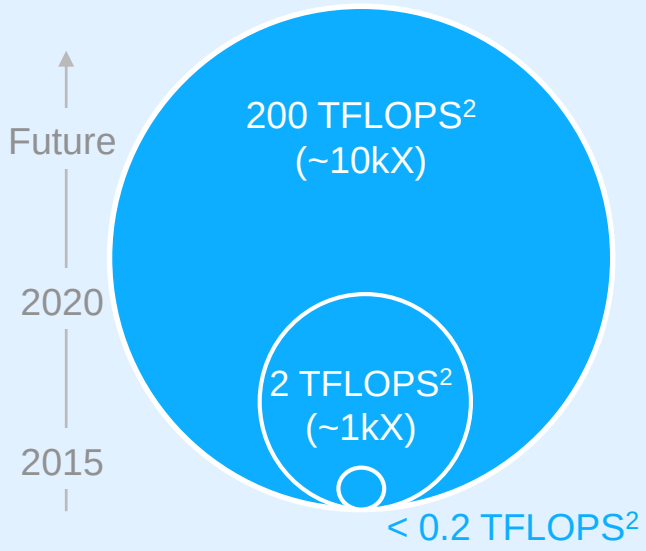
High speed Ethernet replaces antiquated 1980s technology




## Decision Making

### COMPUTING HORSEPOWER

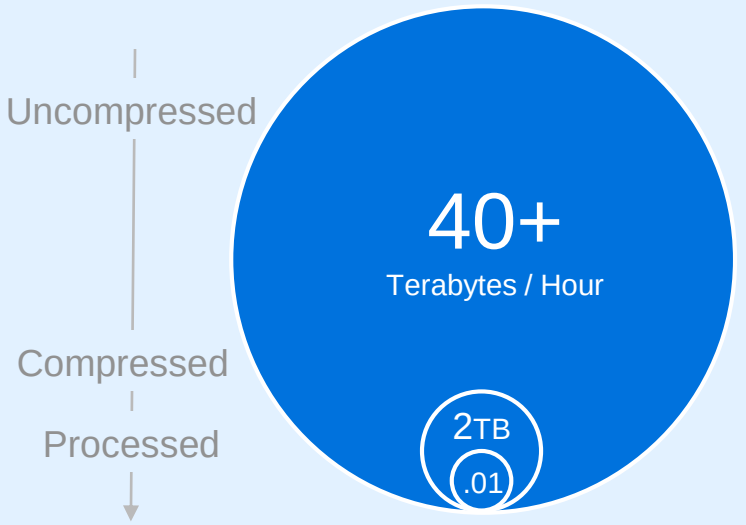
Automotive has outpaced Moore's law and is entering the supercompute era




## Volume

### DATA GENERATION

The vehicle has become a digital platform fully connected to the IoT

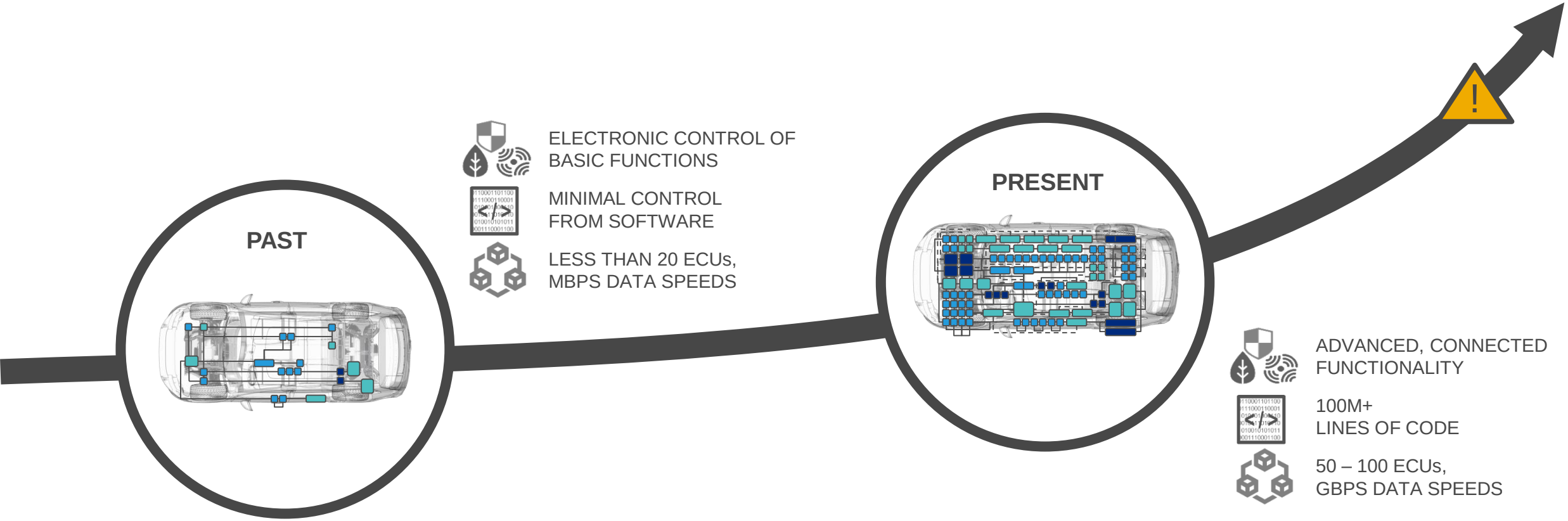



**Data generation, transfer and utilization transforming the vehicle**

1. Megabits per second and gigabits per second
2. Teraflops (TFLOPS) – trillion floating point operations per second

# Legacy Approach To Data And Power, Computing

**NEW FEATURE OR FUNCTIONALITY** → **NEW SOFTWARE** → **NEW ARCHITECTURE**



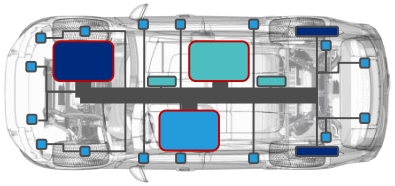

**Paradigm shift needed to support increased software functionality**

# Smart Vehicle Architecture

## OEM BENEFITS

- Enables advanced features and functionality
- Vehicle becomes software defined platform
- Reduces hardware cost and complexity

**FUTURE**



## APTIV BENEFITS

- Only “brain and nervous system” provider
- Consolidation favors Aptiv areas of strength
- Unlocks ability for content growth in the vehicle

**ADVANCED TECHNOLOGY** + **SYSTEMS INTEGRATION** + **DOMAIN KNOWLEDGE**

APTIV PROVIDING → APTIV INTEGRATING

| Advanced software and algorithms | Auto grade hardware | Connectivity | Middleware | Operating systems and hypervisors | Board support packages | Microprocessors |
|---|---|---|---|---|---|---|

**Enabling continued feature and content growth**

# Unlocking Next Generation Features




ENABLING FIRST LEVEL 3 AUTOMATED DRIVING SYSTEM

COMBINING APTIV ALGORITHMS WITH 6+ OTHER SUPPLIERS

MOST POWERFUL COMPUTE PLATFORM IN PRODUCTION

ENABLING 10x IMPROVED GRAPHICS ON UP TO 4 DISPLAYS

5x IMPROVED COMPUTATIONAL SPEEDS VS CURRENT SYSTEMS

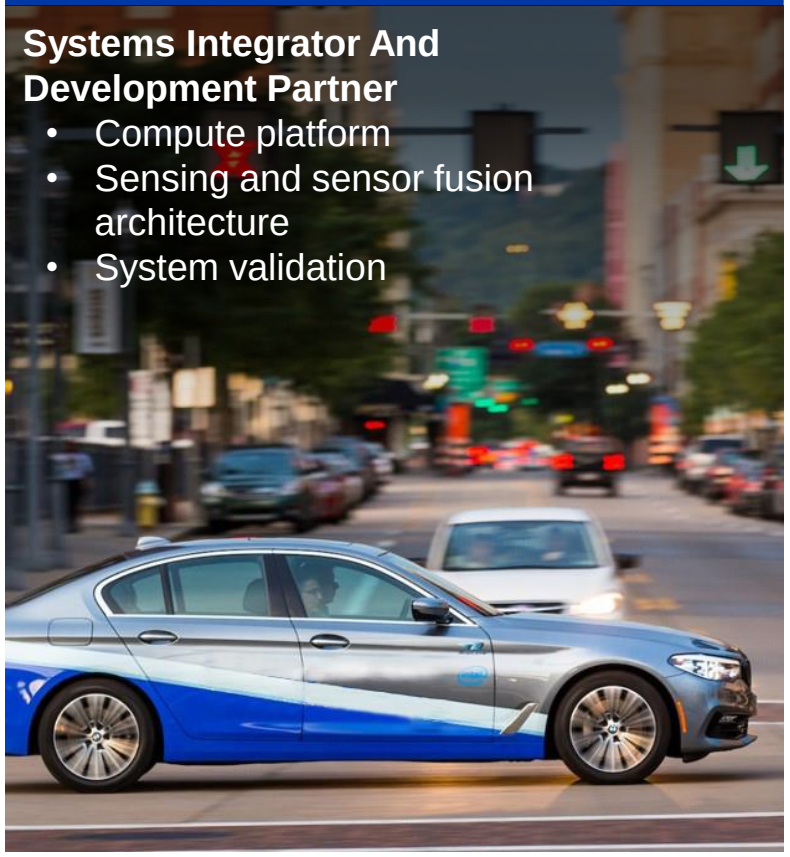
ENABLING ADVANCED USER EXPERIENCE WITH 30%+ LOWER MASS




**Delivering next generation capabilities for today's production vehicles**

# Level 4/5 Automated Driving Engagements

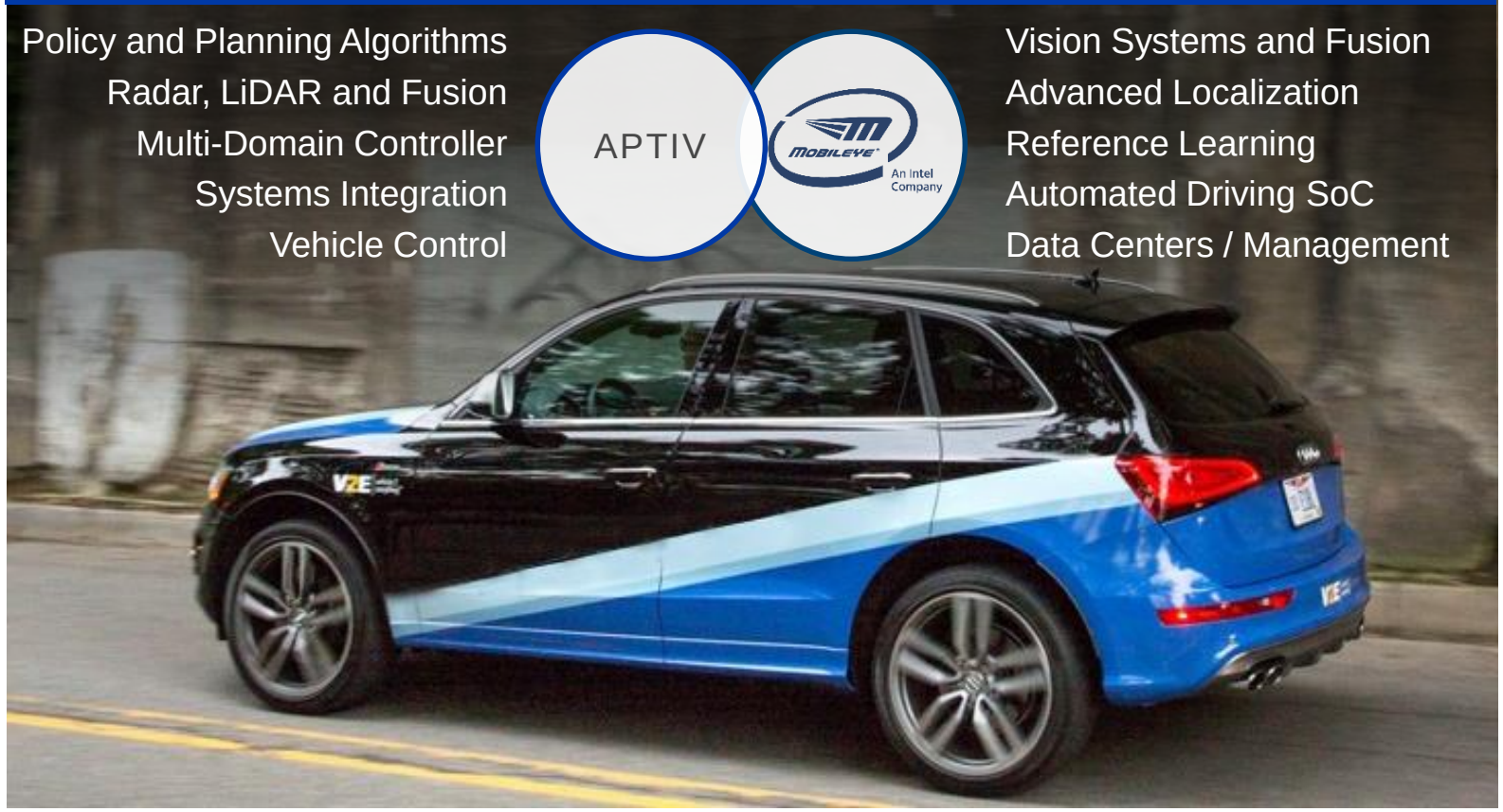
## BMW Partnership



**Systems Integrator And Development Partner**

- Compute platform
- Sensing and sensor fusion architecture
- System validation

## CSLP Turnkey Solution



Policy and Planning Algorithms
Radar, LiDAR and Fusion
Multi-Domain Controller
Systems Integration
Vehicle Control

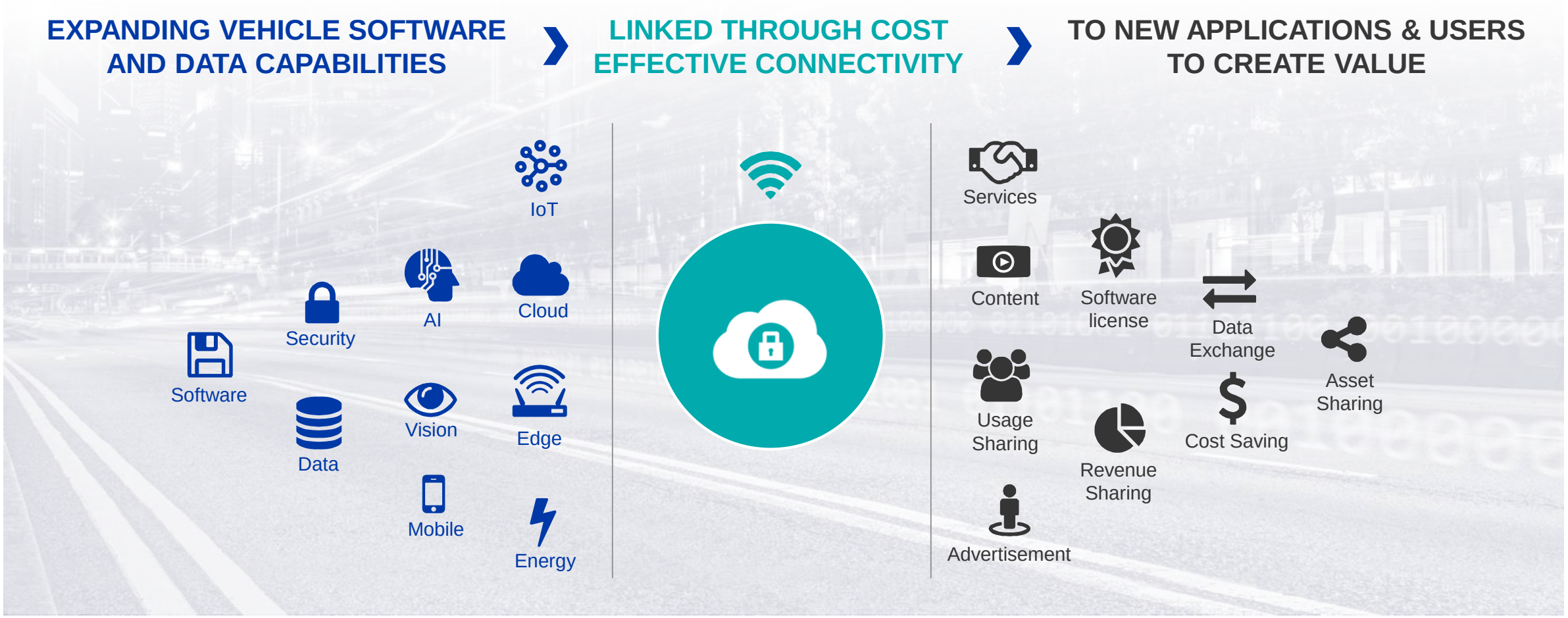
APTIV

MOBILEYE An Intel Company

Vision Systems and Fusion
Advanced Localization
Reference Learning
Automated Driving SoC
Data Centers / Management

**Partner of choice across multiple automated driving partnerships**

# Connected Services

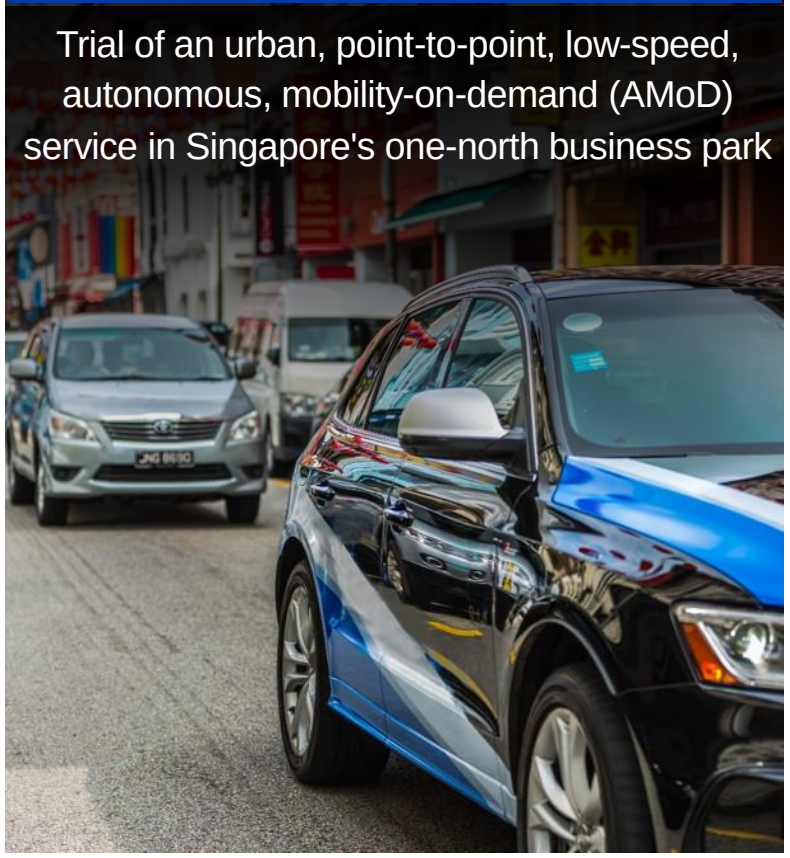



**Connected Services enabled by Smart Vehicle Architectures**

# Smart City Pilots

## Singapore

Trial of an urban, point-to-point, low-speed, autonomous, mobility-on-demand (AMoD) service in Singapore's one-north business park



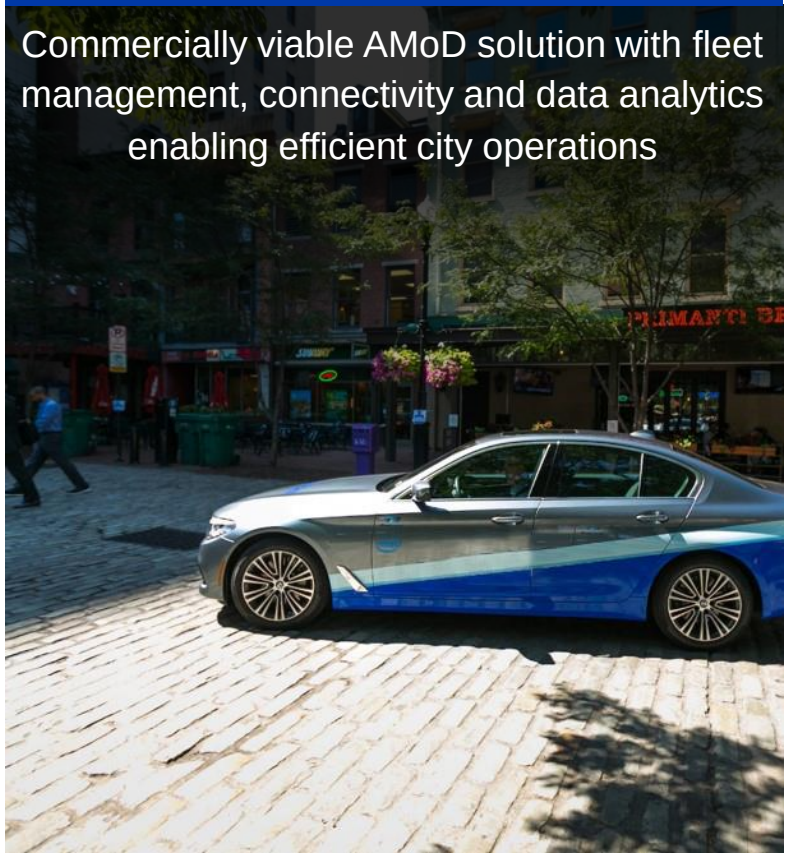
## Paris / Normandy

First European AMoD site testing a comprehensive driverless system: dispatch, control-command fleet and vehicles with leading mobility provider, Transdev



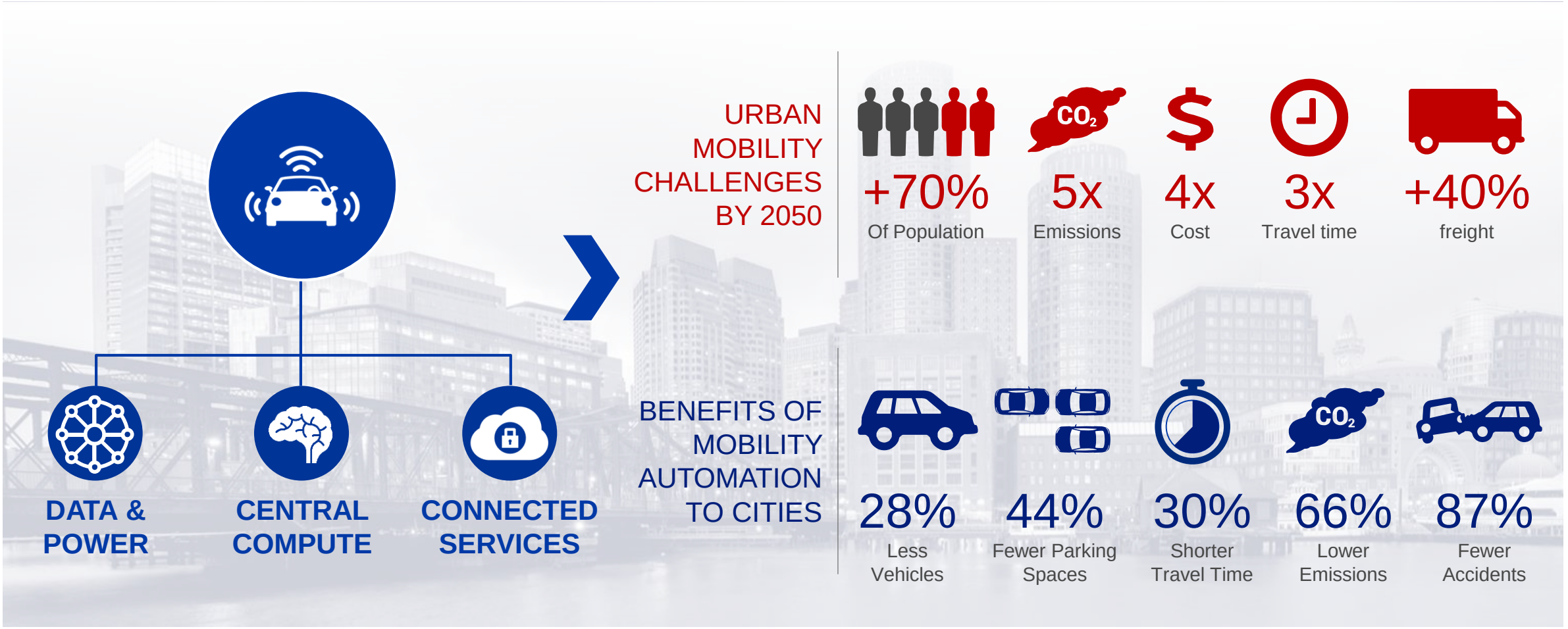
## Boston

Commercially viable AMoD solution with fleet management, connectivity and data analytics enabling efficient city operations



**Smart City pilots in every region**

# Well Positioned For Smart Mobility

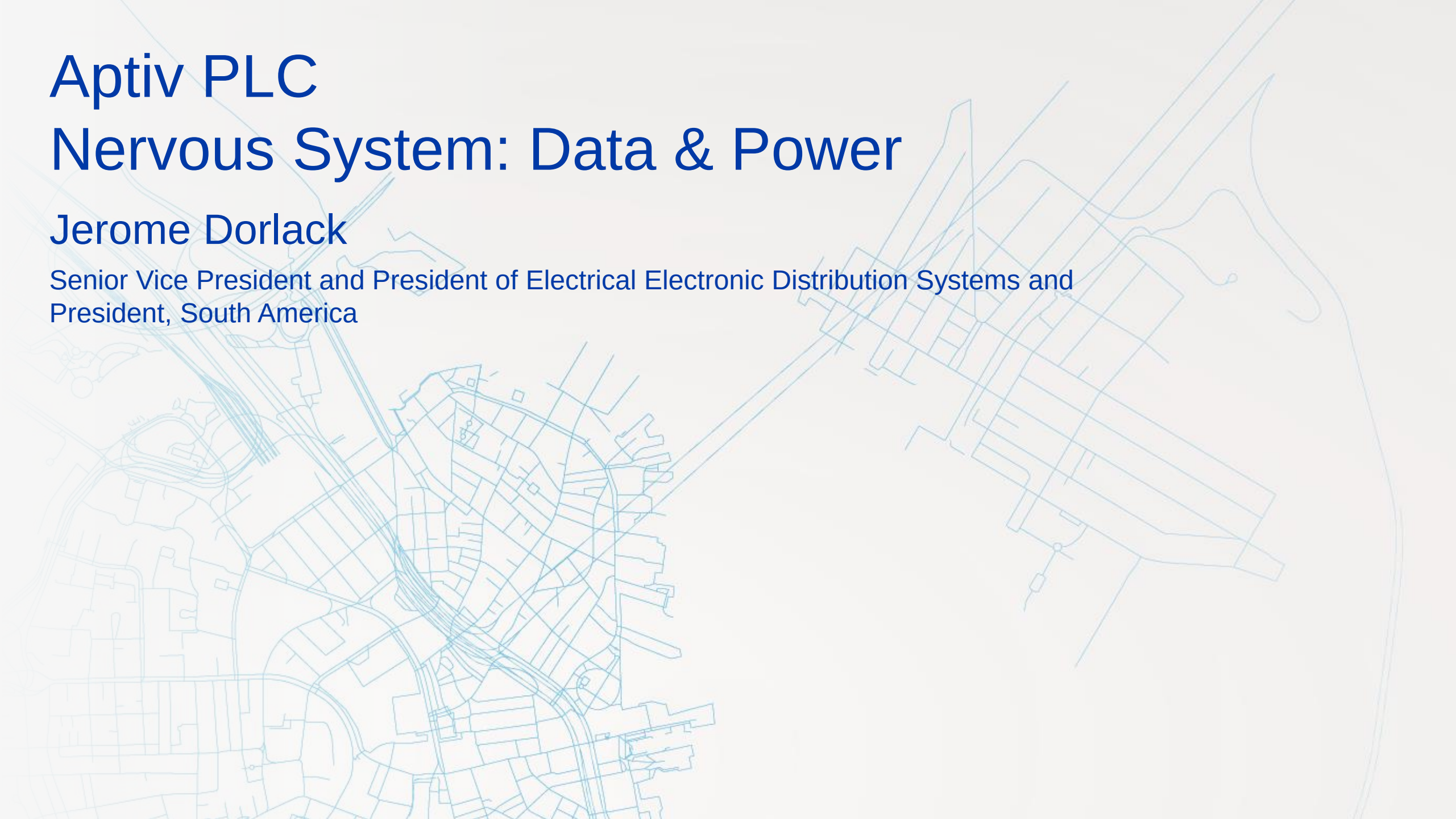



**Uniquely positioned to address mobility's toughest challenges**

# Aptiv PLC
# Nervous System: Data & Power


## Jerome Dorlack

Senior Vice President and President of Electrical Electronic Distribution Systems and President, South America

# Nervous System: Data & Power

NERVOUS SYSTEM

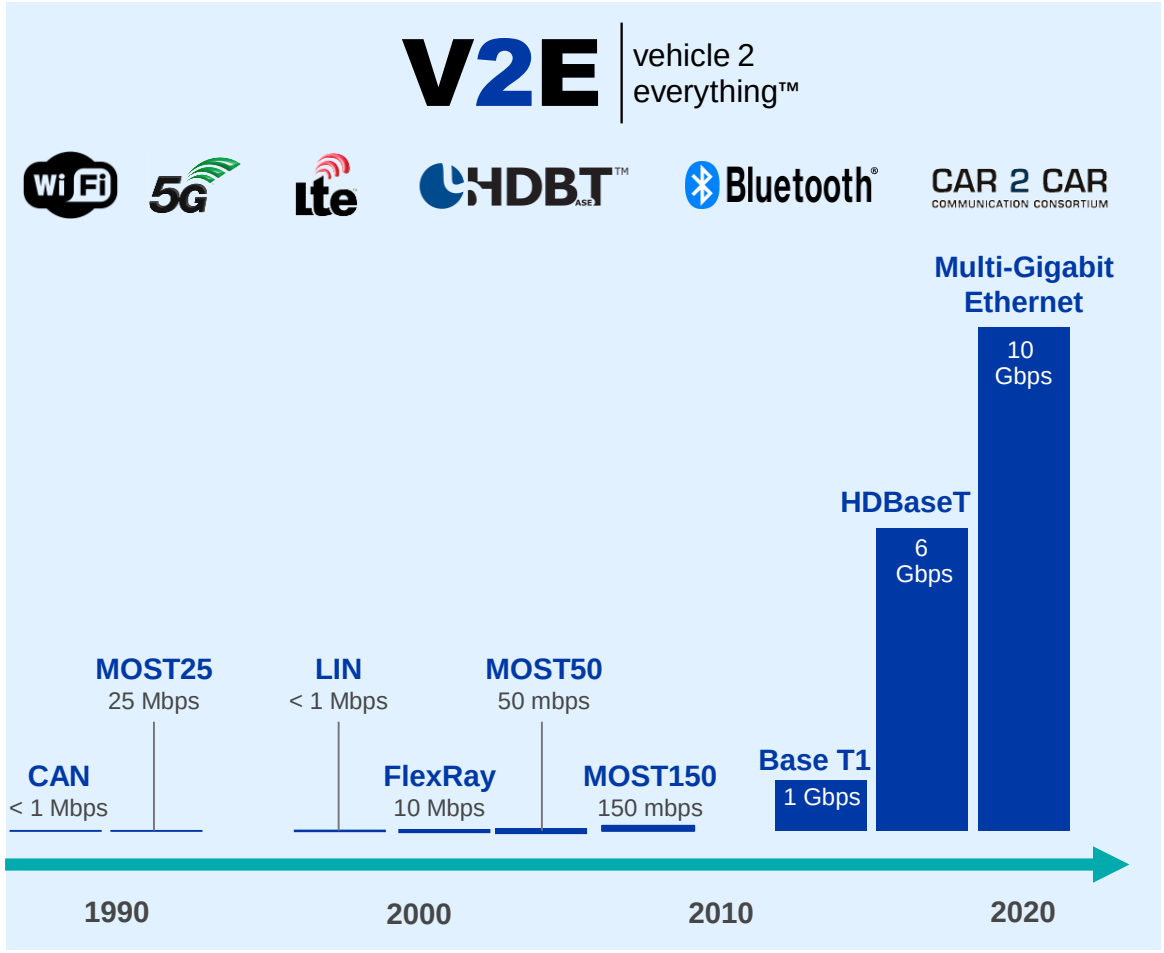
High Speed Sensing and Networking

Data and Power Distribution

OTA and Vehicle Connectivity

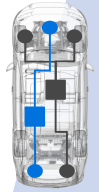
Sensing

Smart vehicle architecture




**Data & power capabilities and complexity increasing exponentially**

# Architecture Types: Aligning To OEM Strategies

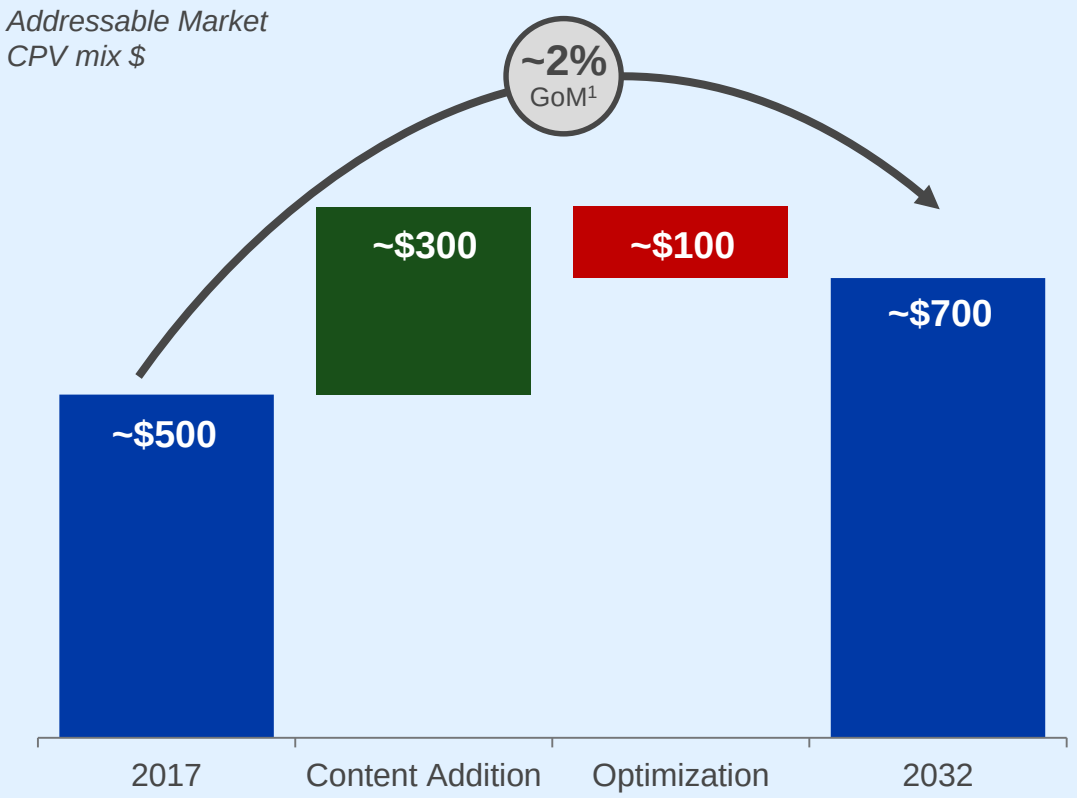
| Level of Autonomy | Architecture Type | ECU Qty[1] | Trade-offs |
|---|---|---|---|
| 1-2  | **DECENTRALIZED**<br>Legacy approach with little or no consolidation | **100+** | + Established design, easy content add<br>- Limited packaging, unable to effectively support advanced capabilities |
| 2-3  | **SELECT DOMAIN CENTRALIZATION**<br>Consolidate ECUs primarily by domains and functionality | **60-80** | + Scalable within domain, reduced complexity<br>- Limited capability / not optimized for advanced features, slightly higher base cost |
| 4-5  | **ZONE CENTRALIZATION**<br>Consolidate ECUs primarily by physical location across domains | **30-60** | + Optimized for advanced features, reduced architecture complexity<br>- Higher base system cost, challenge to retrofit legacy platforms |
| 4-5  | **DOMAIN CENTRALIZATION**<br>Consolidate into 1-5 ECUs plus 15-40 ZCs with full control of all domains and zones | **20-45** | + Optimized for advanced features and OTA / SW, VAP automation enabler, reduced wiring<br>- Higher base cost; scalability across platforms |

**Providing optimized solutions supporting OEM global strategies**

1. Premium vehicle

# Optimization Allows For Content Expansion

## Content Walk




## Optimization

### CONTENT GROWTH

Fueled by expansion in data requirements, electrification, and higher levels of automated driving capabilities

### OPTIMIZATION

Required to make incremental content expansion functional (complexity, manufacturability, updateable) and affordable

### APTIV DIFFERENCE

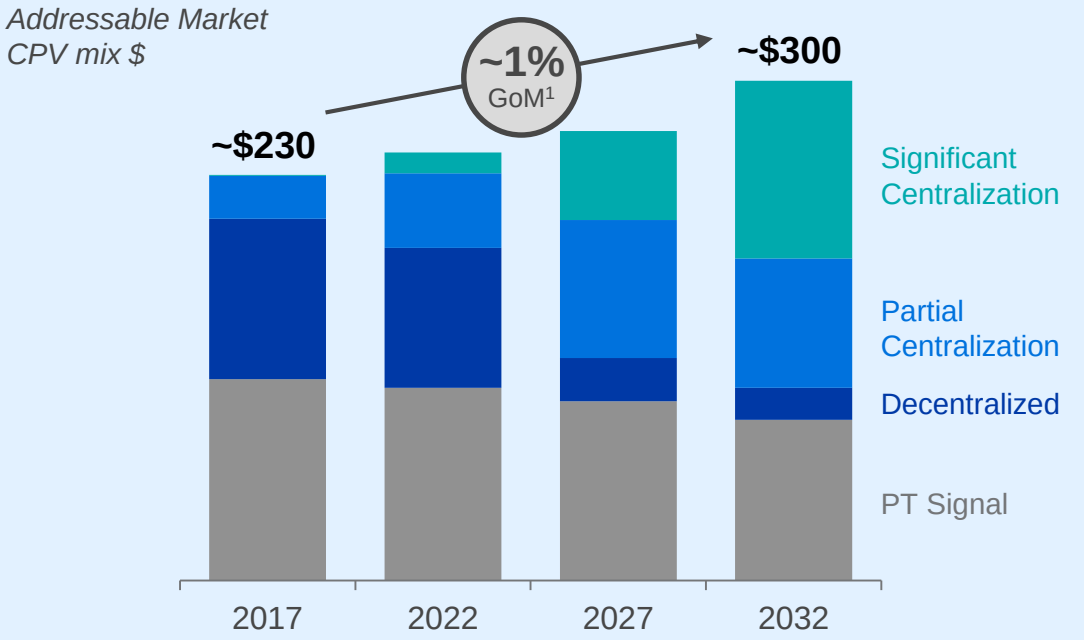
Our expertise in software, electronics design, and system architecture optimization uniquely positions Aptiv to provide solutions across the spectrum of architecture types

**Aptiv provides the solutions to allow our customers to expand content**

1. Adjusted Growth over Delphi weighted Market

# Vehicle Architecture Evolution

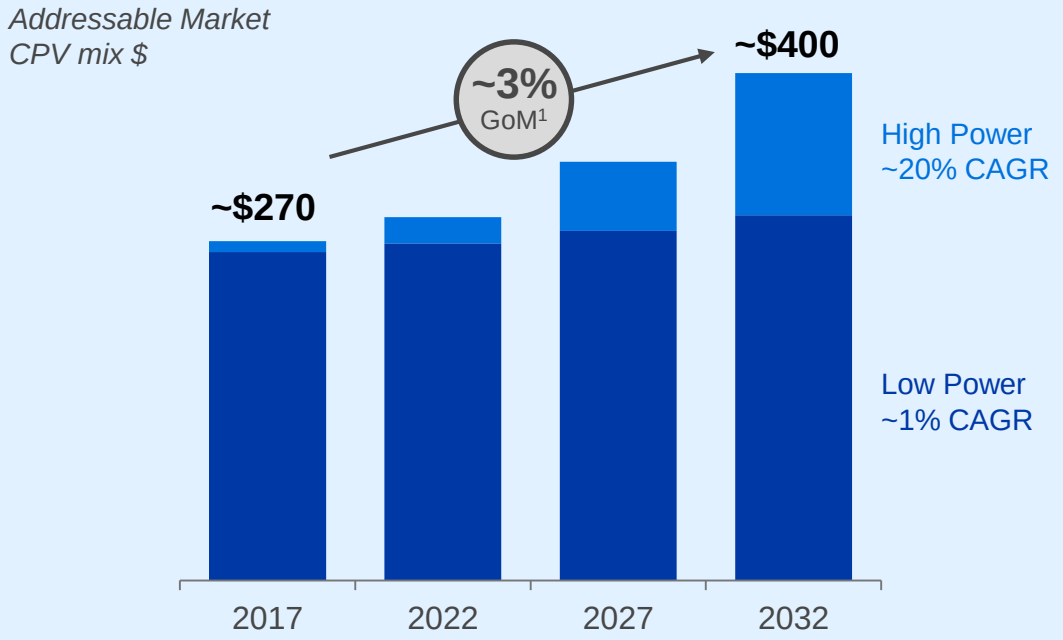
## Data Distribution




Increasing vehicle content

Trend towards centralization

## Power Distribution



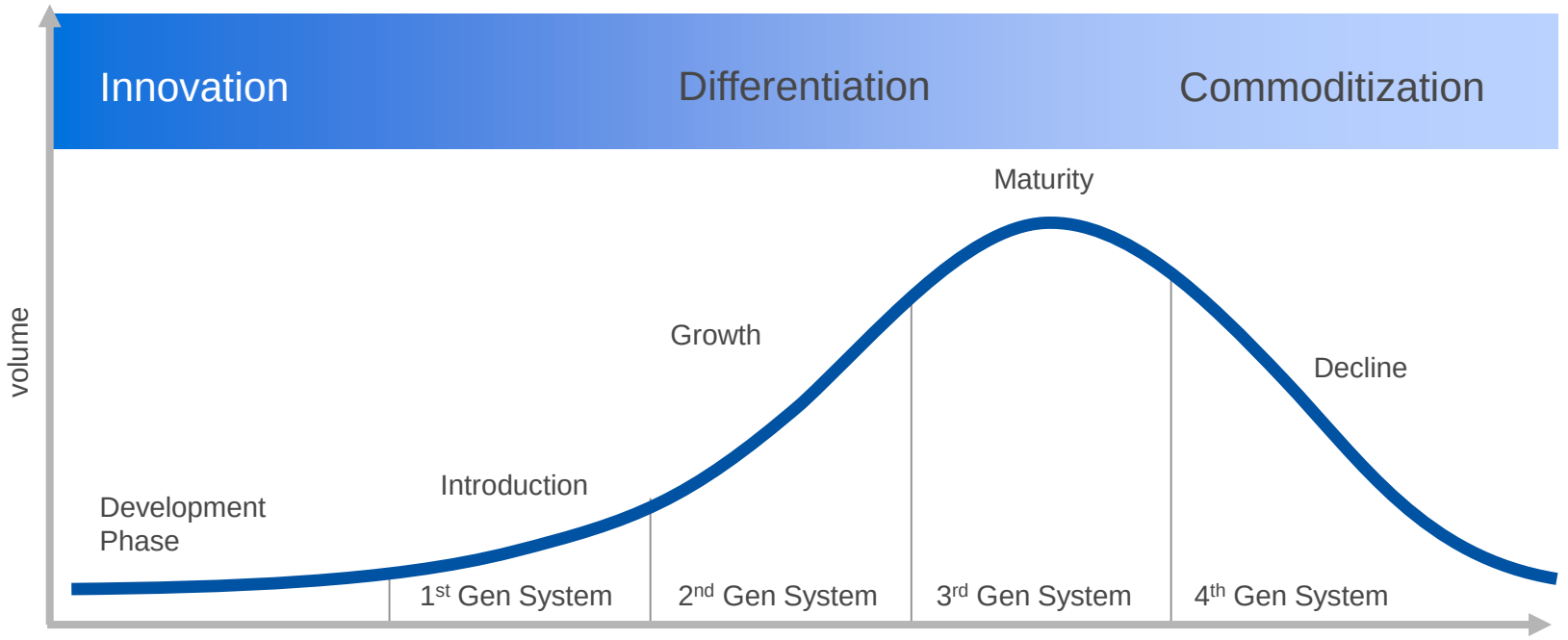

Powertrain electrification

Shared vehicle power

**Centralization helps offset complexity; Electrification a tailwind**

1. Adjusted Growth over Delphi weighted Market

# Product Lifecycle Value Drivers




Key Customer Satisfiers

**BEST IN CLASS PERFORMANCE**

- Complex architecture expertise critical
- Innovative technologies and solutions
- Flawless global launch capabilities

**COST OPTIMIZATION**

- Industry leading scale
- Continuous improvement mindset
- Design optimization and reuse

**OEMs are challenged to develop a balanced architecture strategy**

# Centralization And Optimization Leading To Conquest Wins

Innovation — Differentiation — Commoditization

Development | 1st Gen System | 2nd Gen System | 3rd Gen System | 4th Gen System

## OEM SMA Collaborations

Smart Mobility Architecture

GM, Porsche, BMW, Audi, Ford, FCA (Fiat Chrysler Automobiles), Jaguar, Land Rover

## Major Global OEM

Architecture Optimization



**~10%** MASS REDUCTION

**150M** CABLE LENGTH REDUCTION

## 2018 JLR D8 Platform

Architecture Concept Study



**~15%** MASS REDUCTION

**300M** CABLE LENGTH REDUCTION

## 2018 Chrysler RAM

Architecture Optimization



**25 lbs** MASS REDUCTION

**400M** CABLE LENGTH REDUCTION

**Unique architecture competency – adding value in all lifecycle phases**

# Enablers To Success

## NEXT GENERATION ARCHITECTURE CHALLENGES

**SAFE**
Complex architectures to support ADAS

**GREEN**
Greater electrification and variable voltages

**CONNECTED**
Seamless linkages to passengers and environment

**MINIATURIZATION**
Smaller, more complex products to assemble and integrate

## TECHNOLOGY LEADERSHIP

### High Speed Data
Communication between sensors and compute platforms in near real time

**High Speed Data Management**

- Data Protocol Management
- Multi-gigabit data networking
- Valens

### Electrification Enablers
Management of increased content, voltage variations, loads and delivery

**Efficient Power Management**

- Solid State Power Distribution
- High Power Connectors
- Wireless Inductive Charging

### Fail Safe Architecture
Exponential increases in variation and complexity of redundant architectures

**Advanced Manufacturing**

- Augmented Reality
- Additive Manufacturing
- Automation / Flat Connectors

**EEA portfolio enabling autonomous vehicles and electrification**

# Why We Win In Data And Power

## LEADER IN SYSTEMS OPTIMIZATION

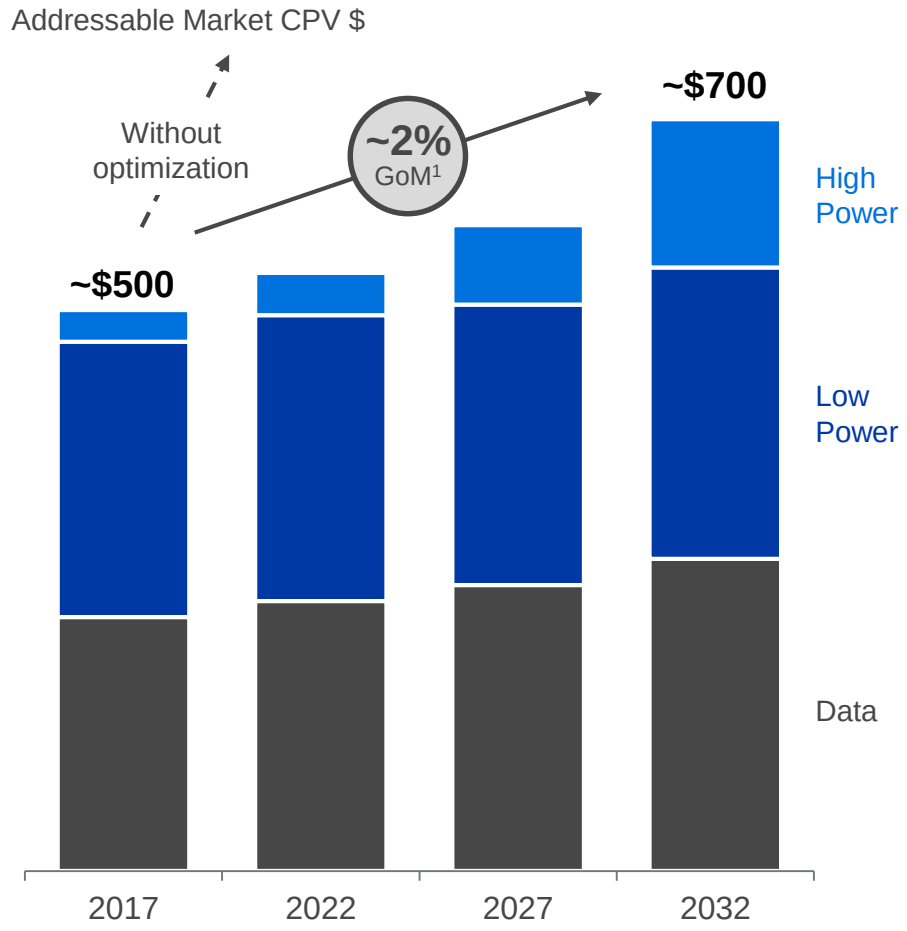
- Increasing vehicle complexity favors “system” suppliers
- Comprehensive vehicle understanding de-risks development

## GLOBAL SCALE

- Managing just-in-time logistics for complex global supply chain
- Industry leading cost structure and flexibility

## BREADTH OF PORTFOLIO

- Broadest and most relevant architecture portfolio
- Value add through design reuse, continued innovation



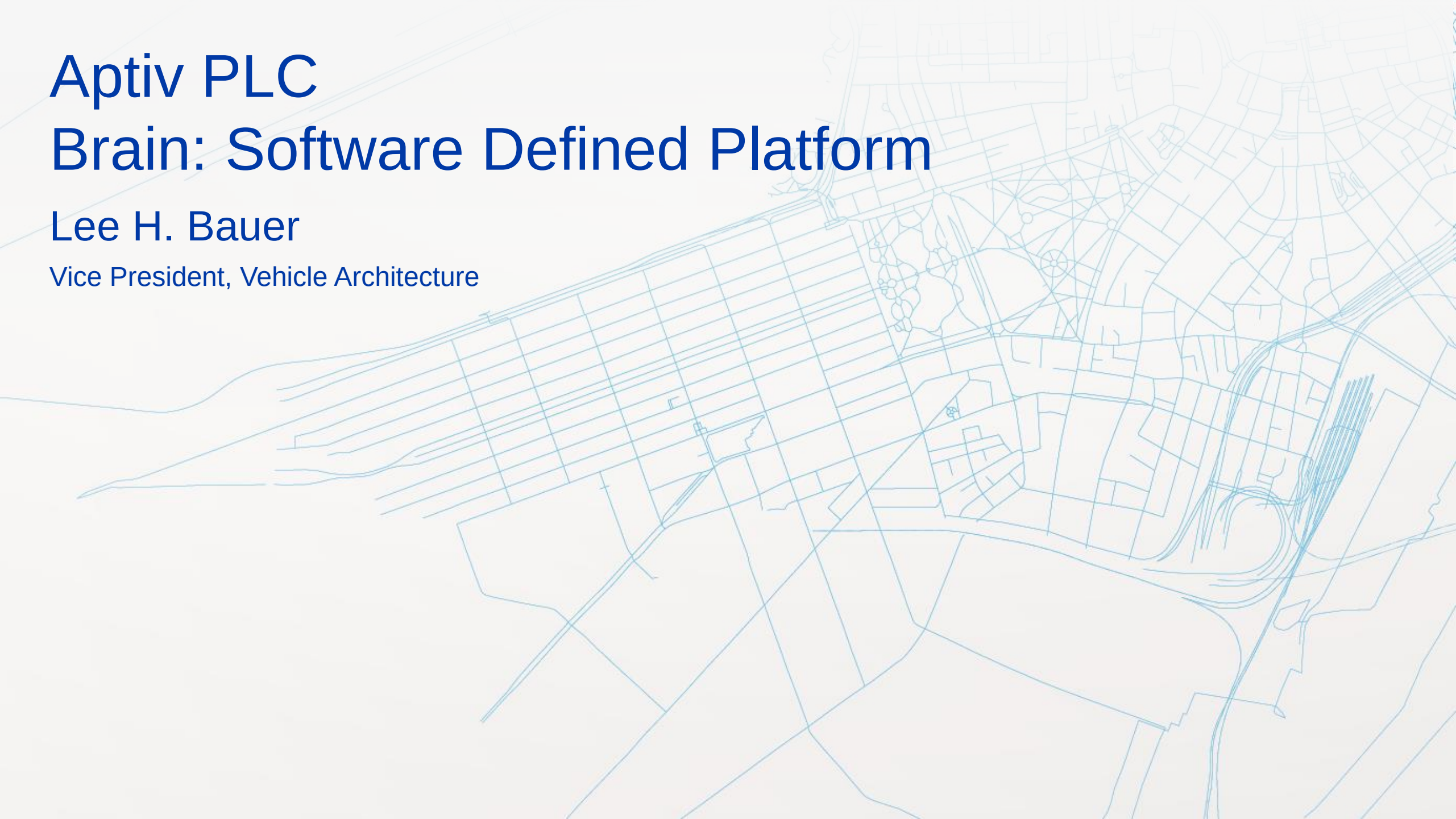

**Global leader in complex systems development and optimization**

1. Adjusted Growth over Delphi weighted Market

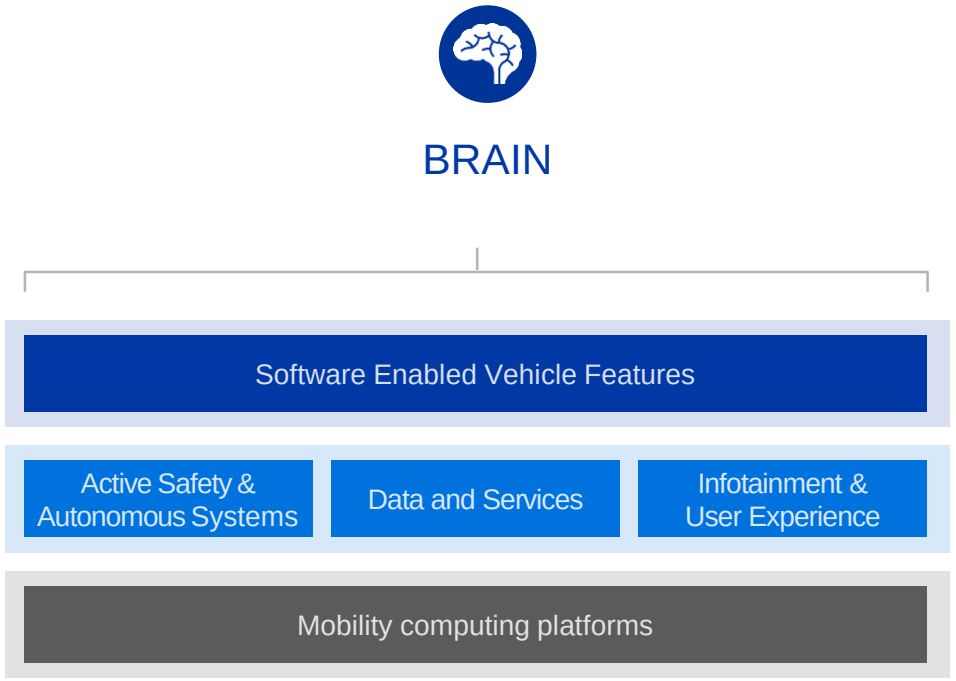
# Aptiv PLC
# Brain: Software Defined Platform

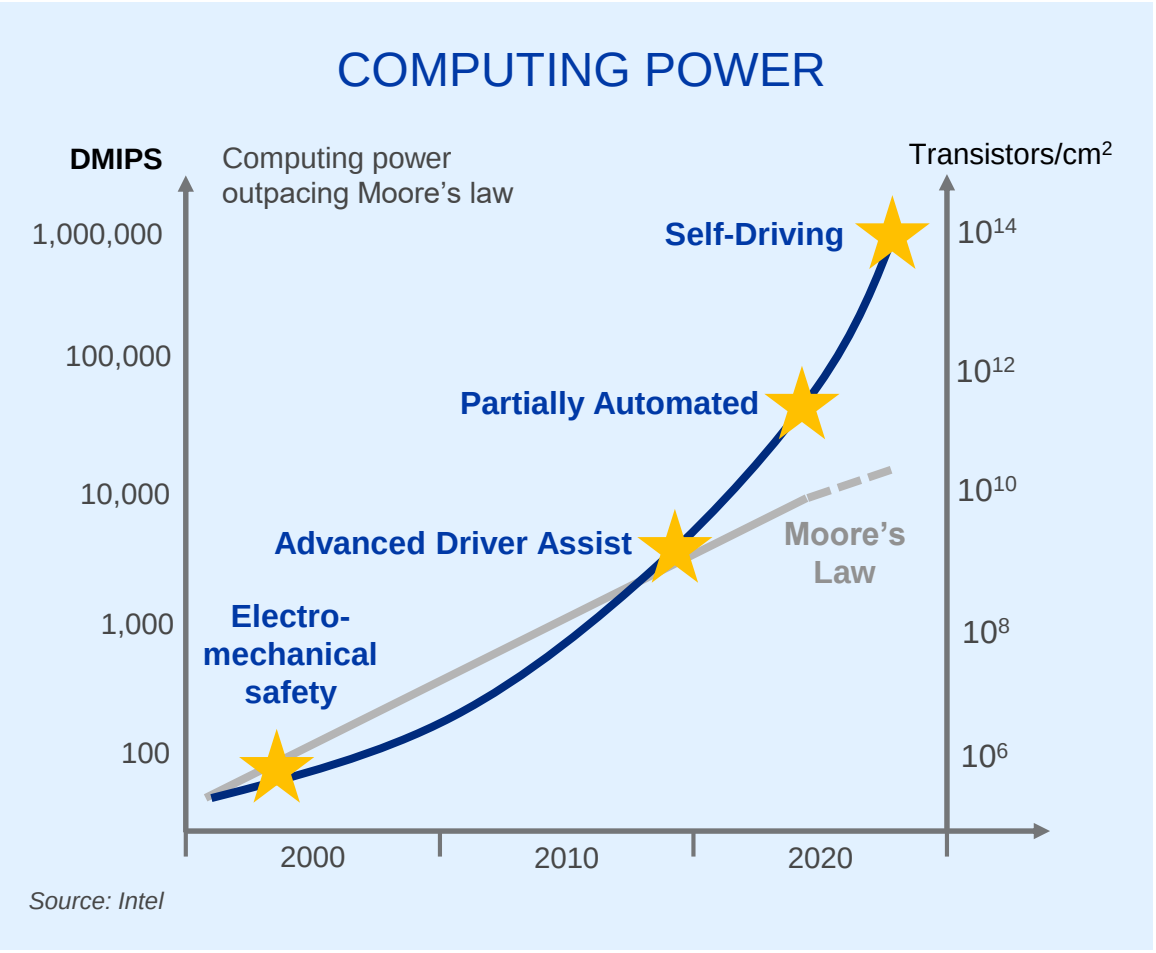

## Lee H. Bauer

Vice President, Vehicle Architecture

# Brain: Software Defined Platform

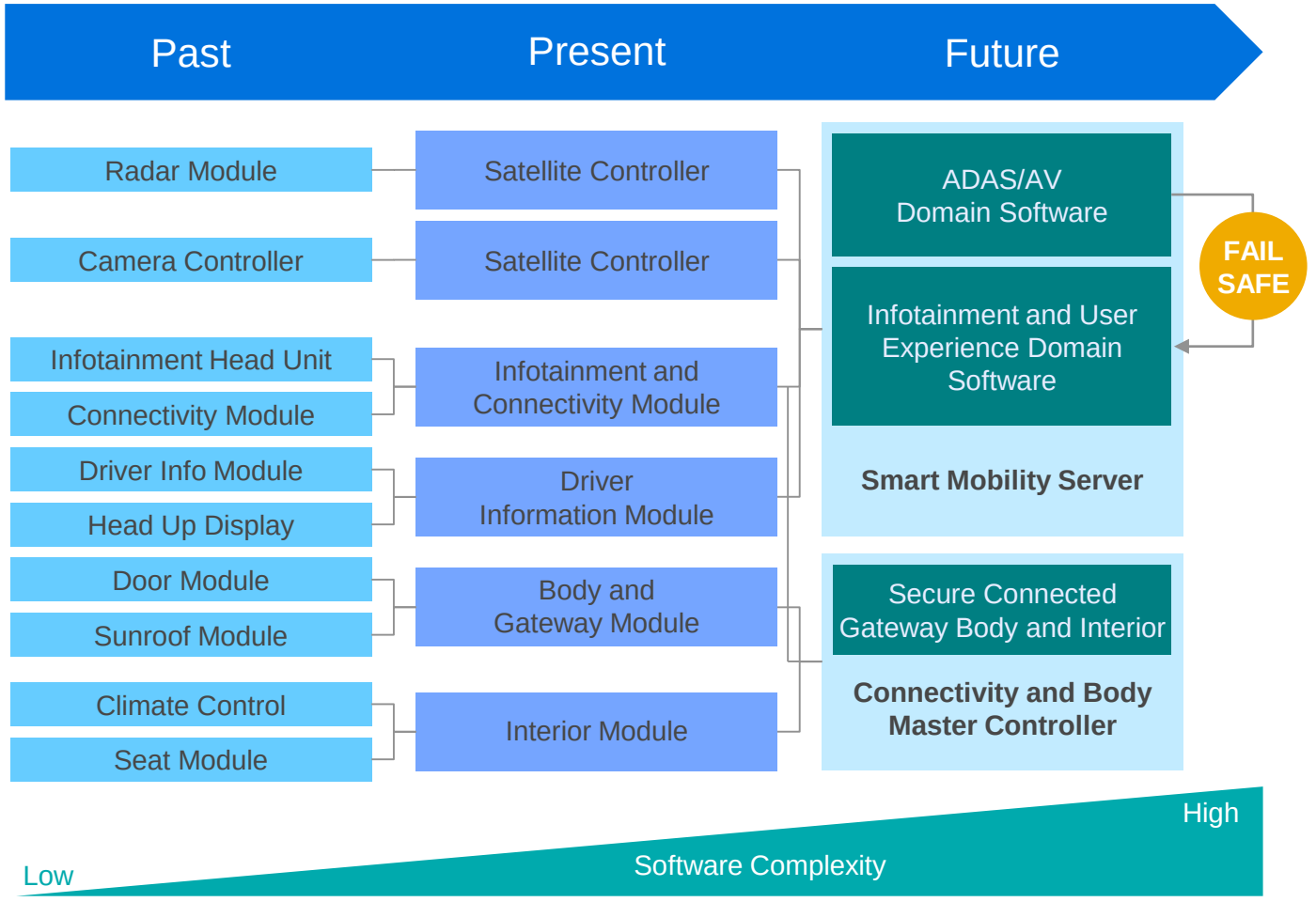



**Software feature complexity and available compute increase exponentially**

# Domain Centralization

| Compute platform | Centralization Strategy |
|---|---|
| **ADAS** | Incremental feature addition immediately integrated into centralized domain unit |
| **Infotainment and Connectivity** | Incremental feature addition immediately integrated into centralized domain unit |
| **Body and Security** | Decentralized incremental feature additions are periodically consolidated |




**Total compute rationalized and centralized, captures software complexity growth**

# Centralization Leading To Conquest Wins

## 2019 Audi Infotainment

Integrated Cockpit Controller



Second step to domain centralization following 2017 ADAS central controller

## 2020 Volvo Infotainment

Integrated Cockpit Controller



First step towards domain centralization

## 2021 Asian OEM

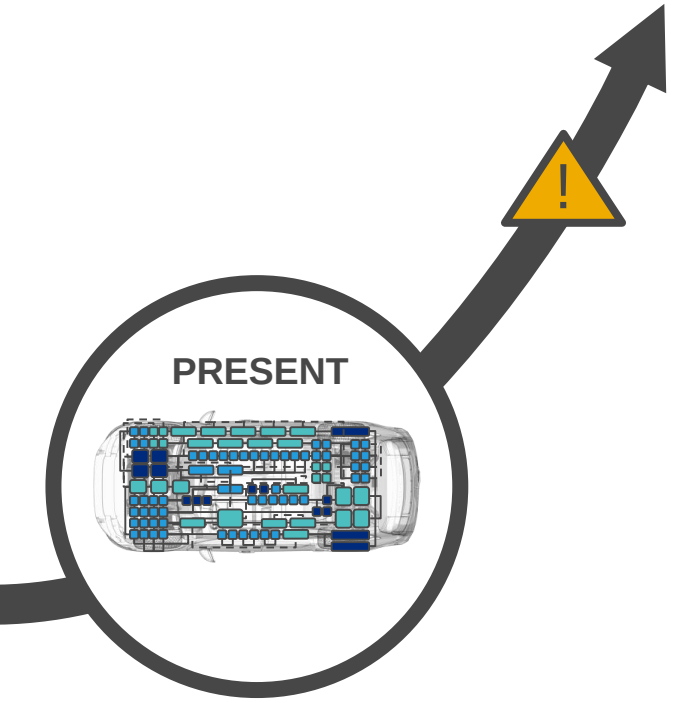
Integrated Cockpit Controller



First step towards domain centralization

**Centralization underway, value driven by rationalizing complex systems**

# Level 4 Autonomous In The Supercompute Era



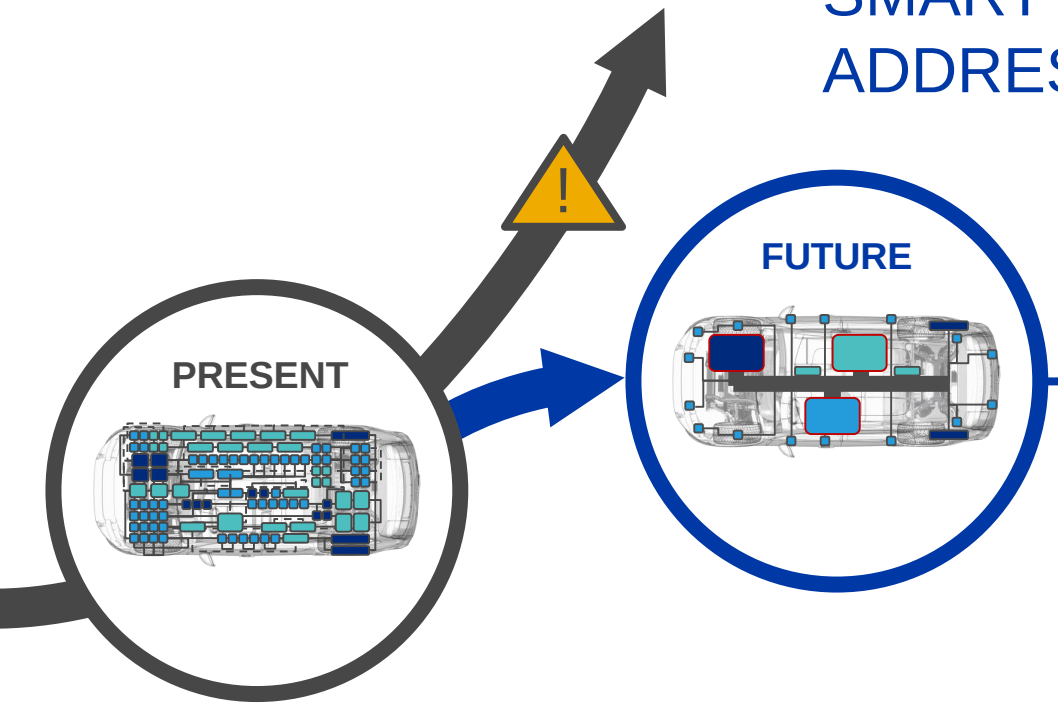

## LEVEL 4 BREAKS CURRENT ARCHITECTURES

- Incremental functionality delivered by discrete solutions (SW & HW) won’t package or scale
- Functional safety requirements hard to meet; fully redundant approach is not affordable

**Incremental and evolutionary approach not possible**

# Level 4 Autonomous In The Supercompute Era

## SMART VEHICLE ARCHITECTURE ADDRESSING LEVEL 4 CHALLENGES




### FLEXIBILITY

Software framework that supports dynamic feature sets and compute needs

### LIFECYCLE

Decoupling HW and SW with fully abstracted approach allows independent lifecycles

### RESILIENCE

Addresses multilayer system fault tolerance; meets redundancy requirements

**Smart vehicle architecture addressing level 4 compute needs**

# Where The Brain And Nervous System Come Together

## THREE LAYER FAIL SAFE OPERATION



### FLEXIBILITY

- SW framework supports variable compute sizing
- AI driven edge computing unlocking data services
- Seamless upscaling through comprehensive design



### LIFECYCLE

- Software abstraction supports features, upgradeability
- Architecture designed for lifecycle feature growth
- Paradigm shift: “feature complete” to “feature evolve”



### RESILIENCE

- Systems must comprehend functional safety
- Resilient / fault tolerant systems survive critical failures
- Intelligent partitioning manages cost of redundancy

CONTENT

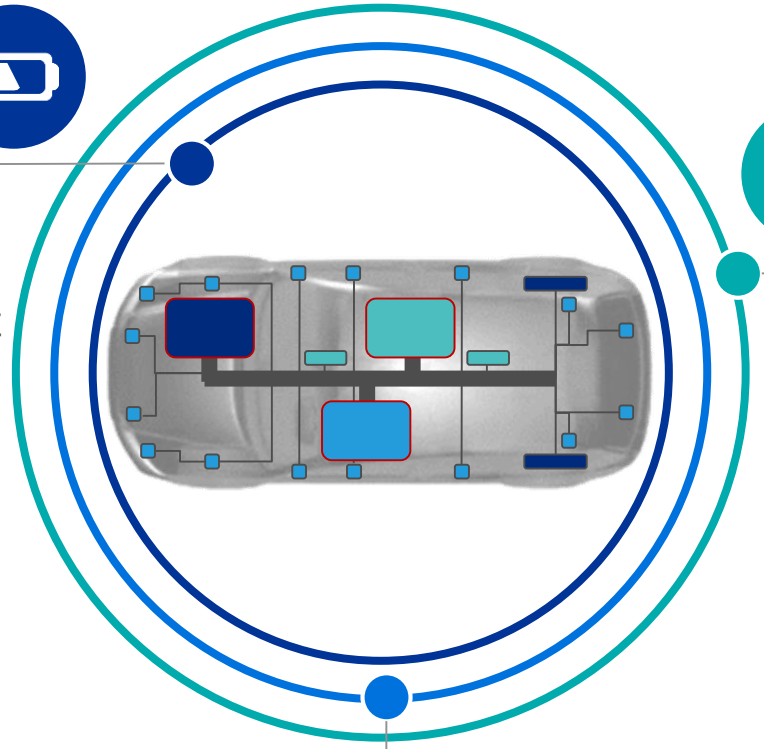
REDACTED

**Best value, high fidelity fail safe operation**

# Delivering Three Layer Fail-Safe Operation

## POWER DISTRIBUTION

- Design safeguards critical vehicle sensor coverage
- Complementary power management systems
- Power supply fail safe



## COMPUTE PERFORMANCE

- Architecture drives functional safety compliance
- Redundant control systems
- Compute platform fail safe

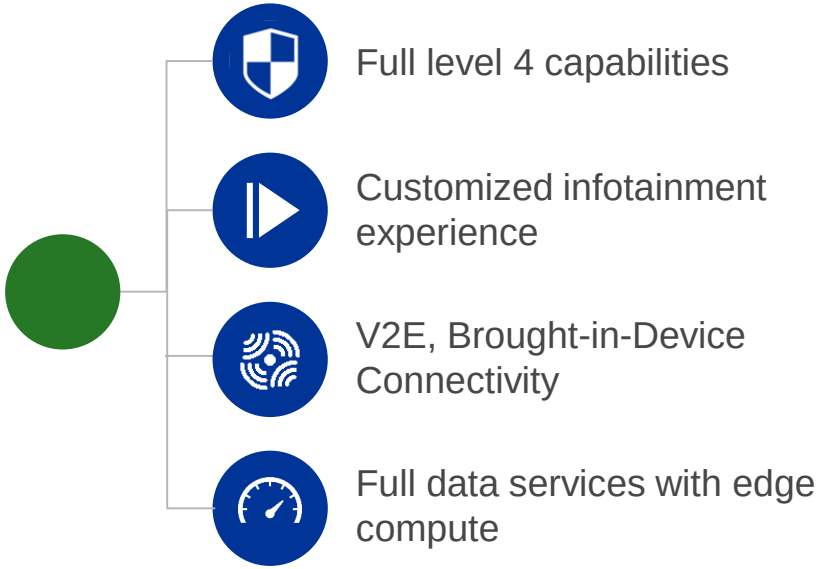
## NETWORK STABILITY

- Consistent performance of high priority traffic
- Multi-path topology enables redundancy

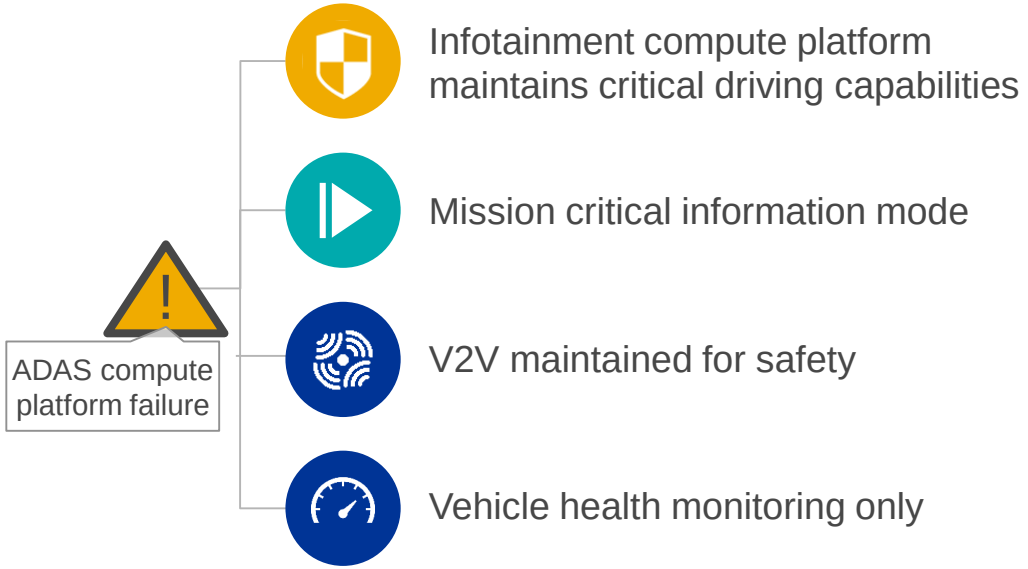
**Extensive systems design expertise mitigates multi-layer terminal failures**

# Scenario: Level 4 Compute Platform Failure

## Normal Operation




## Fail Safe Operation




**Extensive systems design expertise mitigates multi-layer terminal failures**

# Why We Win In The Software Defined Platform

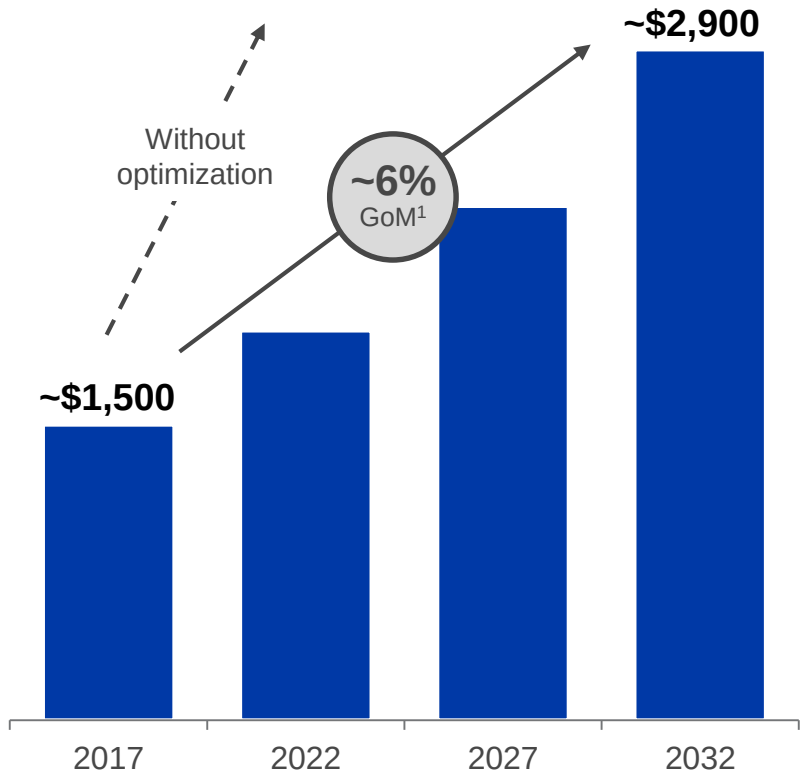
## LEADER IN SYSTEMS DEFINITION AND OPTIMIZATION

- Flexible software architecture enables feature growth and fault tolerant operation
- Sensor fusion allows complex inputs create dynamic decision making
- Power and signal distribution solutions that allow functionality prioritization

## DEEP UNDERSTANDING OF FUNCTIONAL SAFETY

- Strong and growing active safety and infotainment capabilities
- Central server platform and sensor arrays enable redundant compute
- ASIL-D certification experience critical to future approvals

**SOFTWARE AND COMPUTE CONTENT**
Addressable Market CPV $




**End to end system competence + 3 layer fail safe = smart architecture**

1. Adjusted Growth over Delphi weighted Market

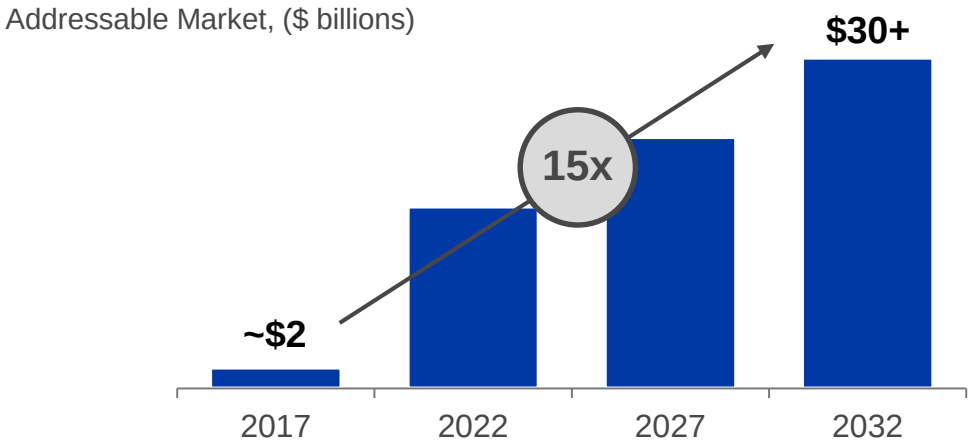
# Aptiv PLC
# Connected Services


## David Ploucha

President, Control-Tec




# Connected Services Overview




**SIX CONTINENTS**
Comprehensive IT and communication infrastructure

**OEM PARTNERS**
Close partnerships; increasing exposure to mobility services

**SURGICAL DATA**
Optimized Data Strategy maximizes bandwidth use

## CONTROLTEC®

- Best-in-class data acquisition and edge processing capabilities
- Leverages real-time data and the cloud to identify and solve issues
- Accelerating OEM development cycle; foundation of recurring revenue

## MOVIMENTO

- Leader in vehicle telematics and OTA update capabilities
- Enabling enhancements throughout the vehicle lifecycle
- Creates new OEM and fleet management value generation opportunities

## otonomo

Strategic partner providing turnkey vehicle data marketplace; enabled by Control-Tec / Movimento

**Deeply entrenched with OEMs; well positioned to expand market**

# Why Now?

## TECHNOLOGY

## BUSINESS MODELS




**Connectivity to high value data enabling new business models**

# Monetization Opportunities Expanding

## Connect



Connectivity Hardware

APTIV

- Product use
- Alerts / notifications

## Monitor



Vehicle Sensor

CONTROLTEC

- Product condition
- Operating environment
- Product function

## Control



Embedded Software

MOVIMENTO

- Control of functions
- Personalization

## Optimize



Monitoring and Control Algorithms

CONTROLTEC

- Improve product performance
- Predictive diagnostics, service and repair

## Automate



Vehicle Control

APTIV

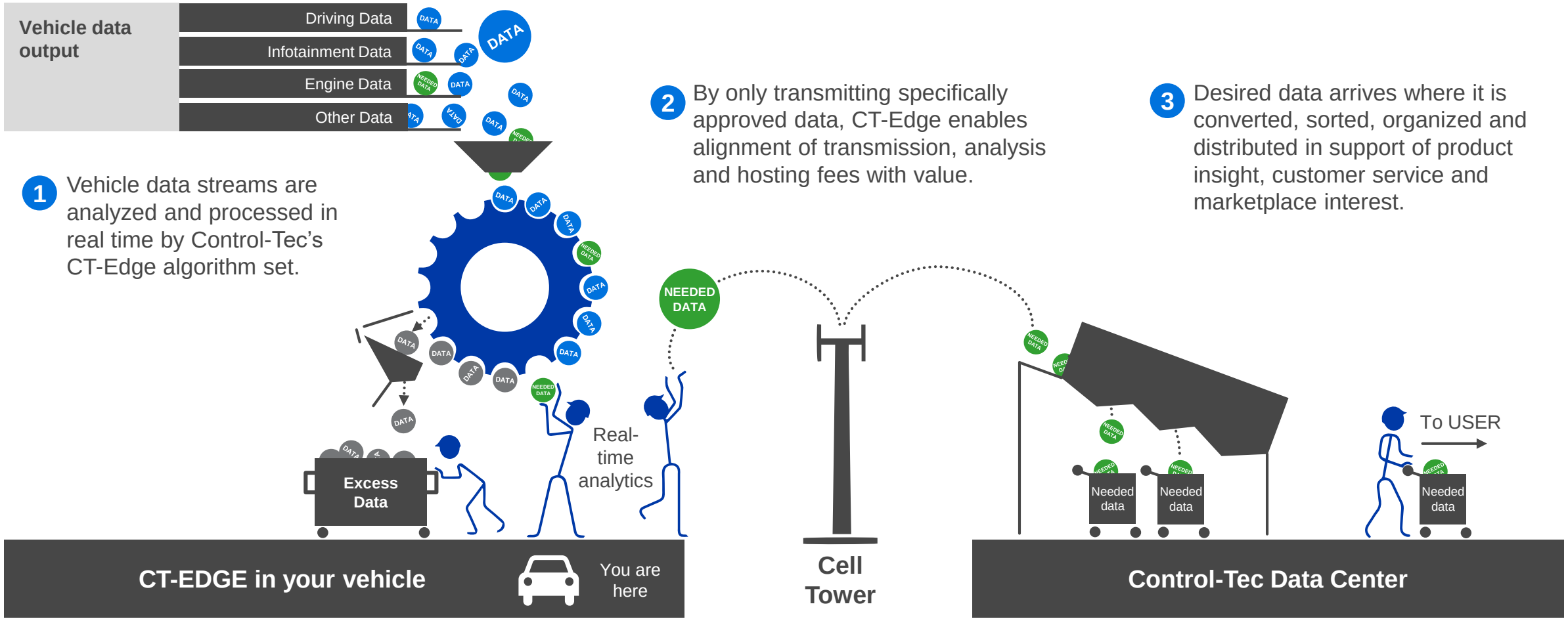
- Autonomous operation
- Coordination with other products and systems
- Self diagnosis, service and enhancements

MOST ADDRESSABLE OPPORTUNITIES HERE TODAY

STRONG FUTURE POTENTIAL TO CREATE VALUE

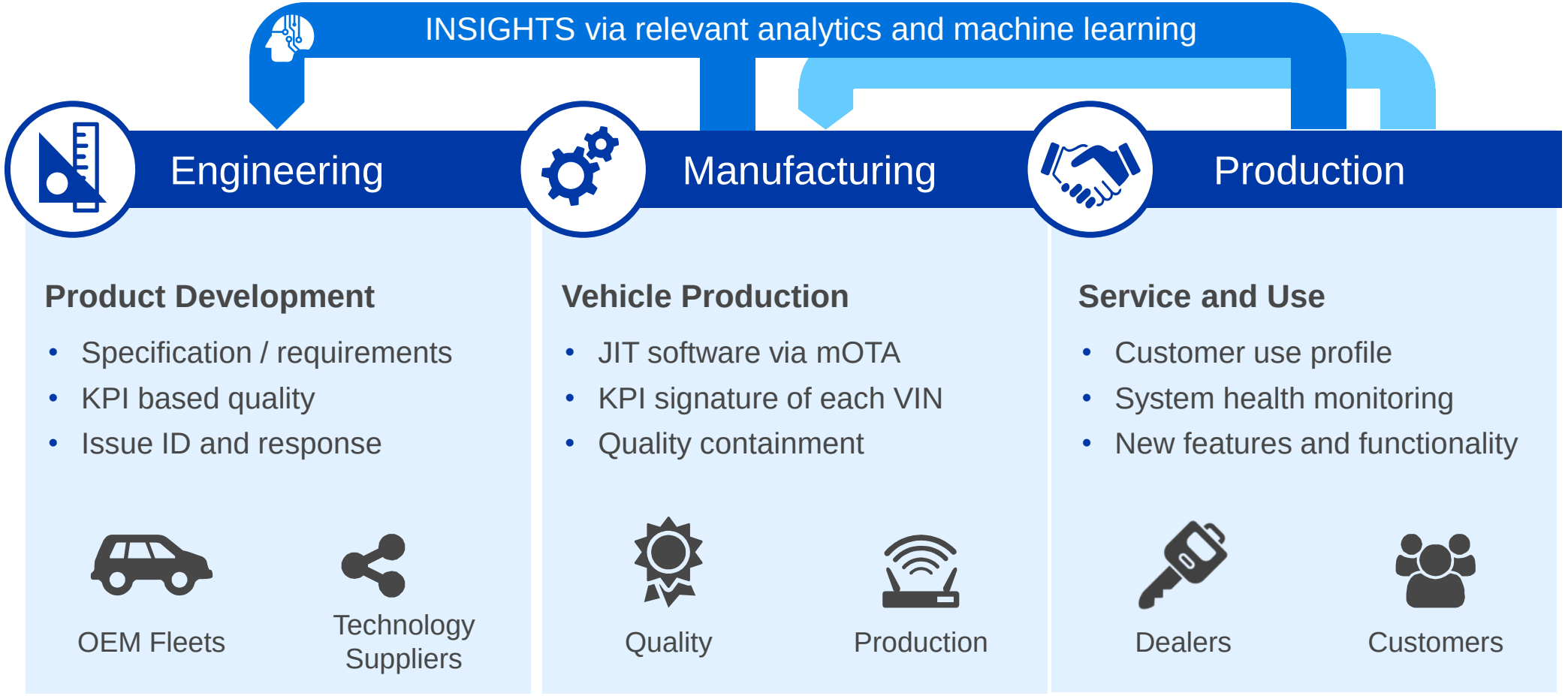
**Positioned to play in every step of connectivity value progression**

# Edge Methods Process Data At The Point Of Capture




**Leverage domain expertise to harvest only data of value**

# OEM Competitive Process Advantage Through Data




**A continuous digital stream throughout the product lifecycle**

# Preproduction Process Improvement

## Constantly Monitoring Library Of Historical Issues

**100+**
Proprietary algorithms

**Passive Monitoring**

**SW Deployment Validation**

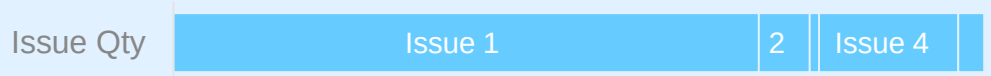
**High Speed Data Collection**

**Contextual Warnings**

## Major North American OEM Truck/SUV Launch




THOUSANDS OF EVENTS TRIGGERED AND RESOLVED




| 72 | 3.8M+ | 170K | 10 |
|---|---|---|---|
| Test Vehicles | Miles Driven | Drive Cycles | Months |

**Learning from real life issues to prevent future problems**

# Technology Advancements Unlocking New Markets

DEVELOPMENT HARDWARE

PRODUCTION HARDWARE

2012 | 2014 | 2016 | 2018 | 2020

| 2012 | 2014 | 2016 | 2018 | 2020 |
|---|---|---|---|---|
| $4,000 Cost | $2,000 Cost | | $100 Cost | - Cost |
| 4,000 Install Base | 4,000 Install Base | | 3.0M Planned | 10M Planned |



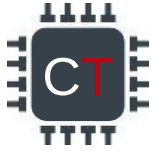
CT-1000



CT-600



CT-150




FULLY EMBEDDED

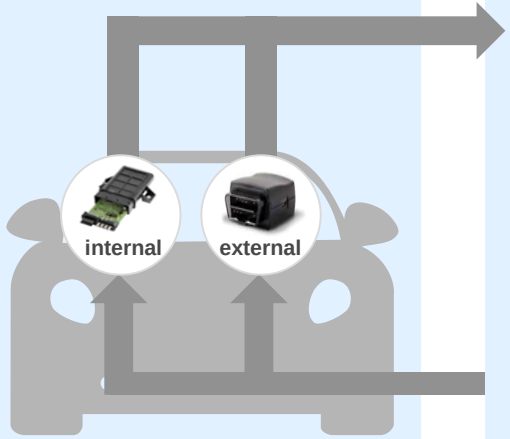
## APTIV

- Making OTA standard on all applicable products
- Benefiting from connectivity to improve products and processes

**Embedded low cost / high compute platforms enabling rapid proliferation**

# Production: Customer Data Monetization

**CUSTOMER VEHICLE**




**APTIV**

CONTROLTEC®

- CT-EDGE data methods
- Highly configurable acquisition logic
- Data Strategy alignment with Business Value
- Fleet management

MOVIMENTO®

- Vehicle information database
- Multi-module OTA re-flash

**OEM / RETAIL / FLEET PLATFORM**



**3RD PARTY DATA EXCHANGE**

otonomo

**DATA CONSUMERS**

- Fleet Mgmt
- Transport Services
- Retail
- Emergency Services
- Insurance
- Vehicle Maint
- Smart Cities
- Expense Control

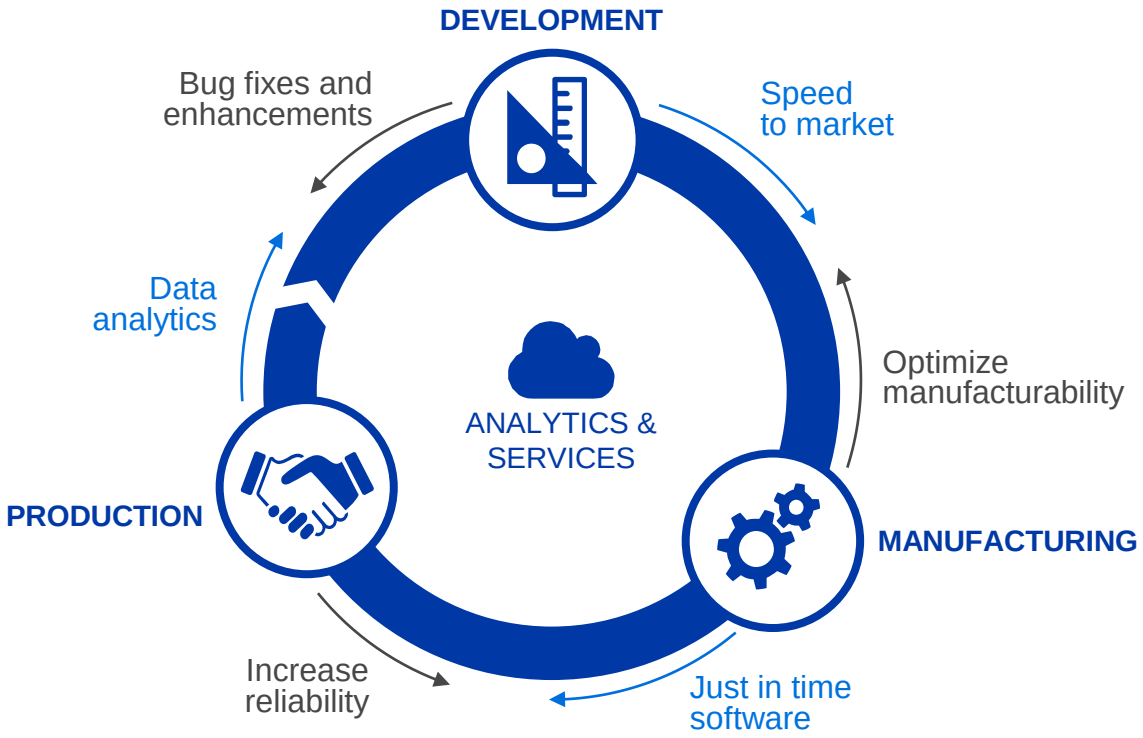
Flow of Data

Flow of Money

**Unlocking turnkey monetization opportunities… not tied to vehicle production**

# Connected Services Creating Customer Value

## Building a better company through process improvement




| | |
|---|---|
| Reduce development time and cost | • Feedback loop improves development cycle time<br>• Just in time software for development, production |
| Increased customer satisfaction | • Fully updated, digitally secure vehicle delivered<br>• Instantaneous deployment of critical bug fixes and enhancements |
| Enable new features | • Deployment of new features and functionality enable ongoing vehicle enhancements<br>• Design to target customer use profiles |
| Connecting to new data consumers | • Vehicle as a sensor for operating environment<br>• Unlocking monetization opportunities for data consumers to deploy value creating solutions |

**Reducing the impact of vehicle defects**

# Aptiv PLC
# Electrical / Electronic Architecture Segment Overview

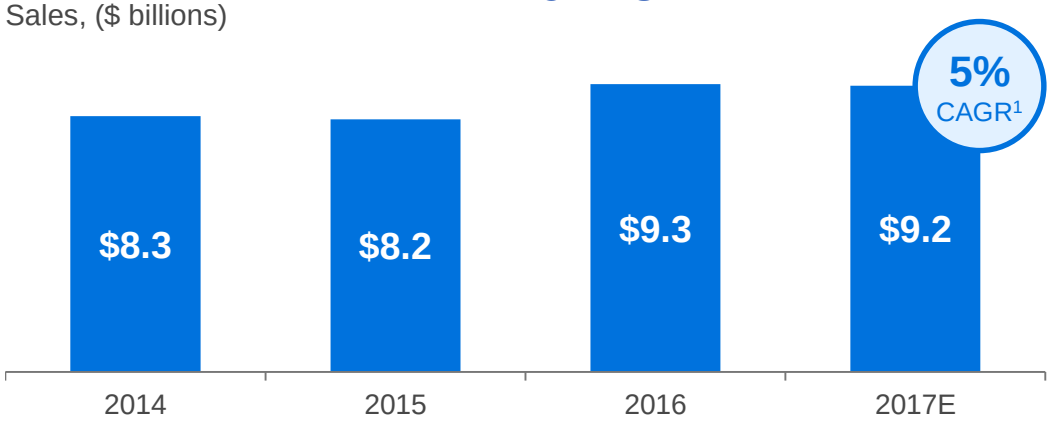

## Majdi B. Abulaban

Senior Vice President and President, Electrical/Electronic Architecture Segment,
and Engineered Components Group, and President Asia Pacific

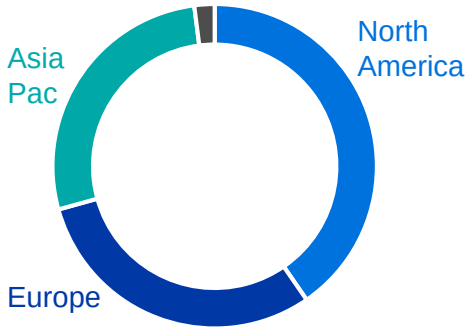
# EEA Business Overview

## FINANCIALS

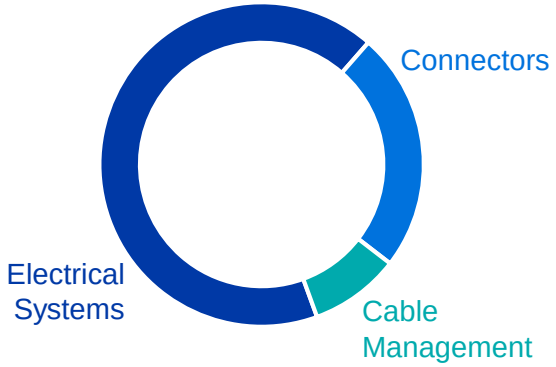
Sales, ($ billions)




## GEOGRAPHIC MIX




## BUSINESS MIX




| | |
|---|---|
| Leader in systems optimization | • Track record of addressing critical customer challenges<br>• Global scale, portfolio, and systems capability<br>• Content growth creating new challenges, opportunities |
| Megatrend driven innovation | • Enabling complex ADAS demands<br>• Leading electrification portfolio, wireless charging<br>• Gigabit speed ethernet portfolio |
| Winning with new tech and new auto | • Smart vehicle architecture partner of choice<br>• Winning with Tesla, Lucid, Uber, Nio<br>• High power distribution, charging, data connectivity |
| Adjacent market expansion | • Leveraging “auto grade” harsh environment expertise<br>• Cable Management leader in Rail and Aerospace<br>• Winning in Clean Energy, Aerospace/Military |

**Global leader in complex systems and advanced technology solutions**

1. Adjusted Growth, 2014 – 2017E Mid Point

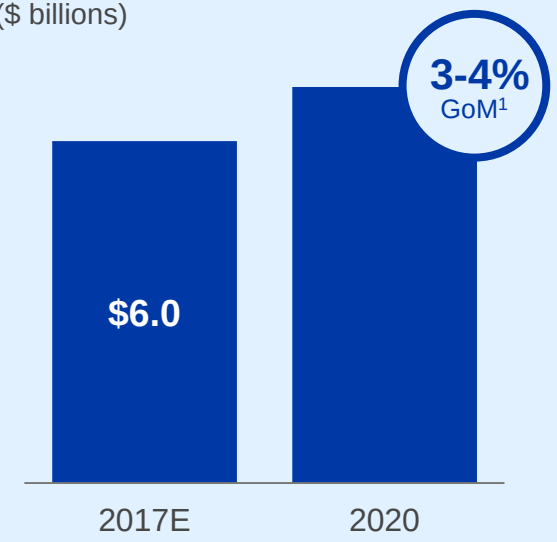
# EEA Portfolio: Global Leader

## Electrical Systems

$35B Market

- Wire harnesses and data cables
- High voltage distribution
- Specialty harnesses

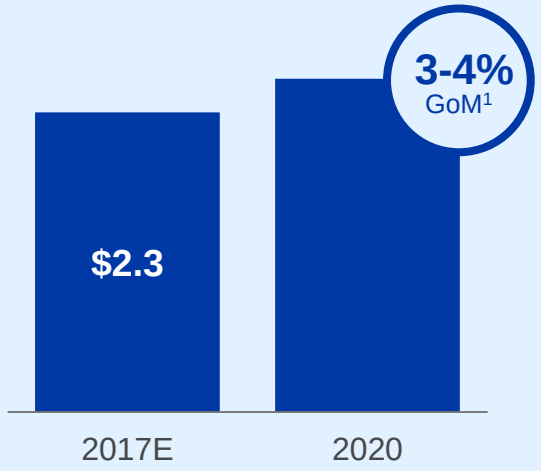
Sales, ($ billions)




## Connection Systems

$15B Market

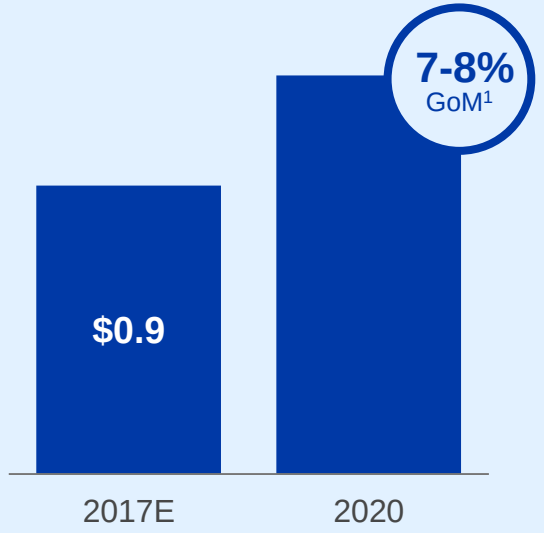
- Connectors and terminals
- Electrical centers
- Power distribution blocks




## Cable Management

$1.5B Market

- Cable ties and mounts
- Application tools
- Routing channels




**Relevant portfolio, well positioned for consistent above market growth**

1. GoM: Growth over Market as defined by Delphi weighted production

# Foundation In Electrical / Electronic Architecture

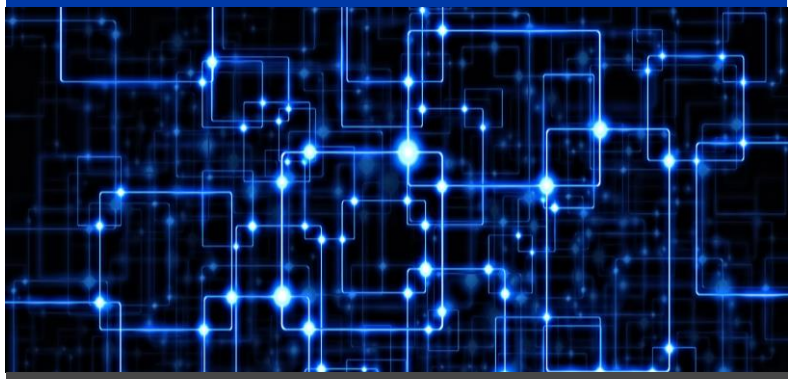
## Enabling Fail-Safe Operational ADAS and Zone Computing



Solid state electrical centers and power management

- 2018 launch with major North America OEM
- Reduced system mass ~10%
- Reduced vehicle packaging ~30%
- System diagnostics and load control

## Data Network Behind Central Computing Platform



Gigabit Ethernet and high speed data

- 2018 launch with multiple OEMs
- Enabling 1 Mbps to 1 Gbps ADAS and infotainment high speed data network
- Leveraging Valens, Rosenberger partnerships

## Consumer Connectivity to Smart Mobility



Wireless phone charging and data connectivity

- 2017 launch with Ford, Volvo, Geely, JAC 5 watt dual mode Qi / PMA charging
- Moving to 15 Watt in 2018
- Near field communication data link

**Enabling fail-safe autonomous vehicles**

**Backbone of the nervous system**

**Enhancing the user experience**

# Winning In Electrification

**Delivering improved functionality, better performance, greater efficiency**




TESLA

Electrical architecture and charging wins on all models



Portable plug-in chargers
20% global market share in 2017
growing above 40% in 2022

Ford · DAIMLER · Chevrolet · Volkswagen · VOLVO

Traditional OEMs
Electrical architecture system partner

CRUISE · UBER

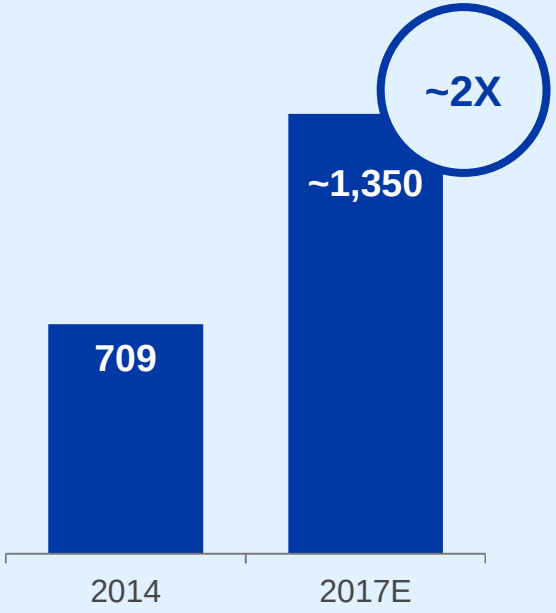
Emerging OEs and ride share
Electrical architecture system partner

**Driving profitable growth through industry-leading portfolio and capability**

# Operational Excellence

## New Launches

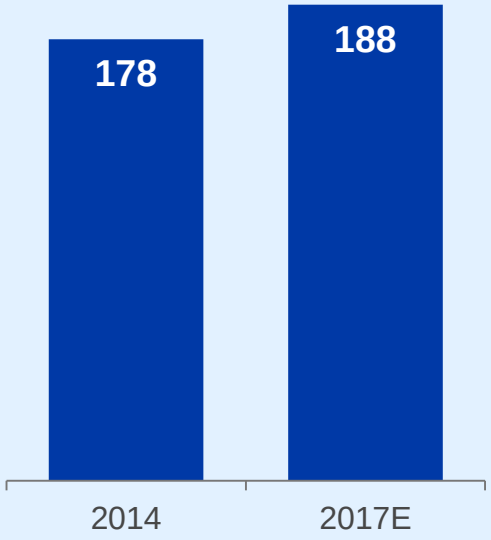
More launches, increasing complexity




## Material Productivity

Offsetting price, driving ~5% savings

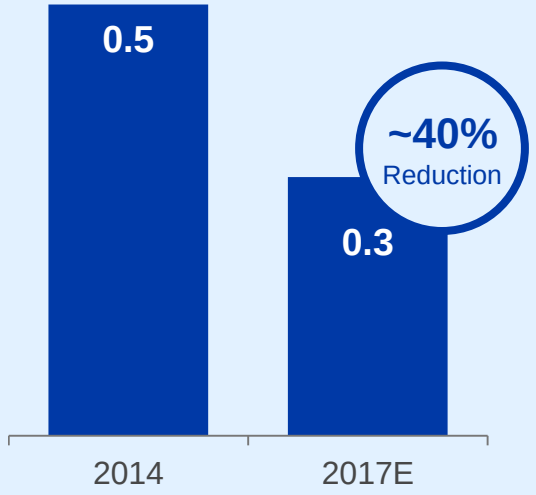
Gross Productivity, ($ millions)




## Quality

Improving best in class COPQ

Escapes (PPM)




**Continuing to strengthen the business foundation**

# Expanding In Adjacent Markets

TEMPERATURE EXTREMES | SHOCK & VIBRATION | DUST & WATER INGRESS | UV EXPOSURE | SERVICE LIFE

**$1B+**

Non-auto revenues today

- Strong in “automotive grade” harsh environments
- Core competencies are transferrable
- Global scale and reach to key markets
- Well established relationships and channels to market via HT

Power and signal distribution systems

Engineered Components













**Leveraging “automotive grade” capabilities to other harsh environments**

# M&A Track Record

## Track Record[1]

### Strengthened leading position in connectors

| EBITDA | Annual Synergy Achievement | Rev CAGR |
|---|---|---|
| 30% | 1.5x | 5% |

### Expanded connectivity products portfolio

| EBITDA | Annual Synergy Achievement | Rev CAGR |
|---|---|---|
| 20% | 1.5x | 20% |

### Engineered components and fasteners leader

| EBITDA | Annual Synergy Achievement | Rev CAGR |
|---|---|---|
| 25% | 1.1x | 10% |

## Areas of Focus

### ENGINEERED COMPONENTS



### END MARKET DIVERSIFICATION



- Engineered components accretive to earnings and return profile
- Leveraging harsh environment expertise outside auto
- Next generation signal distribution for infotainment and ADAS
- Strengthens product portfolio

**Exceptional track record of bolt-on technology acquisitions**

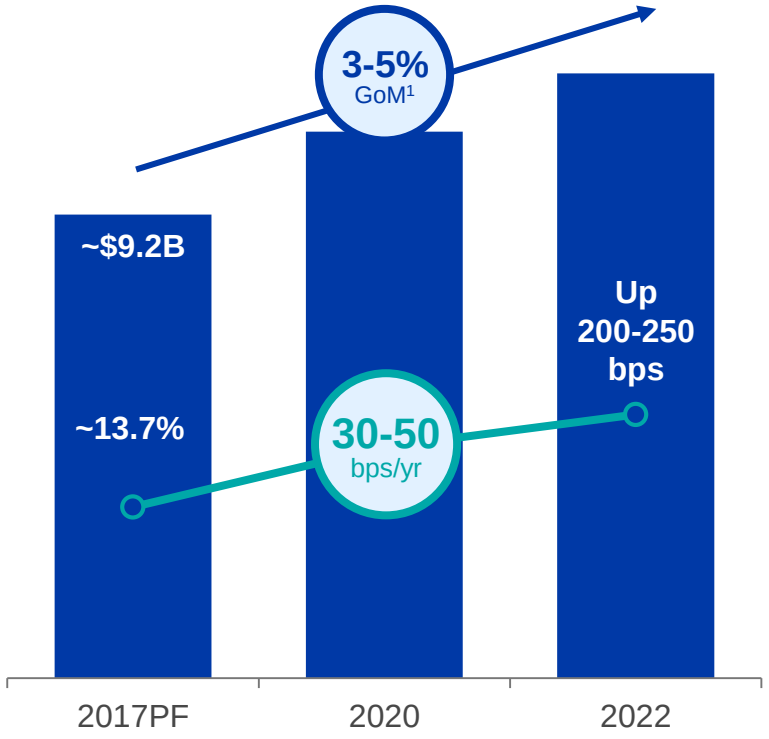
1. Based on 2020 expected results

# EEA Summary

- Systems capability providing best value solution
- Innovation enabling electrification, safety and connectivity
- Winning with new auto and new technology segments
- Expanding auto and non-auto components business

## ELECTRICAL / ELECTRONIC ARCHITECTURE

Sales ($ billions), Op Margin[2]




**World leader in electrical architecture… well positioned for growth**

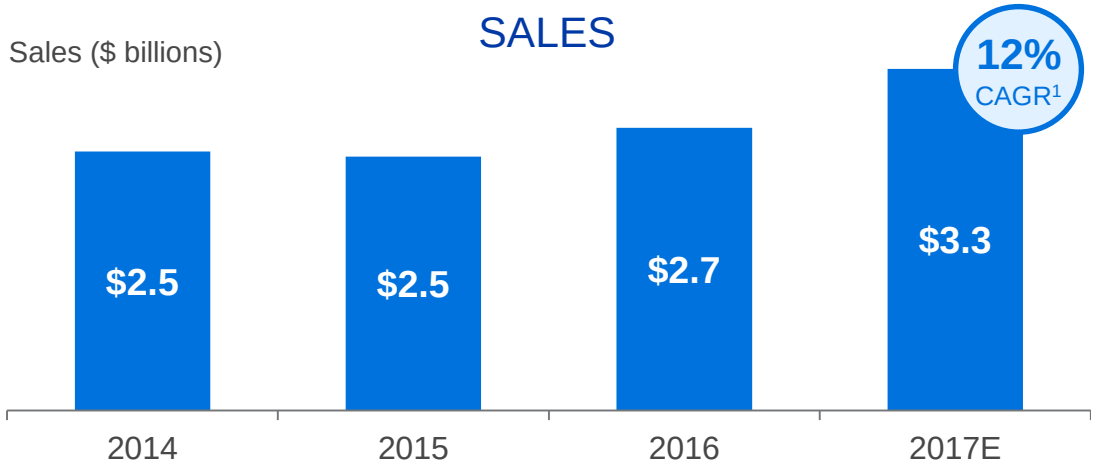
1. Adjusted Growth over Delphi weighted Market
2. Adjusted for restructuring and other special items; see appendix to Financial overview for detail

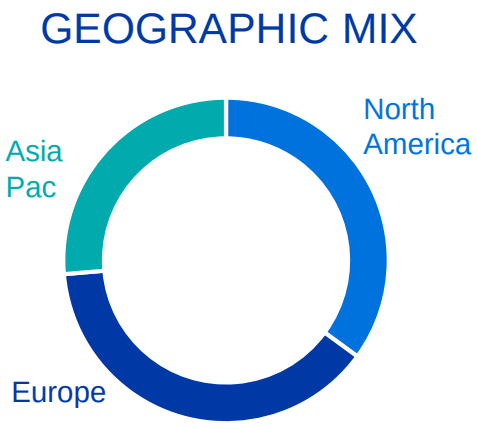
# Aptiv PLC
# Electronics & Safety Segment Overview

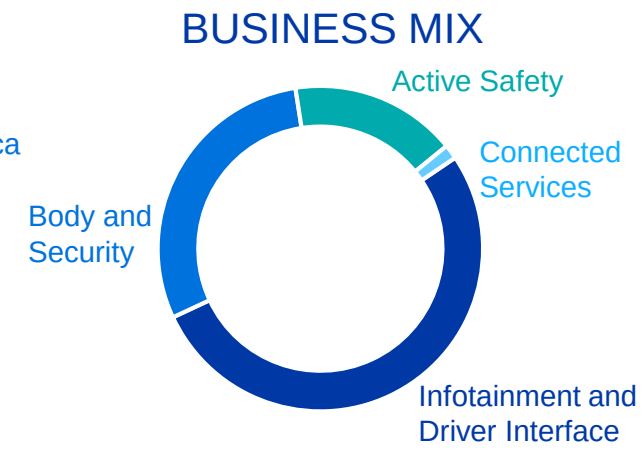
David Paja

Senior Vice President and President, Electronics and Safety

# E&S Business Overview




| | |
|---|---|
| Innovation driving future growth | • Advanced sensing and central computing<br>• Software-based systems with OTA capability<br>• Enhanced user experience / data and smart cities |
| Strong macro drivers | • Broad adoption of active safety technology<br>• Consumer pull for improved user experience<br>• Connectivity and new data business models |
| Differentiated core competencies | • Radar, vision, and control systems<br>• Advanced software development<br>• Systems integration and validation |
| Enabling industry leading growth | • Autonomous driving deployment in AMoD 2019<br>• Strategic partnerships for acceleration<br>• Connected Services – upside beyond 2020 |

**Delivering advanced technologies for a safe and connected world**

1. Adjusted Growth, 2014 – 2017E Mid Point: adjusted for impact for mechatronics divestiture

# Broad Foundation Supports Software Defined Platform

## Active Safety



- Audi zFAS - first level-3 automation vehicle
- Active safety domain centralization
- Key building block for autonomous driving

**4M** Active safety controllers shipped annually

## Infotainment




- Premium infotainment platform
- Centralized computing for infotainment and displays
- Enables smart architecture

**7M** Infotainment controllers shipped annually

## Body and Security




- Progressive integration of body controllers
- Deployment of secure connected gateways
- Enables over-the-air updates and data services

**30M** Body controllers shipped annually

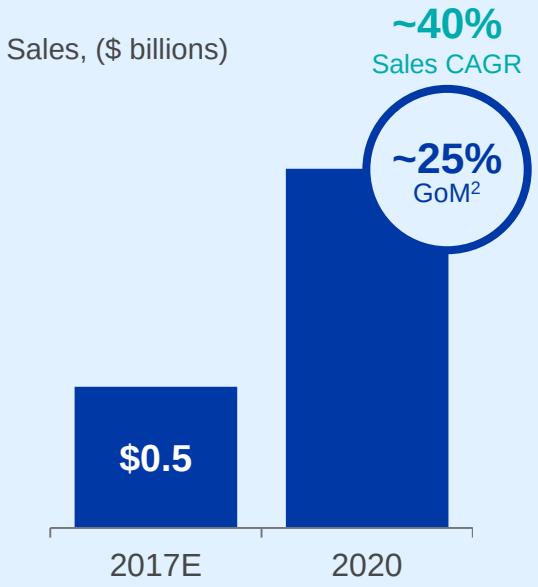
**~40 million controllers shipped annually**

# E&S Portfolio

## Active Safety

### $4B market

- Multi domain controllers
- Sensing and perception systems
- AEB, adaptive cruise




## Infotainment

### $25B market

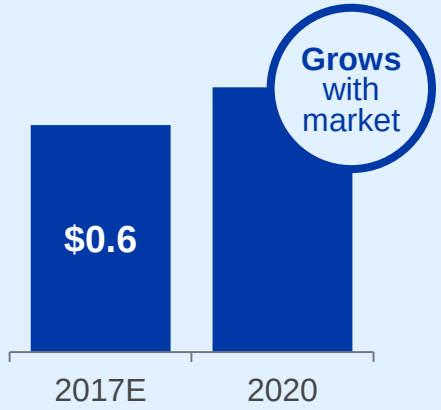
- Cockpit compute platforms
- V2X, vehicle gateways
- User interface, Multilayer displays




## Body and Security[1]

### $10B market

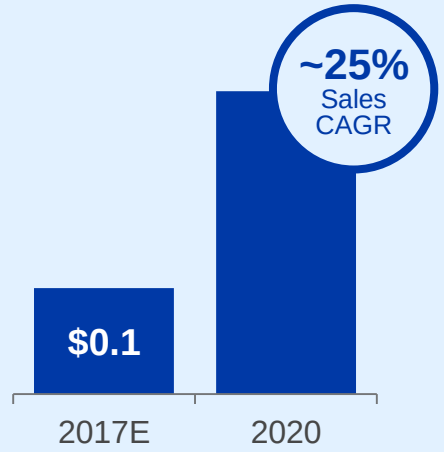
- Vehicle access and security
- Vehicle comfort controls
- Lighting system controls




## Connected Services

### $20B+ market by 2025

- Data acquisition, edge processing
- Data market place and analytics
- OTA updates and cybersecurity



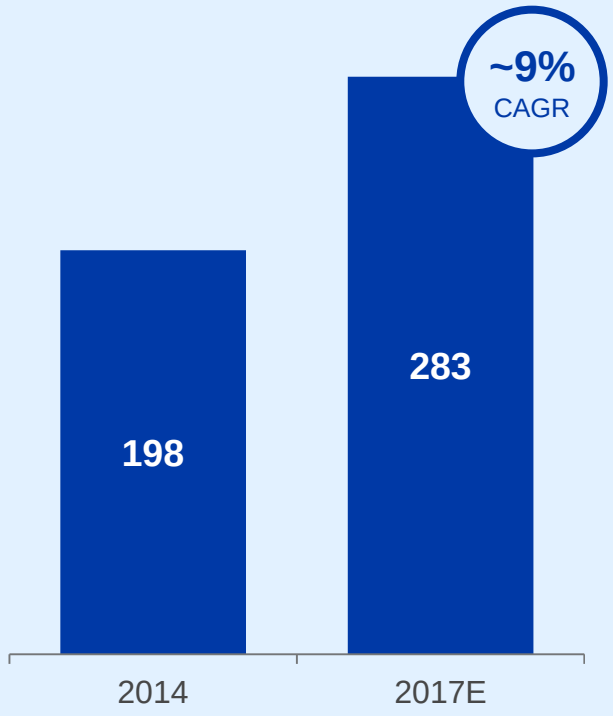

**Driving profitable growth through industry-leading innovation**

1. Excludes crash sensing and occupant safety
2. GoM: Growth over Market as defined by Delphi weighted production, except Active Safety which represents addressable market

# Operational Excellence

## New Launches

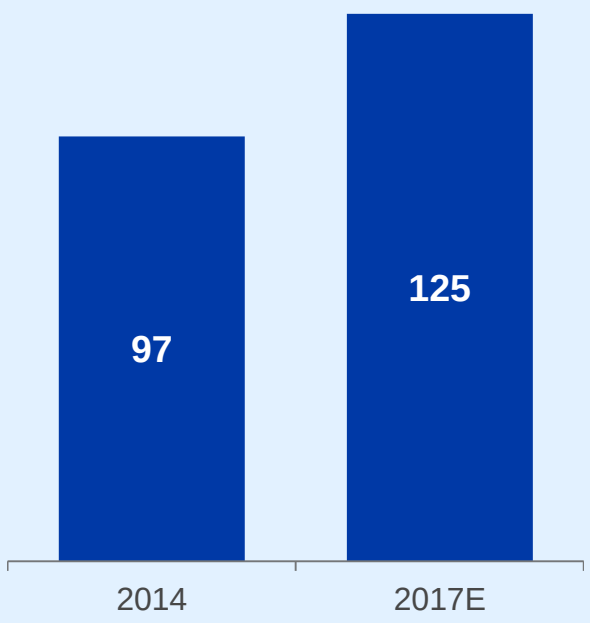
More launches, increasing complexity




## Material Productivity

Offsetting price, driving ~8% savings

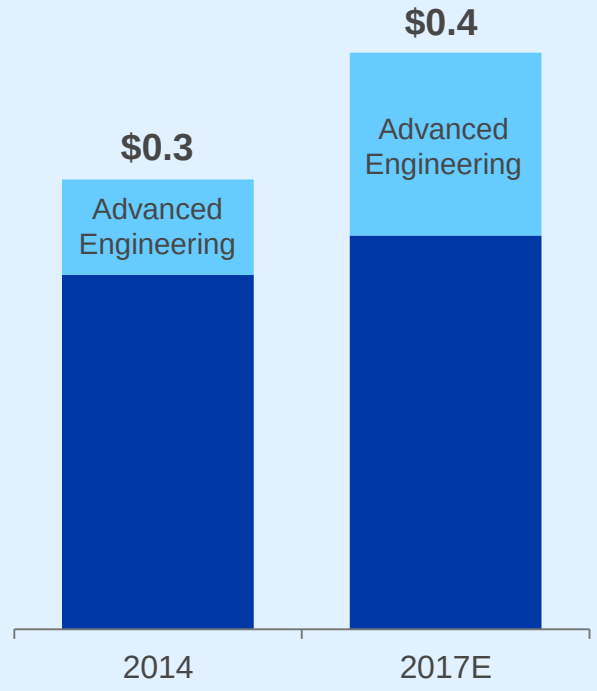
Gross Productivity, ($ millions)




## Engineering Spend

Expanding advanced engineering

Net Engineering Spend, ($ billions)




**Growth and productivity funding new growth investments**

# Operational Initiatives: Software Excellence

## Agile Enterprise

### Agile Methods

- Scaling a customized agile framework based on scrum
- Leveraging industry and Delphi best practices

### Tools and Workflow

- Investing in an industry-best engineering toolchain
- Integrating agile methods and required standards

### Standards Compliance

- Strengthening Delphi's culture of compliance
- Fusing industry standards with Delphi's processes

## Driving Results

- +5% in incremental advanced spend
- 20% improvement in time to market
- 25% increase in product quality

## Key Wins

- Partnered on agility with key OEMs
- ~35% of programs using new toolchain
- ~50% reduction in software defects

**Relentless focus on improving product quality and engineering productivity**

# M&A Track Record

## Track Record

| | |
|---|---|
| ottomatika | Policy and planning software for automated driving |
| CONTROLTEC MOVIMENTO | Data acquisition, edge processing and OTA |
| puredepth | Multi-layer 3D display technology |
| otonomo, LeddarTech, INNOVIZ, QUANERGY | Strategic partnerships and investments |

## Areas of Focus

### TECHNOLOGY BOLT-ONs



### CONNECTIVITY AND INFRASTRUCTURE



- Make, buy, ally; add best-in-class technology
- Targeting natural adjacencies; not “portfolio shifting”
- Fast moving space…look for opportunities to accelerate
- Multiple smaller strategic investments sometimes prudent

**Exceptional track record of bolt-on technology acquisitions and investments**

# E&S Summary

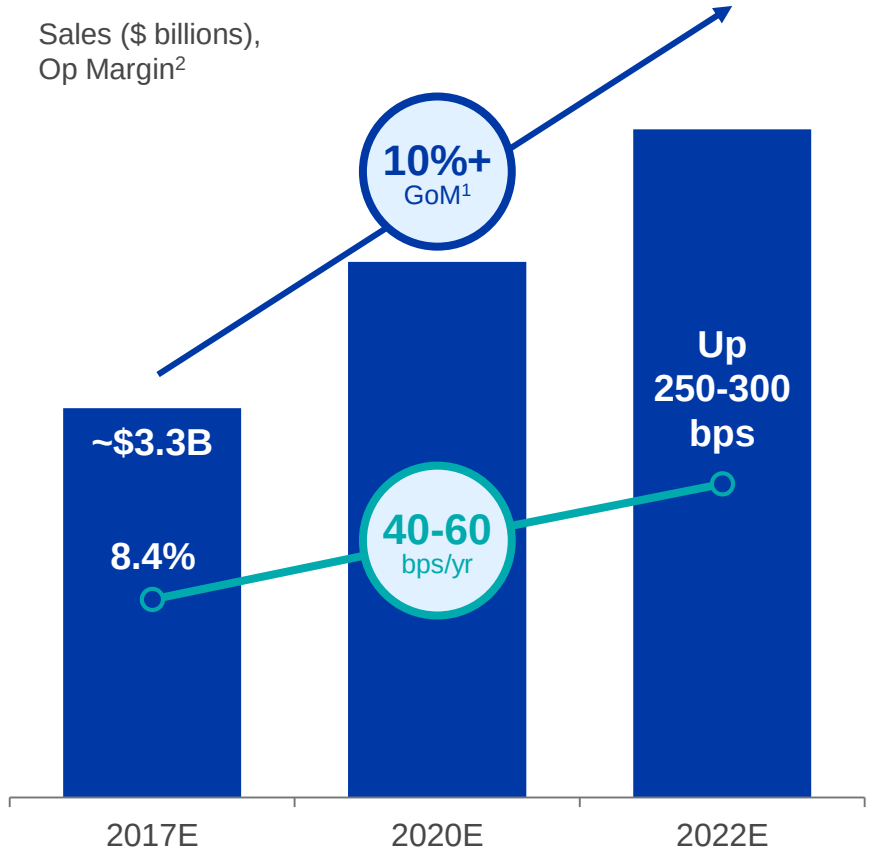
Broad adoption of portfolio of relevant technologies

Differentiated core competencies in controls and software

Growth and productivity funding growth investments

Exceptional track record delivering next-gen technologies
***ADAS, Infotainment, Automated Driving, Data Services***

## ELECTRONICS & SAFETY




**Well-aligned to industry trends, positioned to win now and in the future**

1. Adjusted growth over Delphi weighted market
2. Proforma; adjusted for Powertrain spin-off, restructuring and other special items. See appendix for detail

# Aptiv PLC
# Financial Overview


## Joe Massaro

Senior Vice President and Chief Financial Officer




# Execution Track Record: Financial Performance

DELPHI

IPO 2010

Today 2017

- GROWTH ABOVE MARKET
- MARGIN EXPANSION
- CASH DEPLOYMENT
- POSITIONING FOR THE FUTURE

DELPHI

**“Delphi DNA” generating strong financial returns**

# Execution Track Record: Financial Performance

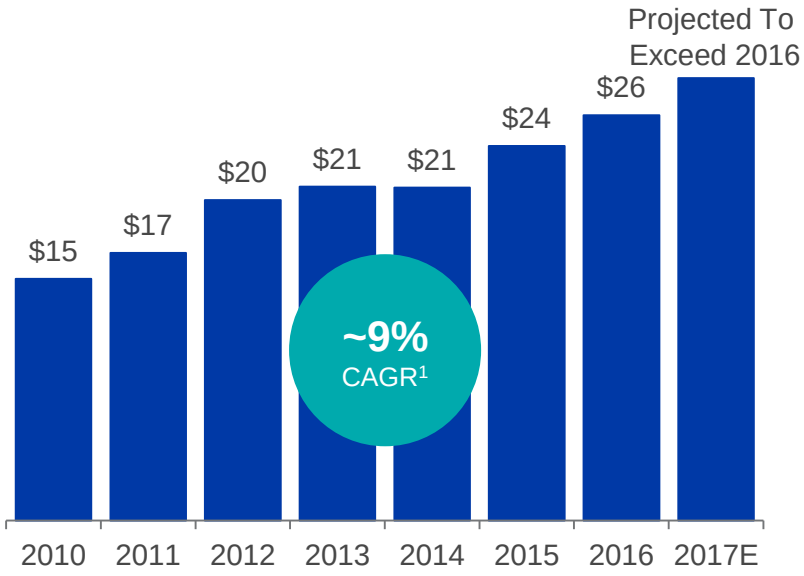
DELPHI

IPO 2010 — Today 2017

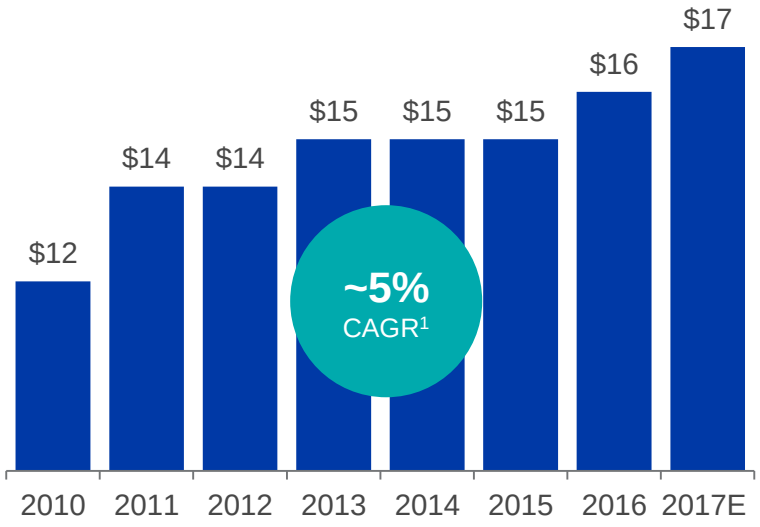
- **GROWTH ABOVE MARKET**
- **MARGIN EXPANSION**
- **CASH DEPLOYMENT**
- **POSITIONING FOR THE FUTURE**

($ billions)

## ADJUSTED BOOKINGS[1]




## REVENUE[2]




**Strong wins driving consistent revenue growth**

1. Adjusted for divestitures, foreign exchange, and commodities
2. Adjusted for divestitures

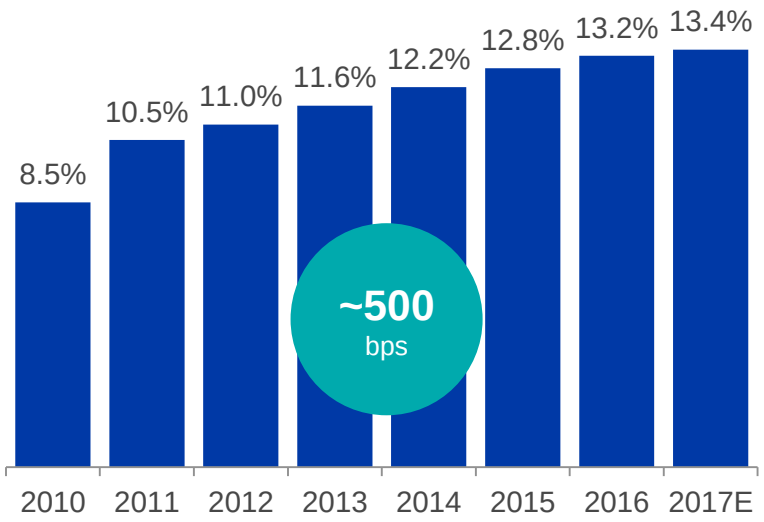
# Execution Track Record: Financial Performance

DELPHI

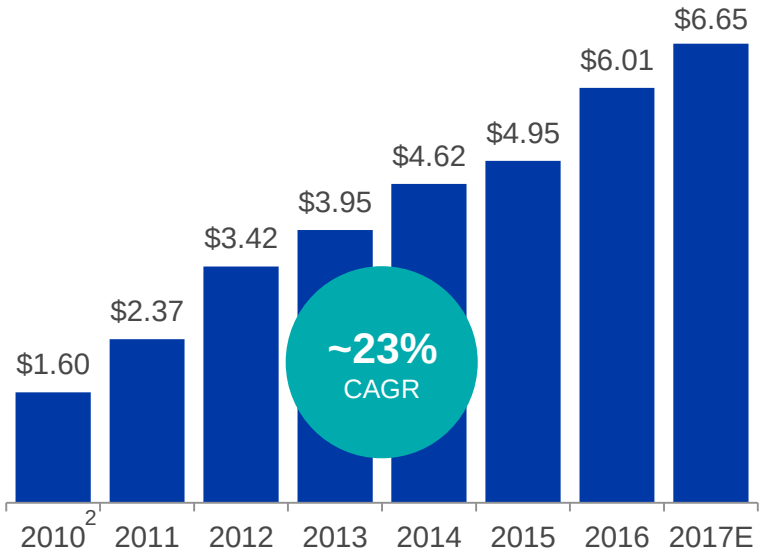
IPO 2010 — Today 2017

- GROWTH ABOVE MARKET
- MARGIN EXPANSION
- CASH DEPLOYMENT
- POSITIONING FOR THE FUTURE

## MARGIN EXPANSION[1]




## EPS[1]




**Relentless focus on structural cost, EPS levers**

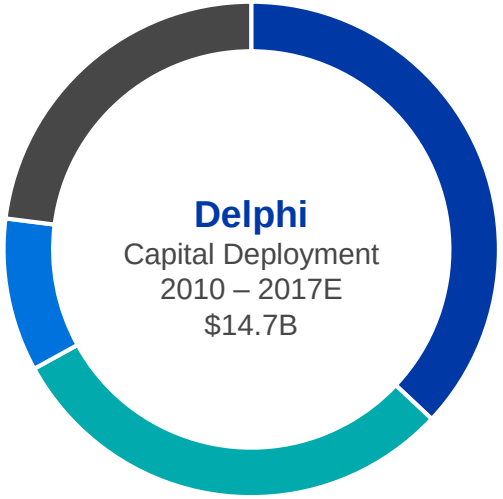
1. Adjusted for restructuring and other special items; see appendix for detail and reconciliation to US GAAP
2. 2010 EPS presented based on 2011 share count; see appendix for detail

# Execution Track Record: Financial Performance

DELPHI

IPO 2010 — Today 2017

- GROWTH ABOVE MARKET
- MARGIN EXPANSION
- **CASH DEPLOYMENT**
- POSITIONING FOR THE FUTURE




### $5.4B | CAPITAL EXPENDITURES

- Supported continued organic growth, new programs
- Consistent spend at ~5% of sales

### $3.4B | MERGERS & ACQUISITIONS

- Strategic technology acquisitions
- Expanded adjacent market exposure with accretive bolt-ons
- Divested ~$2B of non-core business revenue

### $1.4B | DIVIDENDS

- Paid a competitive dividend

### $4.5B | SHARE REPURCHASES

- Improved credit profile to investment grade
- Approximately $1B of share repurchase authorization remaining

**Proven approach to value creation**

# Positioning The Portfolio For The Future

DELPHI

IPO 2010 — Today 2017

- GROWTH ABOVE MARKET
- MARGIN EXPANSION
- CASH DEPLOYMENT
- POSITIONING FOR THE FUTURE

## BOLT ON'S

- Averaging 1.3x Synergy Achievement
- Expanding adjacent market exposure

HellermannTyton
FCI
UNWIRED TECHNOLOGY
ANTAYA TECHNOLOGIES CORPORATION

## ADVANCED TECHNOLOGIES

- Expanding in high growth areas
- Accelerating new technology
- Accelerating speed to market

ACQUISITIONS

ottomatika™
CONTROLTEC UNLOCKING THE POWER OF DATA
MOVIMENTO®
puredepth
QUANERGY

INVESTMENTS

Valens
otonomo
TULA
INNOVIZ TECHNOLOGIES
LeddarTech®

## DIVESTITURES

- Exiting slower growth / non-core spaces
- Reallocating proceeds to drive growth

Thermal

Mechatronics

Reception Systems

**Positioned for strong, profitable growth**

# Financial Performance

($ millions)

| | 2010[1] | 2017E | CAGR | Drivers |
|---|---|---|---|---|
| **Revenue**<br>*Adjusted Growth %* | **$11,810** | **$16,850 - $17,050**<br>*4 - 5%* | **5%** | • Electrification<br>• Active Safety<br>• Infotainment / User Experience |
| **Operating income[2]**<br>*Operating margin %* | **$1,009**<br>*8.5%* | **$2,240 – 2,300**<br>*13.4% - 13.5%* | **12%** | • Footprint optimization<br>• Operating Leverage |
| **Earnings per share[3]**<br>*Growth %* | **$1.60[4]** | **$6.55 - $6.75**<br>*~11%* | **23%** | • Sustainable low tax structure<br>• Optimized capital structure<br>• Capital allocation |
| **Operating cash flow** | **~$900** | **$1,850** | **11%** | • Strong conversion |

**Delivering on financial commitments**

1. Adjusted for impact of Mechatronics divestiture
2. Adjusted for restructuring, adoption of the new pension accounting standard and other special items; see appendix for detail and reconciliation to US GAAP
3. Adjusted for restructuring and other special items; see appendix for detail and reconciliation to US GAAP
4. 2010 EPS presented based on 2011 share count; see appendix for detail

# What To Expect

Today

APTIV

2022

| | | |
|---|---|---|
| **GROWTH ABOVE MARKET** | **"Does revenue growth accelerate?"** | • Convergence of core capabilities driving consistent content growth<br>• Growth in key technologies continues double-digit pace |
| **MARGIN EXPANSION** | **"Do margins continue to expand over time?"** | • Continued improvements from overhead optimization and productivity<br>• Product line growth, convergence of SW and foundational tech driving scale |
| **CASH DEPLOYMENT** | **"How will RemainCo deploy its cash?"** | • Investments for growth; capex, bolt-on M&A and new mobility technologies<br>• Maintain capital allocation track record |
| **POSITIONING FOR THE FUTURE** | **"How will they monetize new business opportunities?"** | • Expansion of new business models - Automated driving, Connected Services<br>• Increasing end market diversity - leveraging "Auto grade" capabilities |

**Strong foundation with clear path to continued value creation**

# Financial Policy

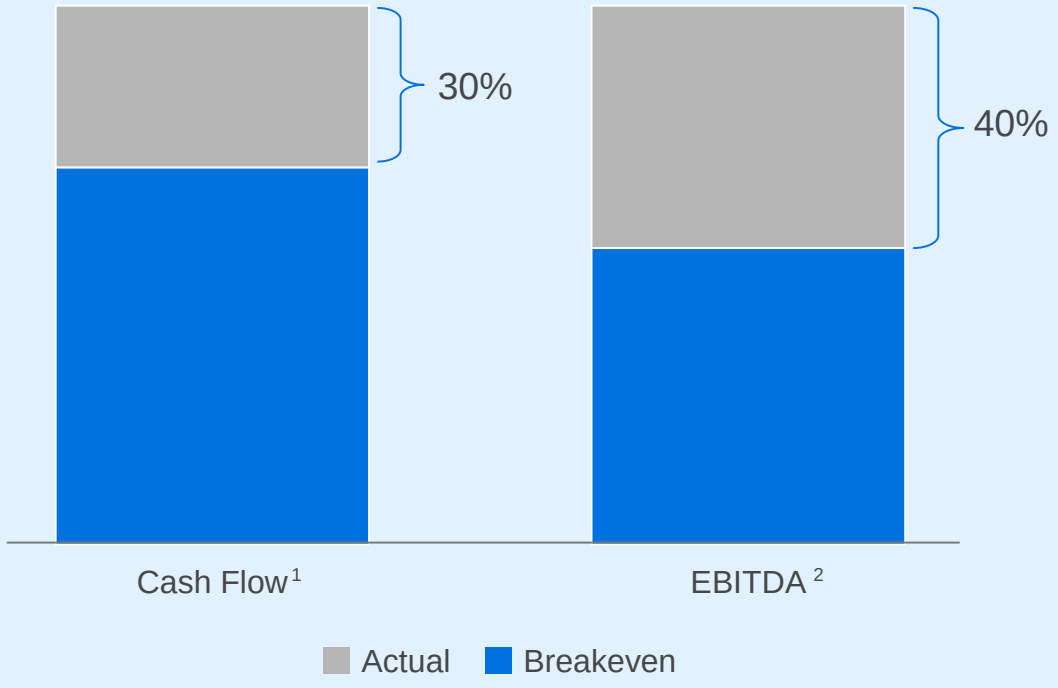
| | |
|---|---|
| **Disciplined revenue growth** | • Focused on Safe, Green and Connected<br>• Continued technology investments to enhance product portfolio<br>• Balanced customer, platform and regional growth |
| **Margin expansion** | • Continuous improvement, cost management mindset continues<br>• Key growth businesses expand to scale<br>• Convergence of foundational technologies drives scale |
| **Increase cash flow** | • Maintain investment grade ratings<br>• Accelerate investments to capitalize on new mobility opportunities<br>• Maintain capital allocation track record |

**Management approach remains the same**

# Flexible Operating Model

## 2017 Breakeven Summary

Production volume decline vs. today's levels




## Opportunities

+ Additional volume

+ Operating leverage

+ Acquisitions

## Risks

- Lower industry volume

- Foreign exchange headwinds

- Commodity headwinds

**Well positioned to seize opportunities while managing risks**

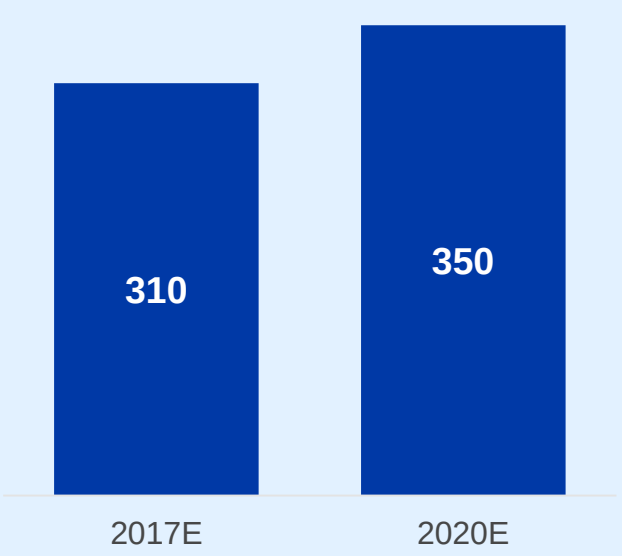
1. Restructuring cash included in cash flow break-even analysis
2. Adjusted for restructuring and other special items, see appendix for detail

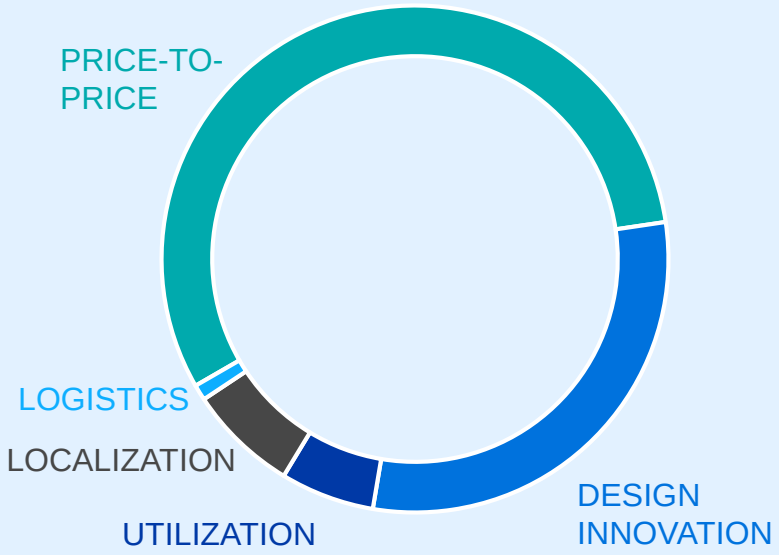
# Operational Excellence

## Material Performance

### Offsetting Price, ~6% Material Savings

Gross material productivity ($ millions)

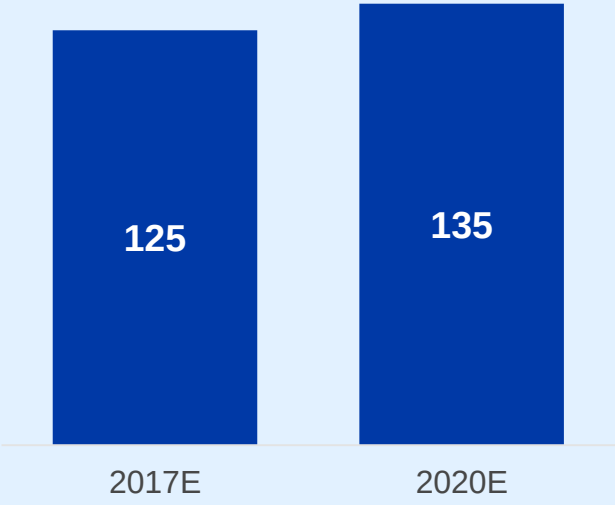



## Manufacturing Performance

### Footprint Optimization

Gross manufacturing performance ($ millions)

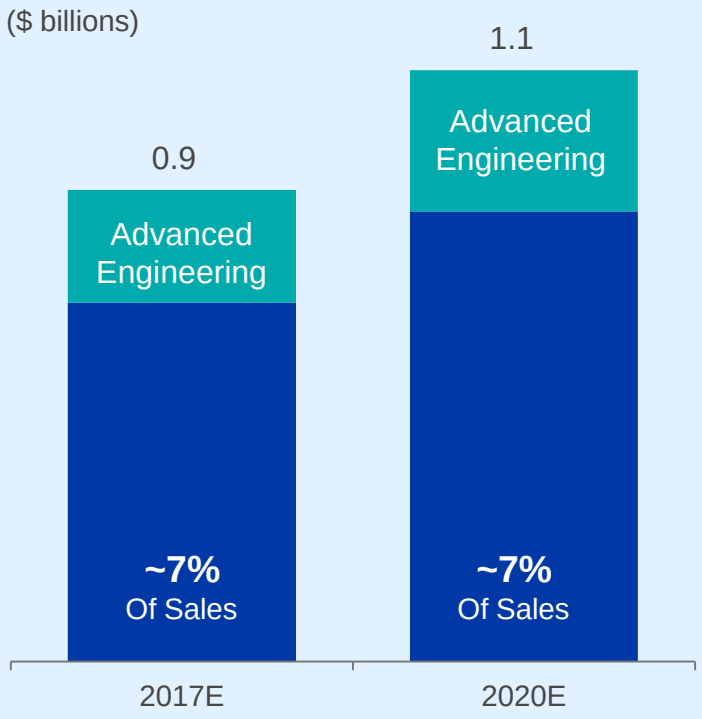



**Lean cost structure enables investments for growth**

# Investments For Growth

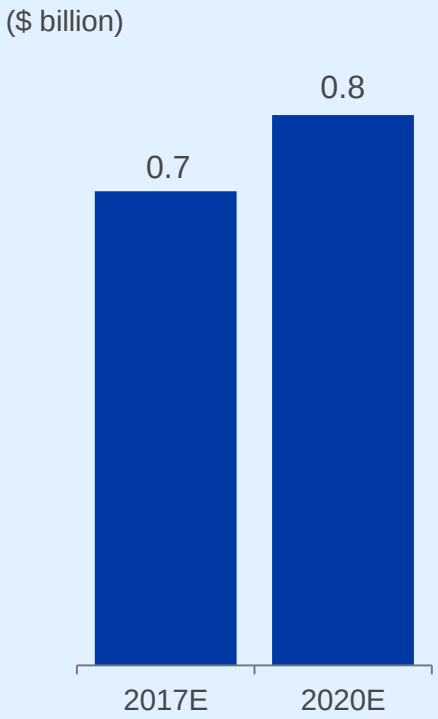
## Engineering Spend

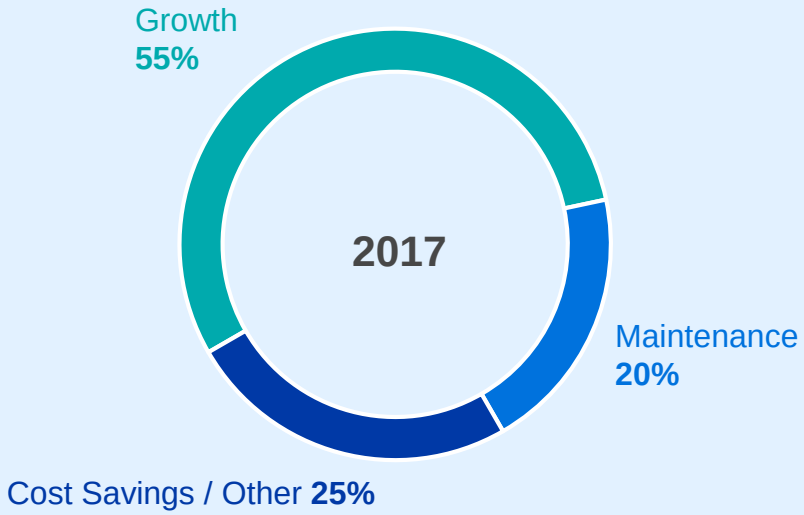
### Advanced Engineering Supports Growth




## Capital Expenditures

### Systems Capability Driving Customer Value



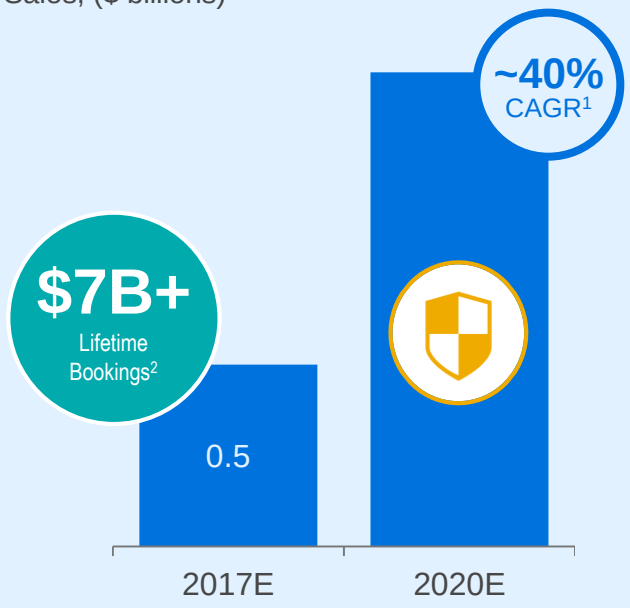

**Investments accelerating profitable growth**

# Key Growth Businesses Gaining Scale

## Active Safety

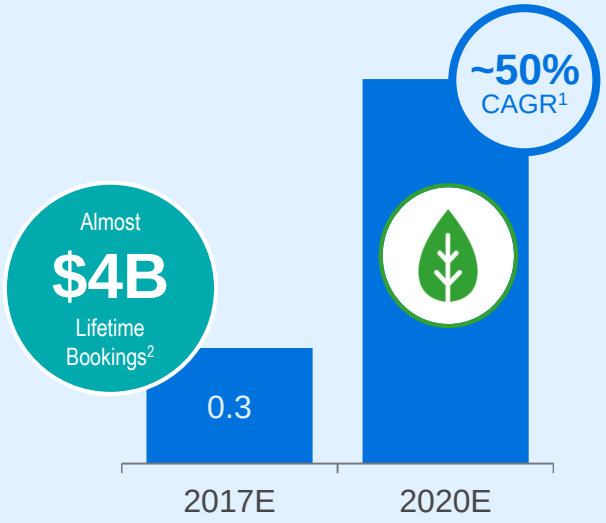
- ADAS and autonomous systems
- Scalable software and compute platforms

Sales, ($ billions)



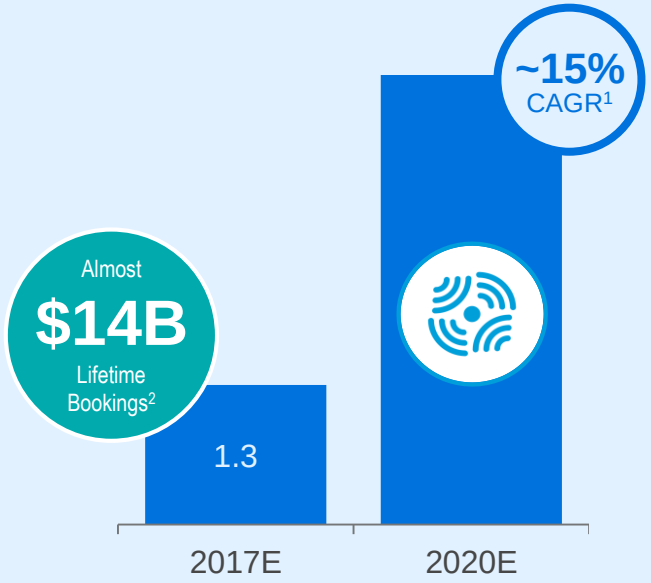

## High Voltage Electrification

- Smart vehicle architecture
- Electrical centers and routing channels




## Infotainment & User Experience

- Advanced software and user experience
- Differentiation through connectivity




**Key growth businesses gain scale, drive margin expansion**

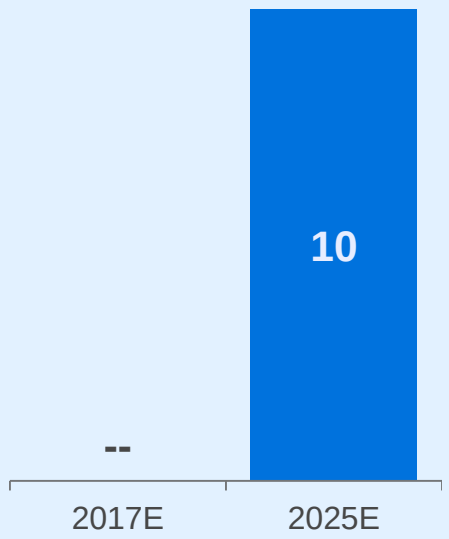
1. Adjusted for restructuring and other special items; see appendix to Financial Overview for detail
2. Since 2011; bookings represent lifetime gross program revenues awarded, based upon expected volumes and pricing adjusted for FX and commodities

# New Addressable Markets

## Automated Driving

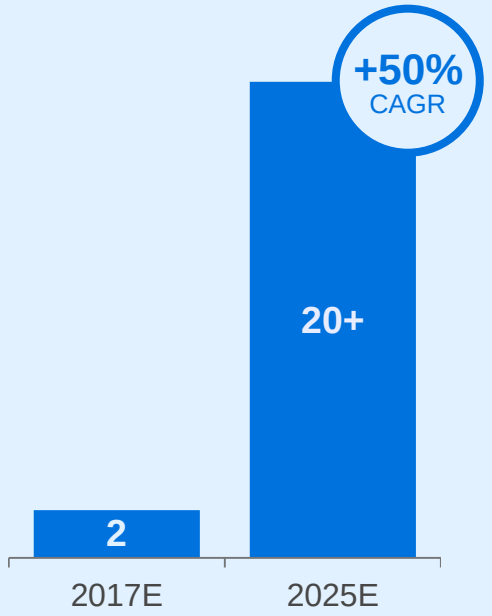
- Active safety leading to autonomous driving
- Accelerating speed to market, data monetization

Total addressable market (TAM), ($ billions)



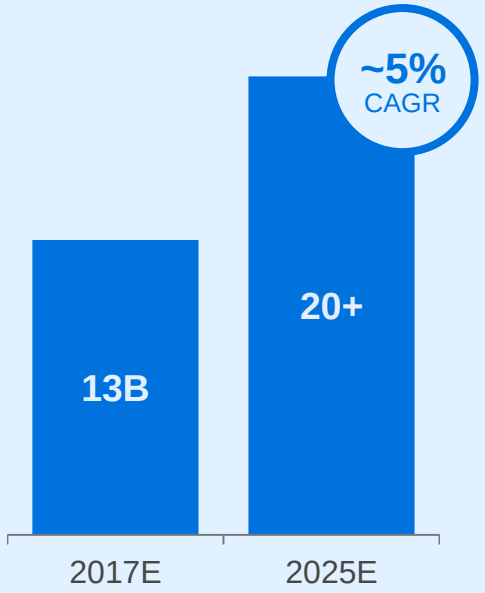

## Connected Services

- Greater connectivity enabling new value creation
- OEM, Fleet Services and end users




## Adjacent Markets

- Expanding Engineered Components Portfolio
- Leveraging “auto grade” across CV, Aero, others

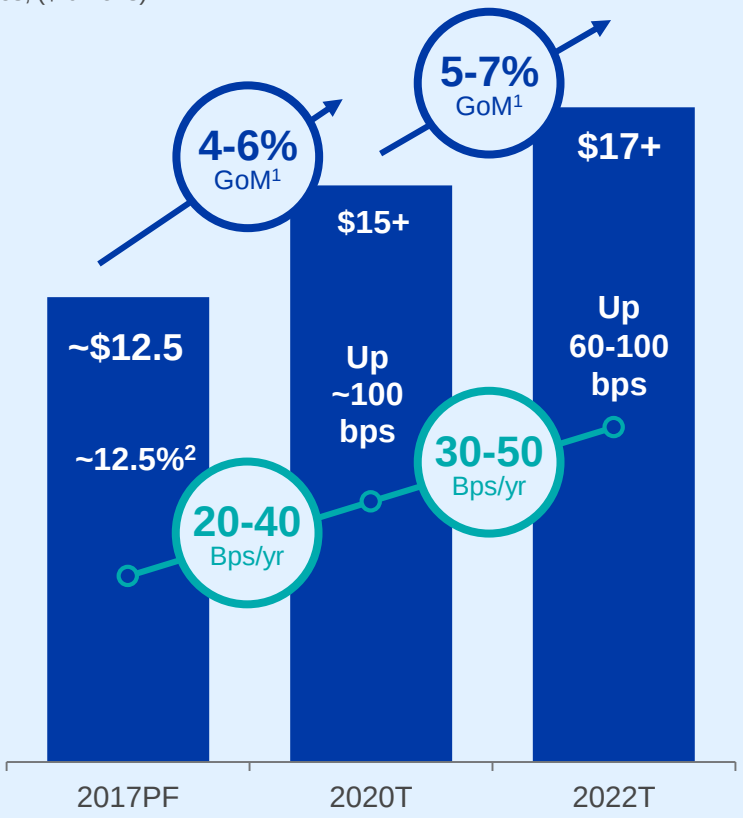



**Leveraging our strengths to create opportunities for the future**

# Long Term Outlook

## Long Term Targets

Sales; ($ billions)




## Key Considerations

### 2017 - 2020

- Relevant portfolio aligned to safe, green and connected
- Differentiated core competencies driving robust win rates
- New product line maturity drives operating leverage

### 2020 & Beyond

- Broad adoption of key growth technologies
- Winning with new tech and new markets
- Technology convergence enables software scale / reuse

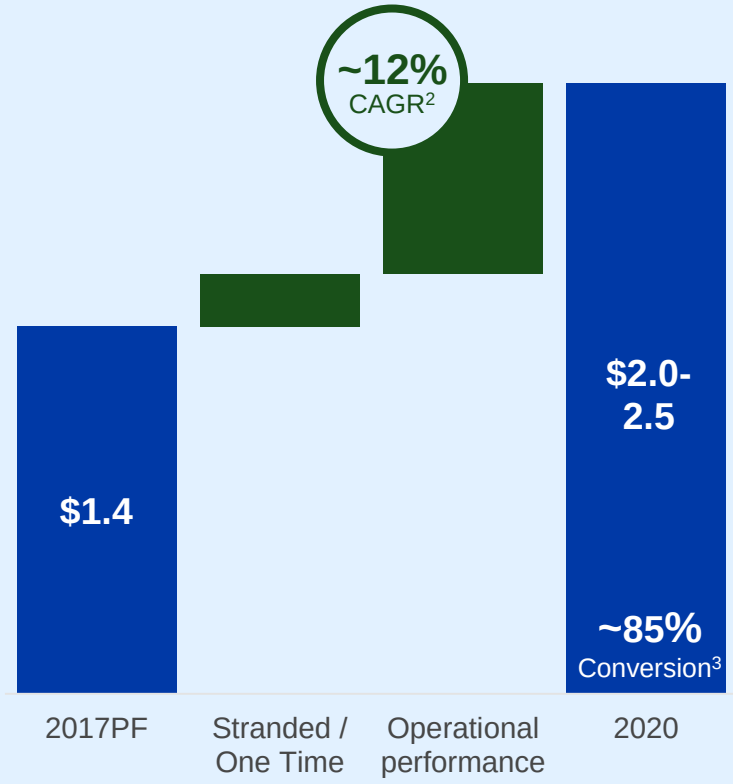
**Key growth businesses gain scale, drive margin expansion**

1. Adjusted Growth over Delphi weighted Market
2. Pro forma for Powertrain spin-off; adjusted for restructuring and other special items; see appendix for detail

# Capital Allocation Upside

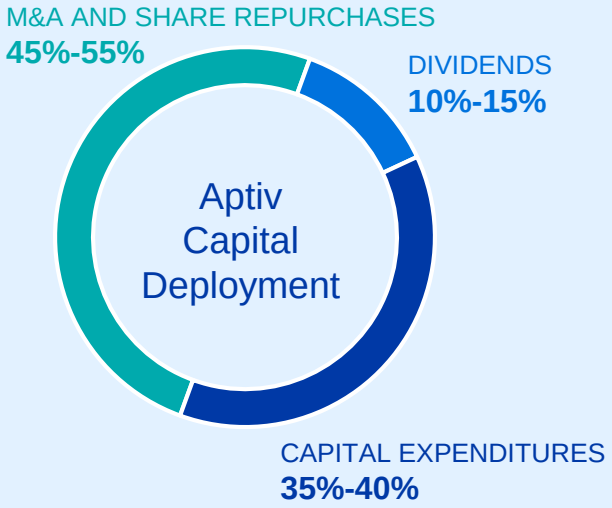
## Operating Cash Flow[1]

($ billions)




## Priorities

- Maintain investment grade ratings
- Organic re-investment to drive growth and increase returns
- Accelerating M&A to capitalize on new mobility opportunities
- Pay a competitive dividend, while returning excess cash to shareholders




**CAPITAL EXPENDITURES**

- Supporting continued organic growth, new programs
- Consistent spend at ~5% of sales

**MERGERS & ACQUISITIONS**

- Bolt-ons: end market and regional diversity
- Technology: accelerating speed to market

**DIVIDENDS**

- Maintain competitive dividend

**SHARE REPURCHASES**

- Excess cash returned to shareholders

**Continued strong cash flow generation; no shortage of attractive deployment opportunities**

1. Pro forma for Powertrain spin off; 2017 excludes $310M unsecured creditors payment
2. CAGR represents growth of operational cash flow only
3. (Operating Cash Flow –Capex) / Net Income

# Aptiv Investment Thesis




**GROWTH ABOVE MARKET**

- Stable underlying market growth
- Relevant portfolio aligned to safe, green and connected provides tailwind for growth

**MARGIN EXPANSION**

- Relentless focus on cost management, productivity and continuous improvement
- Key growth businesses expand to maturity; scale driving higher operating leverage

**CASH DEPLOYMENT**

- Strong cash flow generation increases capital deployment opportunities
- Remaining disciplined and balanced while enhancing areas for growth

**POSITIONING FOR THE FUTURE**

- Accelerating investments to capitalize on new mobility opportunities
- Technology differentiation and operational execution delivers outperformance

**Poised for significant value creation**

# Delphi Technologies PLC Strategic Overview


## Liam Butterworth

Senior Vice President and President, Powertrain Systems




# Delphi Technologies Strategy

**FLEXIBLE TECHNOLOGY PORTFOLIO** – INDIFFERENT TO PROPULSION MARKET EVOLUTION

**COMBUSTION**
INCREASED GAS AND DIESEL EFFICIENCY

**SOFTWARE & CONTROLS**
OPTIMIZED ELECTRONIC CONTROL

**ELECTRIFICATION**
MILD HYBRID TO FULL EV

## BALANCED **REVENUE MIX**

- Align revenue with OEM regional production
- Diversify customer mix
- Balance end-market mix: PV, CV, and Aftermarket
- Invest for disciplined growth

## BEST-IN-CLASS **COST STRUCTURE**

- Establish industry-leading footprint: cost and flexibility
- Localize production and supply chain
- Implement lean enterprise operating system
- Focus on continuous improvement, optimization

## EXPERIENCED **LEADERSHIP**

- Build tenured and cohesive leadership team
- Establish a performance culture – proven Delphi DNA
- Demonstrate strong financial discipline
- Focus on shareholder value creation

POST SPIN

- Capitalize on rapid growth in electrification market
- Continue to invest in technologies with above-market growth and profit potential
- Balance capital allocation across business
- Build new company and culture while leveraging rich Delphi DNA

**Business model that will deliver sustainable value**

# Transaction Update



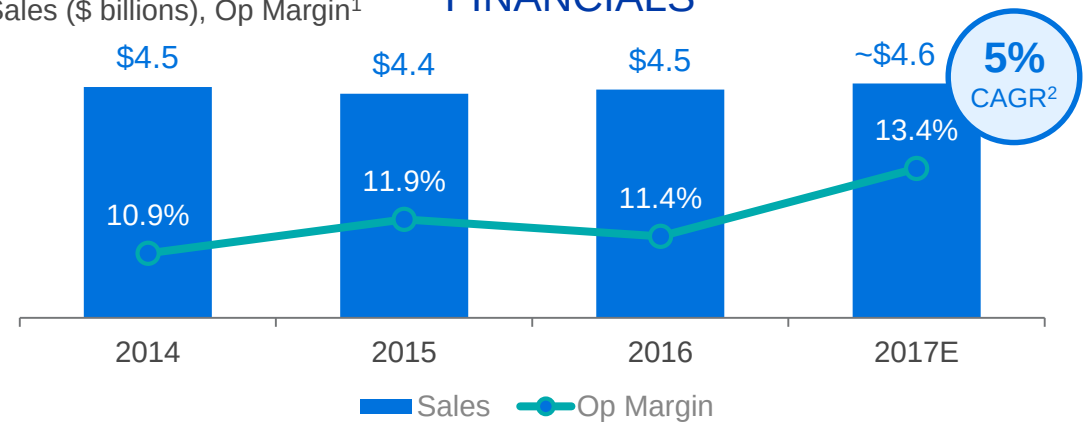

| | |
|---|---|
| Readiness | • Transition Service Agreements (TSAs) established<br>• Readiness plans in place to hit the ground running<br>• PMO actively driving transition readiness planning |
| Team | • Board: Structure finalized, all directors identified<br>• CEO staff: All positions filled - 6 from current team<br>• Corporate functions: Day 1 hiring on track |
| Go to Market | • Delphi Technologies name selected<br>• Branding under development<br>• Vision defined |

**Experienced team executing the spin-off**

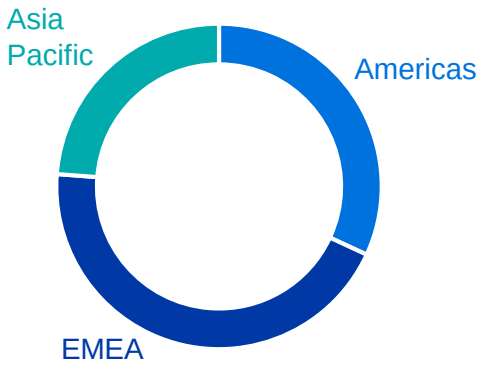
# Delphi Technologies Business Overview

## FINANCIALS

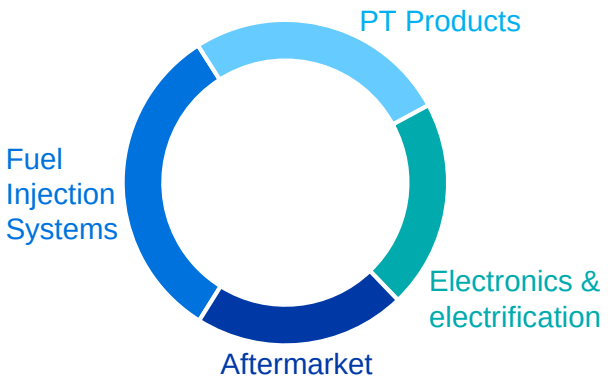
Sales ($ billions), Op Margin[1]




## GEOGRAPHIC MIX[3]




## BUSINESS MIX[3]

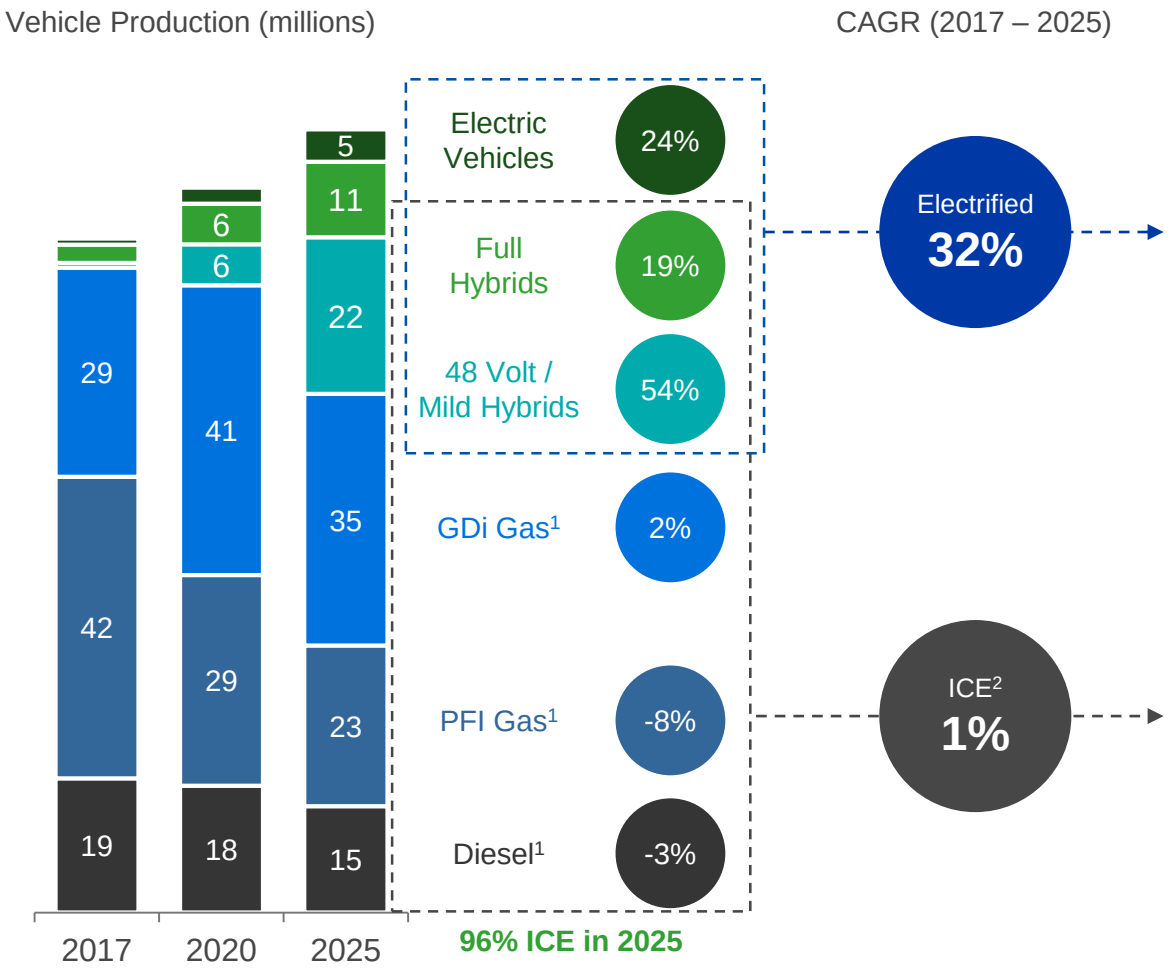



| | |
|---|---|
| Regulatory and consumer tailwinds | • Fuel economy and emissions regulations<br>• Vehicle performance, TCO, and up-time<br>• Power for new features and functionality |
| Portfolio for today and tomorrow | • Today: GDi, valvetrain, electronics, CV diesel<br>• Tomorrow: Full suite of electrification products<br>• Unique IP supports continued strong wins |
| Balanced business | • Segments: PV, CV, and Aftermarket exposure<br>• Regions: Balanced, aligned with vehicle production<br>• Customers: Diversified – none > 10% of sales |
| Industry leading cost structure | • Best-cost manufacturing close to customer plants<br>• Flexible capabilities with high capacity utilization<br>• Customer-facing teams close to decision makers |

**Leading global pure-play propulsion system provider**

1. Adjusted for restructuring and other special items; see Delphi Technologies, PLC Appendix for detail.
2. CAGR based on FX-adjusted revenue
3. 2016 sales

# Market Growth




**Electrification penetration steadily increases**

- xEV production ~30% CAGR through 2025
- Significant 48V adoption
- China NEV program incentivizing PHEV/BEV
- Europe $CO_2$ regulations require electrification
- Growing charging infrastructure globally

**Internal combustion continues to grow**

- ICE continues to grow with vehicle production
- Continued efficiency gains required globally
- Significant conversion from PFI to GDi
- Advanced valvetrain key to $CO_2$ reduction
- Hybridization enabling broader ICE solutions

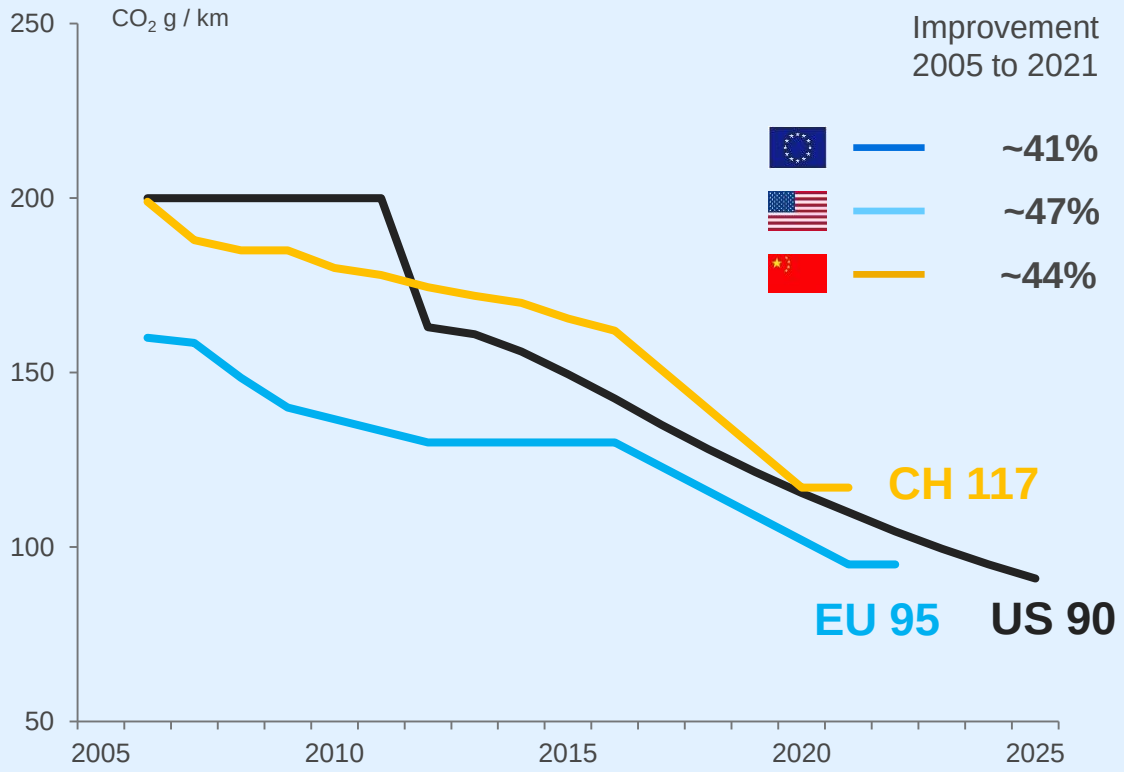
**Shifting technology mix and steady growth create new opportunities**

1. Vehicles without electrification. Full and mild hybrids also use GDi, PFI, and diesel direct-injection technologies
2. ICE includes some form of internal combustion engine

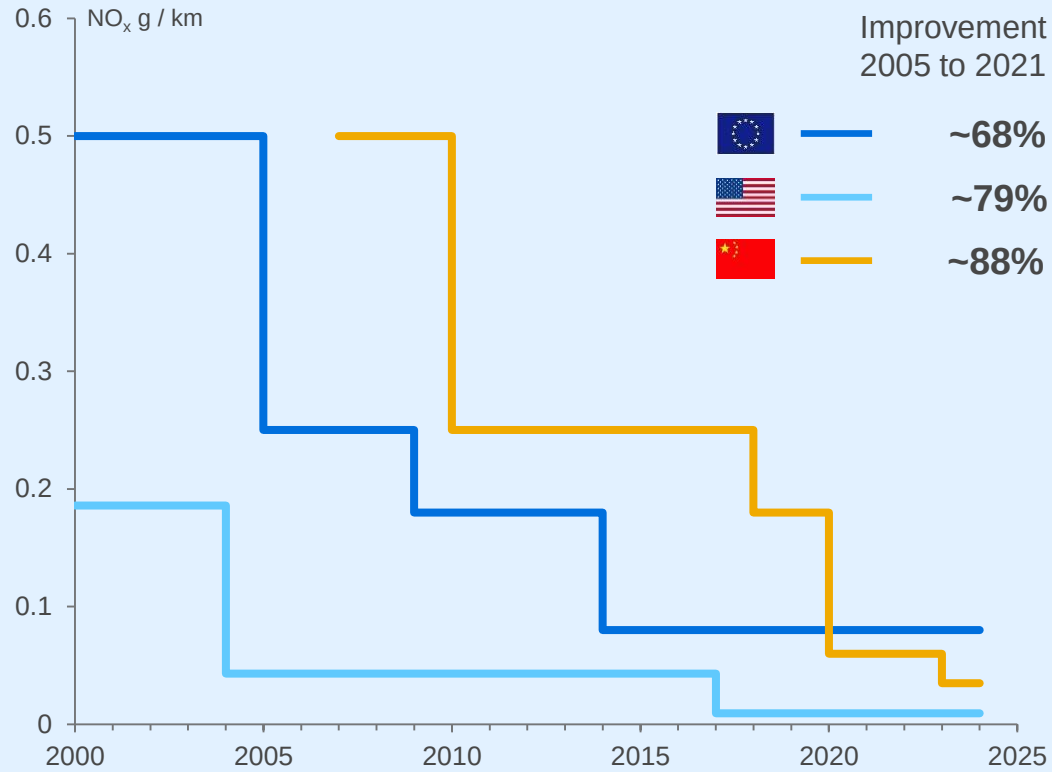
Source: IHS August 2017

# Regulations Tightening And Converging Globally

## $CO_2$ Emissions




## $NO_x$ Emissions

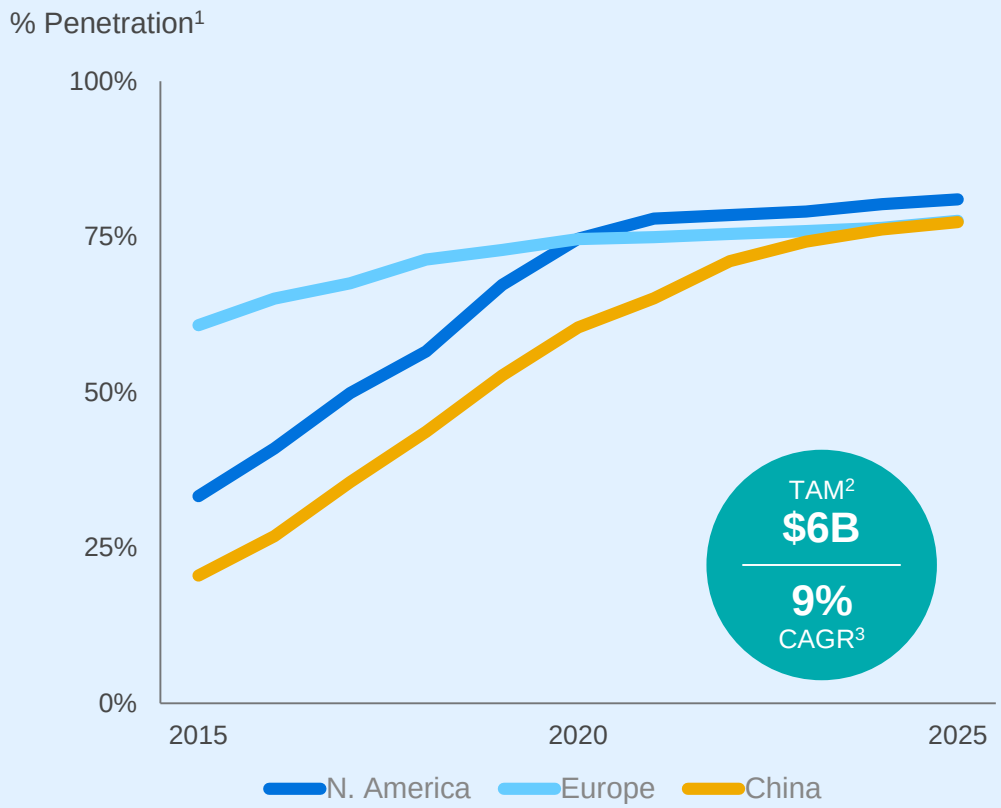



**Advanced propulsion solutions required**

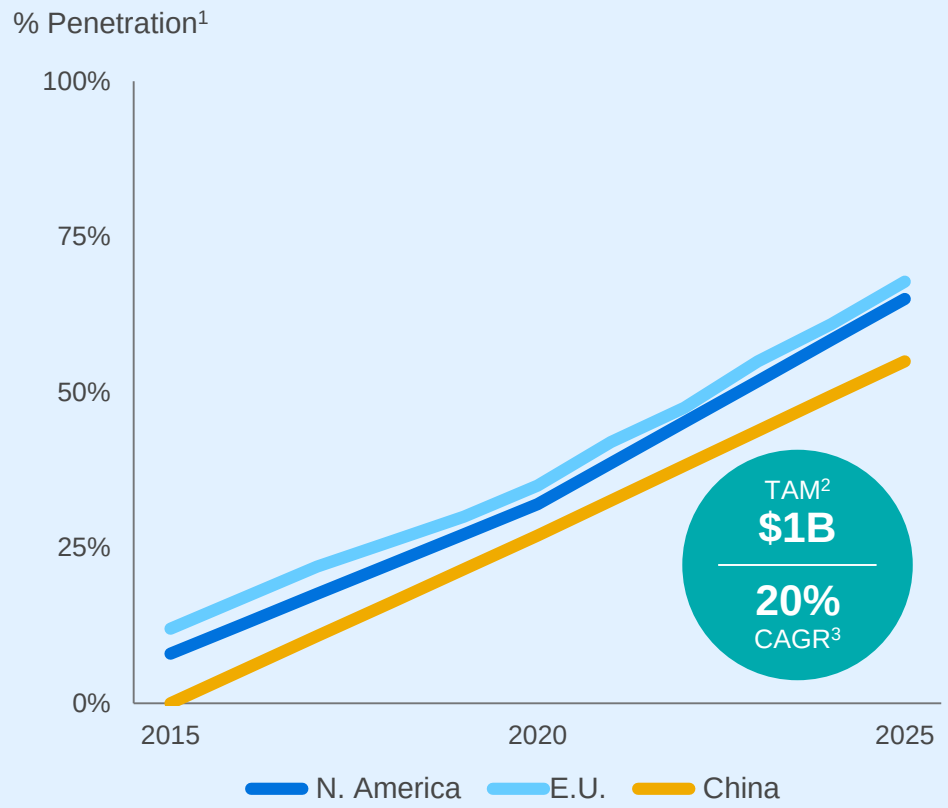
Source: US EPA; ICCT

# Continued Penetration Of Advanced ICE Solutions

## Gas Direct Injection (GDi)




## Advanced Valvetrain




**Internal combustion solutions to drive sustained growth**

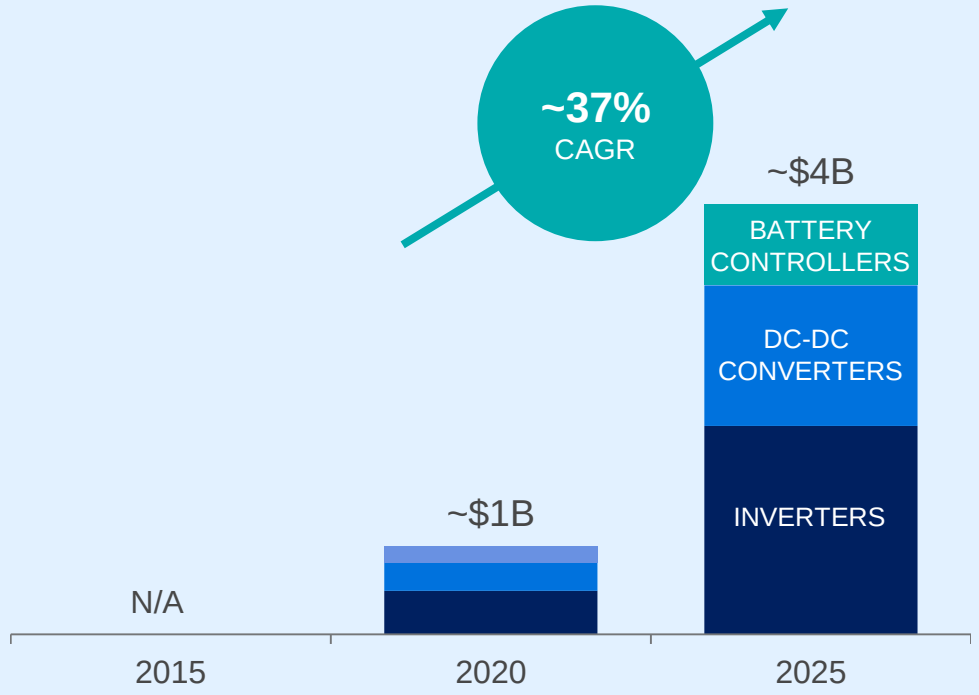
1. Penetration rates are for gas engines based on where they are produced
2. 2017 market size
3. CAGR 2015-2025

Source: IHS; Delphi estimates

# Rapid Adoption Of Electrification Technology

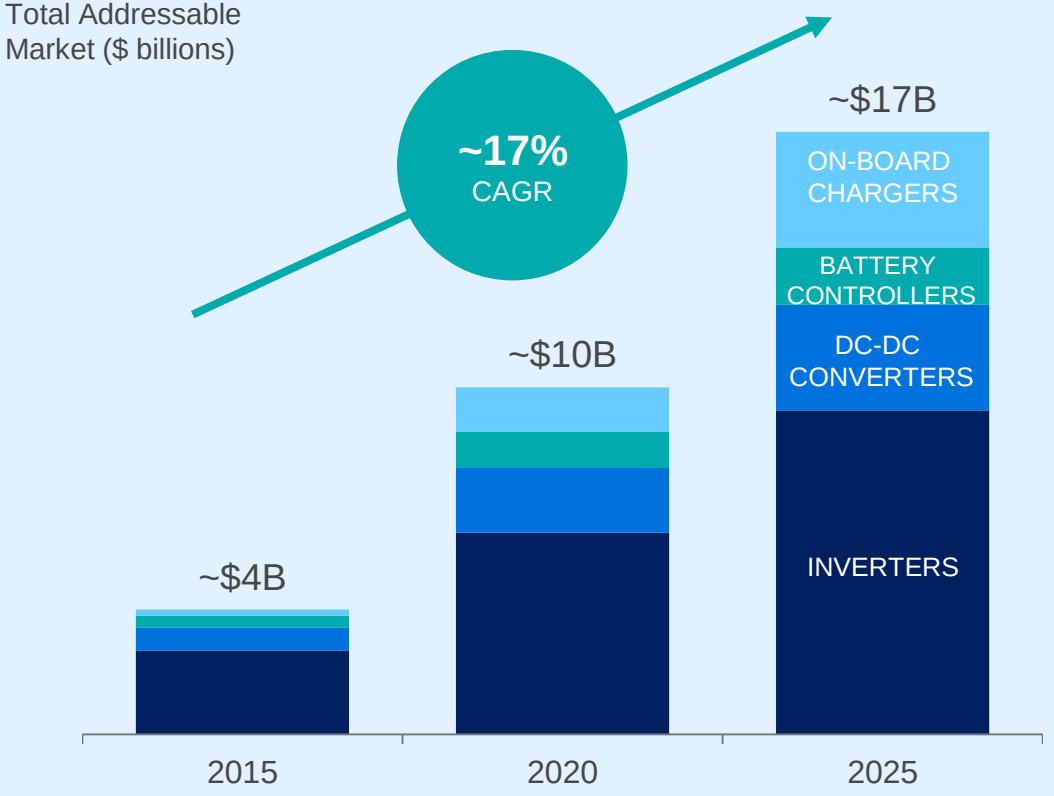
## 48 Volt

Total Addressable Market ($ billions)




## High Voltage

Total Addressable Market ($ billions)




**Increasing propulsion system content**

Source: Delphi estimates (Aug. 2017)

# Electrification Trends By OEM







## Volvo/Geely:

"Volvo Cars, the premium car maker, has announced that every Volvo it launches from 2019 will have an electric motor, marking the historic end of cars that only have an internal combustion engine (ICE) and **placing electrification at the core of its future business**." **– volvocars.com**





## Volkswagen Group:

"From 2020, we will be launching our major e-mobility offensive. As a volume manufacturer, we intend to play a key role in the breakthrough of the electric car. We are not aiming for niche products but for the heart of the automobile market. **By 2025, we want to sell a million electric cars per year and to be the world market leader in e-mobility.** Our future electric cars will be the new trademark of Volkswagen" **– Brand CEO**




## BMW:

"**By 2025, the BMW Group expects electrified vehicles to account for between 15-25% of sales.** … In order to react quickly and appropriately to customer demand, the BMW Group has developed a uniquely flexible system across its global production network." **– bmwgroup.com**



## Daimler:

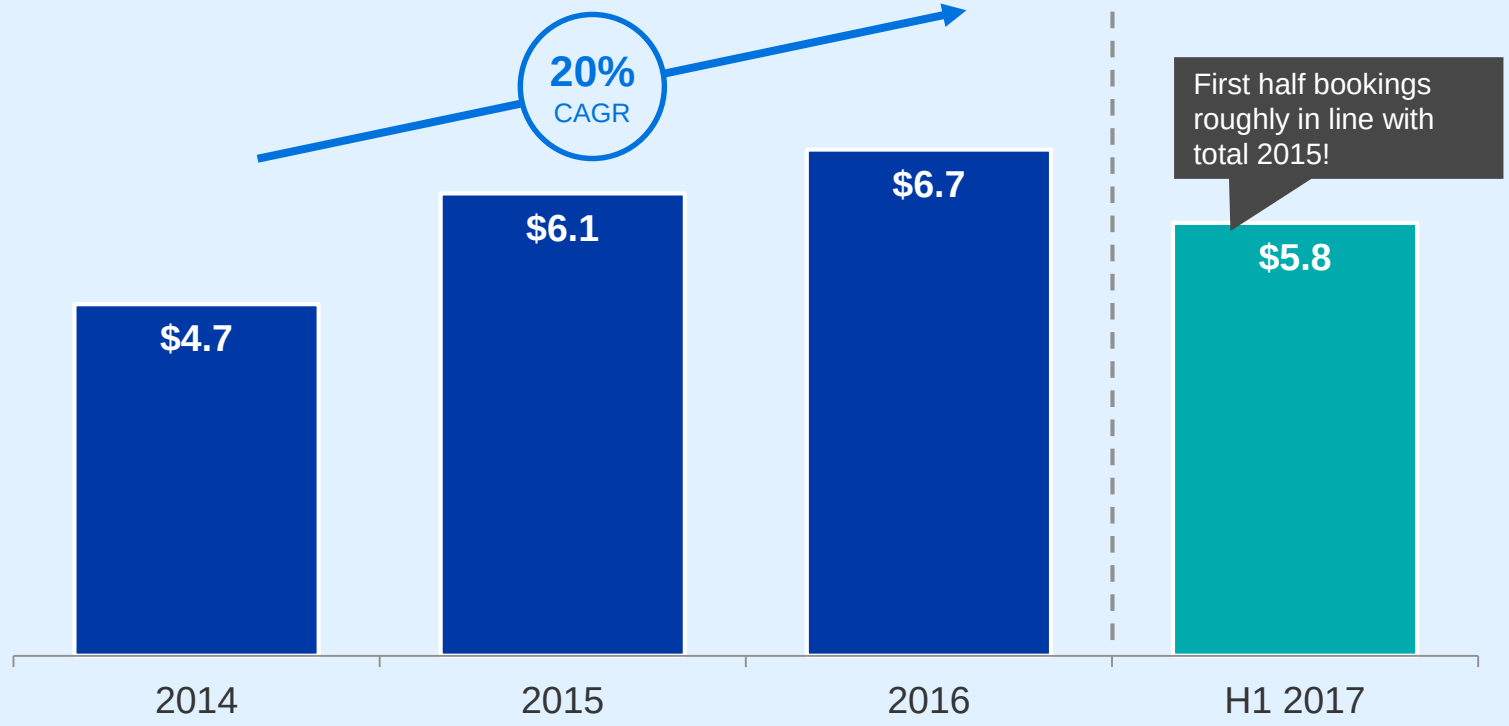
"**Daimler will invest more than seven billion euro in 'green' technologies in the next two years alone**. Shortly, smart will be the only automaker worldwide to offer its entire model range both powered by internal combustion engines or operating on battery power." "In addition, the company is developing a **dedicated vehicle architecture for battery-electric motor cars.**" **– daimler.com**

**OEMs moving aggressively on electrification**

# Business Wins Accelerated

## Booked Program Lifetime Value

Adjusted bookings[1], ($ billions)




## Key Technologies

- Power Electronics
- Gas Direct Injection
- Electronics and software
- Variable Valvetrain
- Commercial Vehicle Diesel

**Flexible portfolio – able to adapt as market evolves**

1. Bookings represent lifetime gross program revenues awarded, based upon expected volumes and pricing adjusted for FX and commodities

# Winning In Key End Markets

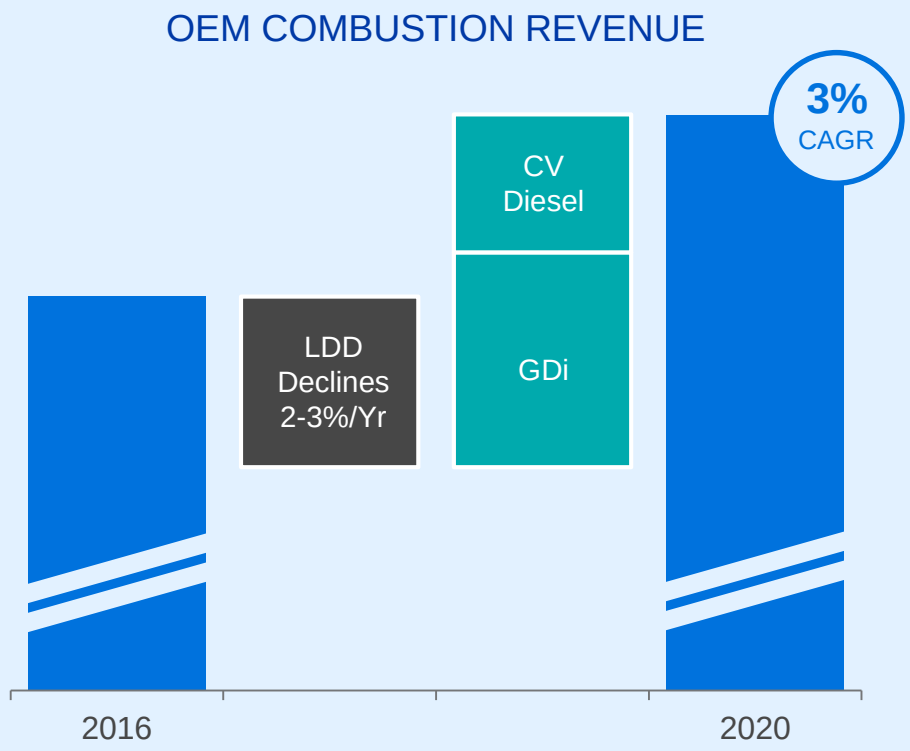
| Market | Key Technologies | Example Wins |
|---|---|---|
|  ASIA-PACIFIC | Power Electronics; Gas Direct Injection; Valvetrain | Power Electronics; GDi; Valvetrain |
|  EMEA | Power Electronics; Electronics; CV Diesel | Power Electronics; Electronics; CV Fuel Injection |
|  AMERICAS | Valvetrain; CV Diesel; Gas Direct Injection | Valvetrain; CV Fuel Injection; GDi |

**Balanced technology investments driving growth**

# Outpacing Light Duty Diesel Declines

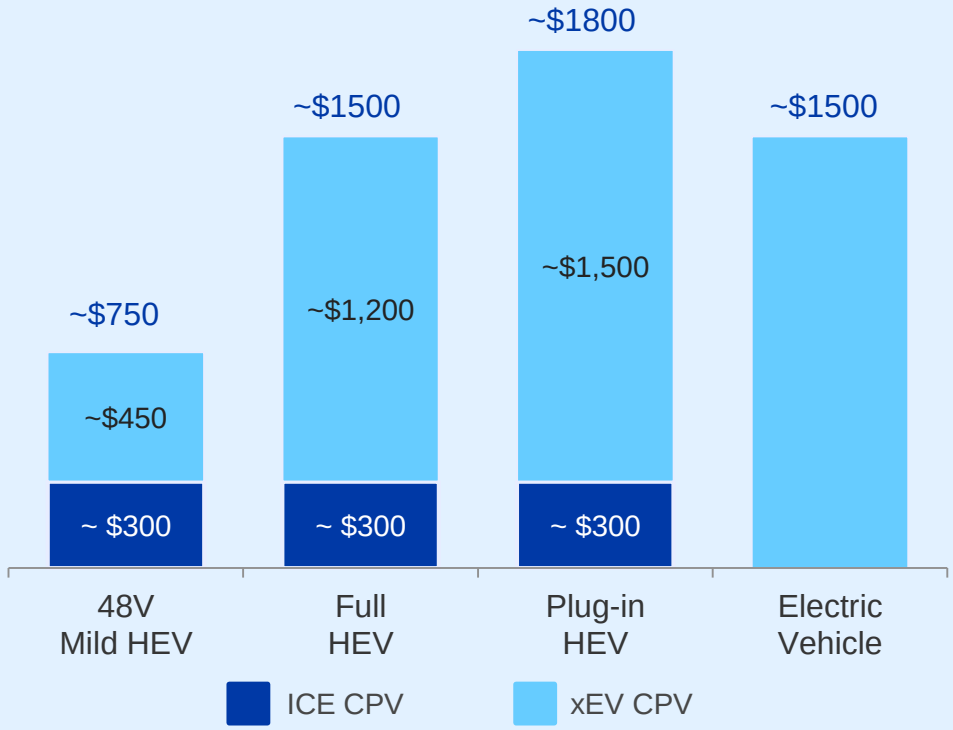
## Combustion Revenue Continues To Grow

($ millions)




## Growing Electrification Increasing CPV

Content per vehicle ($/vehicle)



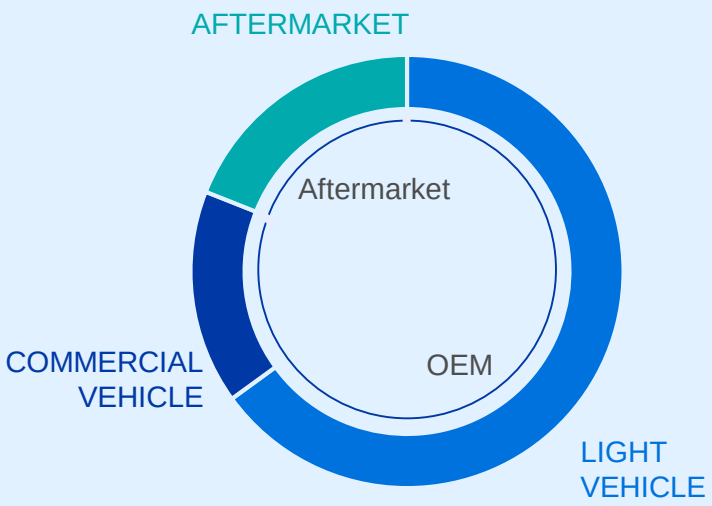

**Well positioned to manage - and benefit from - transition away from LD Diesel**

# Balanced Portfolio

## End Market Mix

CV & AM drive end market diversity

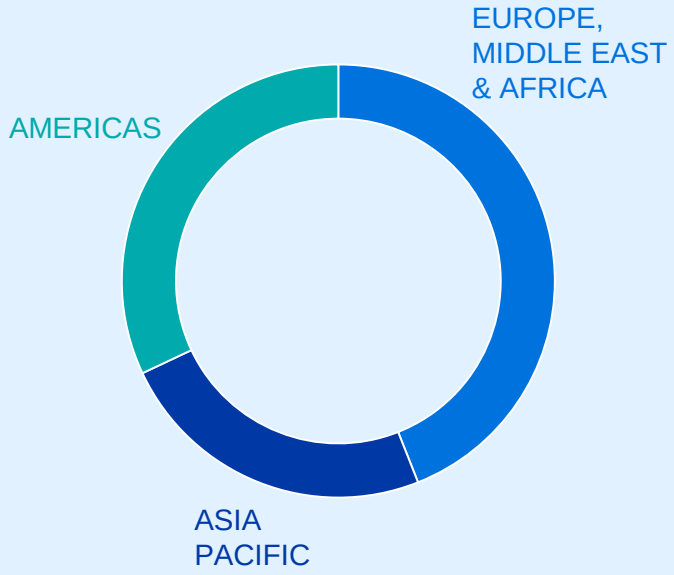
% 2016 revenue




## Regional Mix

Improving alignment to global production

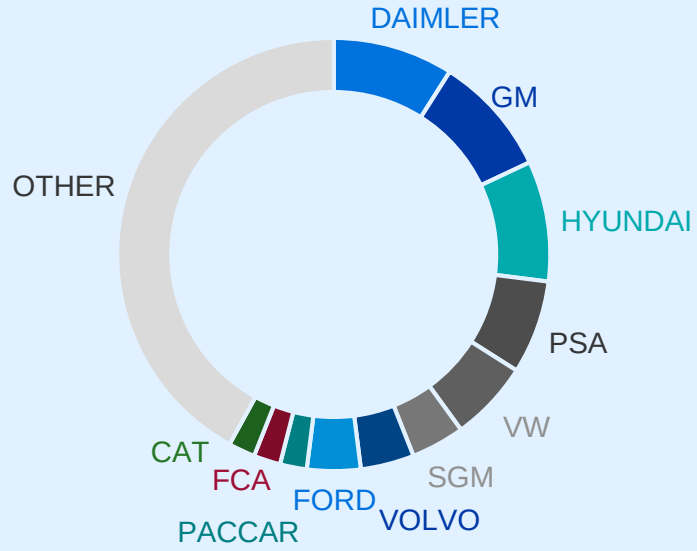
% 2016 OEM revenue




## Customer Mix[1]

No customer > 10% of sales

% 2016 revenue




**Balanced across end markets, regions, and customers**

1. Excludes Aftermarket

# Industry Leading Footprint

## Established Global Presence

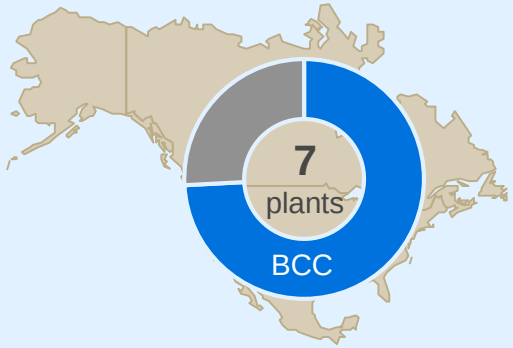
- Network of 20 major manufacturing facilities, 12 tech centers
- Efficient manufacturing primarily in best cost countries (BCC)
- Regional engineering teams connected to local market requirements

## Lean And Flexible Cost Structure

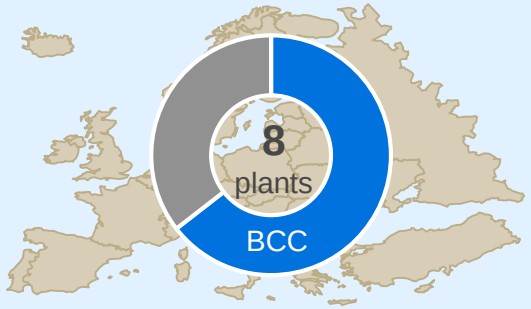
- Restructuring focus on footprint optimization and flexibility
- Rotation toward BCCs and sites tailored to processes vs. markets
- Improves cost structure, utilization, and profit margins

### BEST COST COUNTRY (BCC) MANUFACTURING

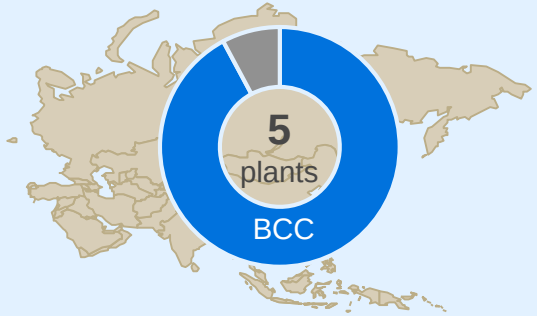
**AMERICAS**




**EMEA**




**ASIA-PACIFIC**

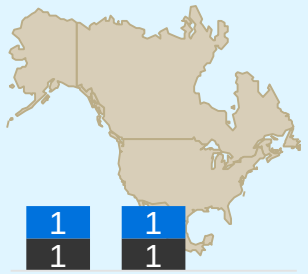



**Constant focus on cost structure improves resilience of business model**

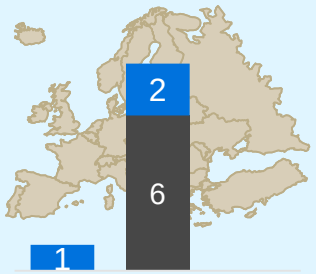
# Fuel Injection Systems Footprint Optimization

## 2014

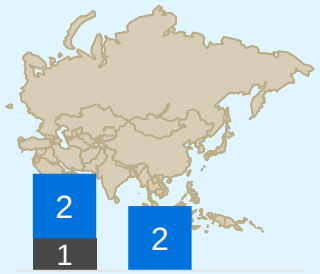
### AMERICAS




### EMEA



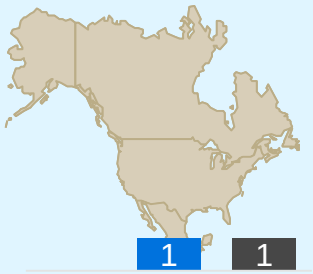

### ASIA-PACIFIC



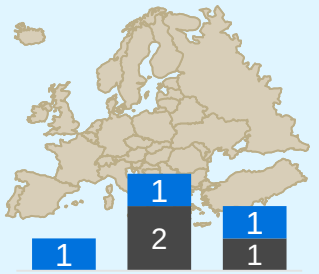

- Eurocentric high cost Diesel footprint
- Over capacity in Diesel
- Separate Gas and Diesel footprints

## 2019

### AMERICAS




### EMEA




### ASIA-PACIFIC




- Regionally balanced footprint aligned with customers
- Diesel capacity rightsized
- Increased sharing of facilities to improve flexibility

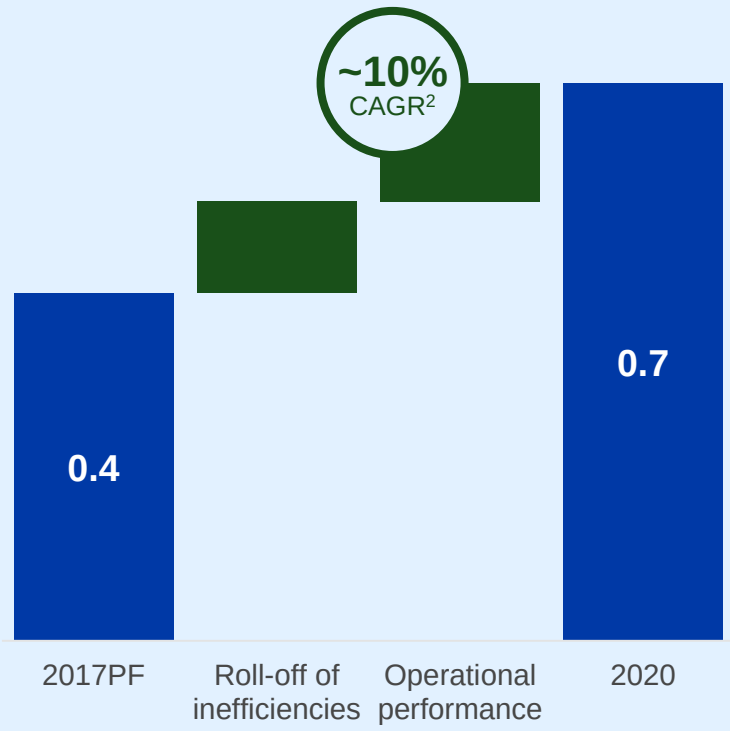
High-Cost Locations  Low-Cost Locations

**Flexible manufacturing enables seamless gas-diesel transition**

# Capital Structure And Deployment

## Operating Cash Flow[1]

($ billions)




| | |
|---|---|
| Debt Service | • Strong cash flow profile will support debt service post-spin<br>• Maintain strong balance sheet; term loan provides flexibility<br>• Conservative leverage: targeting ~2.0x debt / Adj. EBITDA through cycle |
| Capital Expenditures | • Targeting 5-6% of sales<br>• Investments to support disciplined organic growth<br>• Continued footprint optimization, improving capacity utilization and efficiency |
| Return Cash To Shareholders | • Maintain capital allocation strategy of returning cash to shareholders |
| M&A | • Opportunistically pursue strategic acquisitions that create shareholder value<br>• Strengthen technology portfolio, accelerate growth in Electrification |
| Liquidity | • Targeting operating cash balance of ~$195M<br>• Maintaining committed Revolving Credit Facility of $500M |

**Focused on creating value through growth, margin expansion**

1. Pro forma for Powertrain spin off
2. CAGR represents growth of operational cash flow only

# Summary

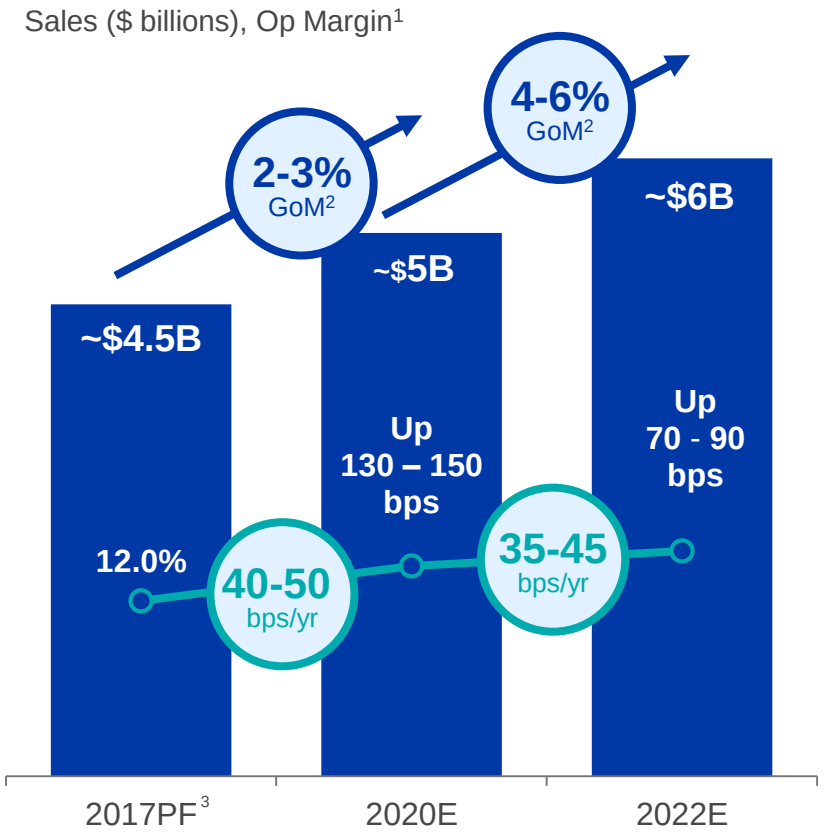
**REGULATORY AND CONSUMER TAILWINDS**
Strong regulatory, consumer, and economic market drivers

**PORTFOLIO FOR TODAY AND TOMORROW**
Portfolio to meet today and tomorrow's market requirements

**BALANCED BUSINESS**
Well balanced across end markets, regions, and customers

**INDUSTRY LEADING COST STRUCTURE**
Leading manufacturing footprint; engineers close to customers

## DELPHI TECHNOLOGIES




**Leading, global propulsion supplier**

1. Adjusted for restructuring and other special items; see Delphi Technologies, PLC Appendix for detail
2. GoM: Growth over Market as defined by Delphi weighted production.
3. 2017PF Adjusted for OE service revenue of $0.1B; Margin adjusted for ~140 bps of estimated public company inefficiencies and impact of separation agreements

# Delphi Technologies PLC Technology Overview


## Mary Gustanski

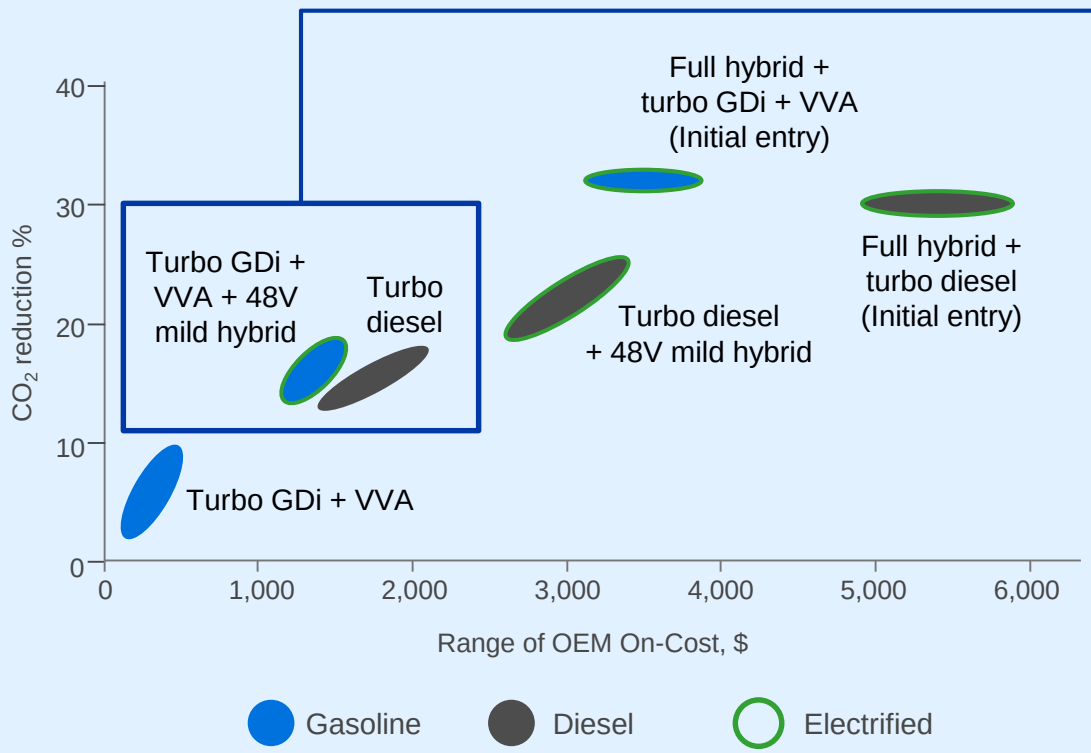
Senior Vice President and Chief Technology Officer, Powertrain Systems



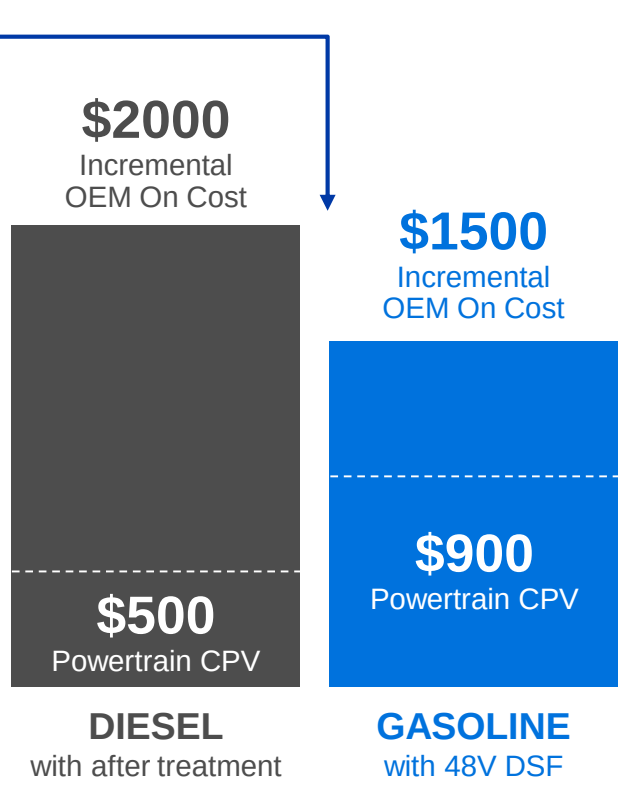

# Delphi Technologies Offers Best Value Propulsion

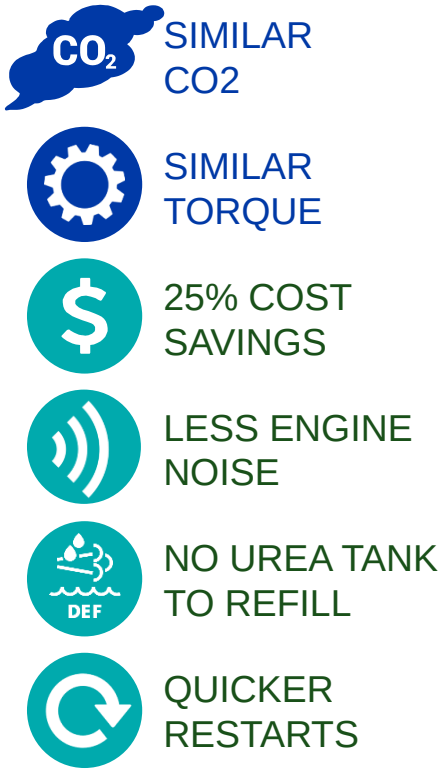
## Innovative Solutions To Reduce $CO_2$

*Baseline: 4-cyl. turbo GDi with dual cam phasing*




## Migration Path From Diesel To Gas




**OEMs require diversified technology solutions to meet future regulations**

# Technology Roadmap

**Electrification penetration steadily increases**

- Best value electrification system solutions
- Vehicle control strategies to optimize performance
- Propulsion controller for computing capability
- Thermal management for compact designs
- Ease of vehicle packaging

**Internal combustion continues to grow**

- Precision fuel injection
- Optimized air delivery
- Closed-loop control
- Advanced combustion enablers
- Intelligent sensors and actuators for low emissions

- Systems integration
- Optimizing performance
- Software control methodologies
- Automotive grade electronics
- Regulatory support

**Organizational knowledge, capabilities and expertise**

**Powertrain has a portfolio to meet future regulatory challenges**

# Systems Integration And Software

## Systems Integration

**FUEL SYSTEM**

**ELECTRONICS HARDWARE**

**CORE SOFTWARE**

**APPLICATION SOFTWARE**

**CALIBRATION**




Full range of capabilities

Approach based on customer's capabilities and strategic priorities

## Software Capabilities

**MODULAR PROPULSION SOFTWARE PACKAGES**

- Gas, light duty diesel and commercial vehicles
- Proprietary electrification/hybrid strategies
- Compliant emission regulations and safety levels

**COMPONENT INTEGRATION**

- Aftertreatment (Selective Catalytic Reduction (SCR))
- Actuator control (Fuel Pump, Canister Purge)
- Sensors (Exhaust, Pressure, Temperature)

**SCALABLE SOLUTIONS**

- Basic functionality to turnkey

**Complementing leading portfolio with robust integration and software capabilities**

# Diesel Engine Management Systems

## FLEXIBLE DIESEL SOLUTIONS FOR APPLICATIONS UP TO 18 LITER ENGINES

CV diesel injectors, pumps, and rail



Remote pump option



Exhaust sensors



Selective catalytic reduction (SCR) doser







Diesel Engine Controller

- Turbo optimization
- Closed-loop fuel control
- Aftertreatment Strategies

### DIESEL COMMON RAIL FUEL SYSTEMS

- Common diesel injector technology for CV and LV
- Capable up to 3000 bar with high efficiency
- Modular pump technology for maximum re-use and scalability

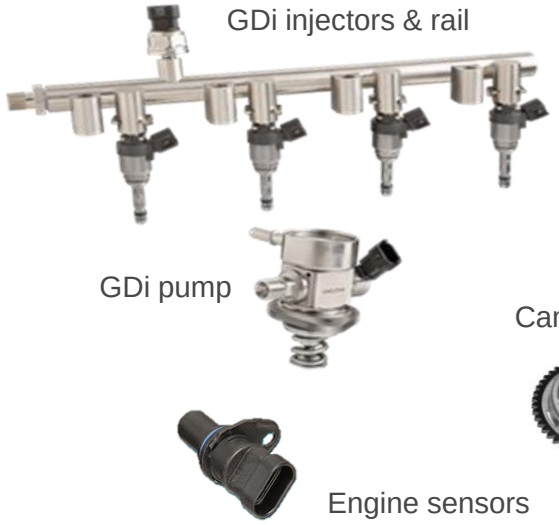
### DIESEL ENGINE MANAGEMENT SYSTEM

- Control strategies to achieve regulatory compliance
- Exhaust sensors enable reduced emissions
- Modular software for maximum application flexibility

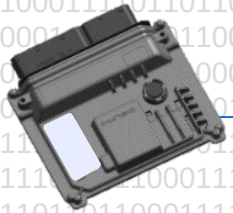
**Leverages investment for a broad range of LV and CV applications**

# Gasoline Engine Management Systems

## FIRST TO MARKET WITH 350 BAR GASOLINE DIRECT INJECTION (GDi) FUEL SYSTEM






- Low noise, vibration and harshness
- On-board diagnostics
- Multiple injection strategies

### GDi FUEL SYSTEMS

- Low noise, flexible mounting system
- High precision fuel delivery over vehicle lifetime
- Broad fuel coverage: gasoline, ethanol and natural gas

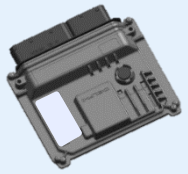
### GASOLINE ENGINE MANAGEMENT SYSTEMS

- Cam phasers provide variable timing for optimized air control
- Sensors enable precise engine management
- Suite of software algorithms optimize combustion and performance

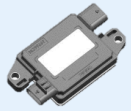
**High-precision fuel delivery for low toxic emission solutions**

# Comprehensive Portfolio Of Electronic Controls

## Broad range of ECUs and component technologies…



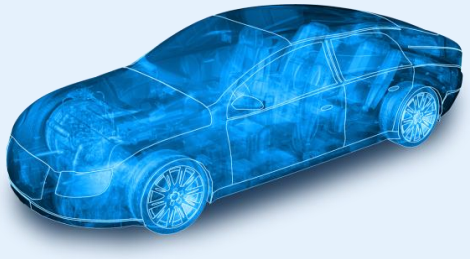
Gasoline engine controller



Aftertreatment controller

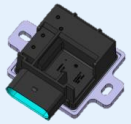


Diesel engine controller

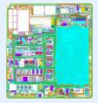




Transmission controller



Motor controller



Custom ASIC

## …with increasingly centralized propulsion control

Production **2017** Launch



- Propulsion domain control for HEV, PHEV, and EV vehicles
- Consistent, centralized platform to manage complexity
- Integrated interface between powertrain and vehicle in EVs
- Delivers torque required with optimal engine and electrification design

**Industry-leading electronics and software solutions**

# Dynamic Skip Fire: Silicon Valley Meets Automotive

DSF
DYNAMIC
SKIP FIRE

- Decision to “Fire” or “Skip” is made before each cylinder event
- Dependent on engine torque demand, noise and vibration considerations
- Enabled by individual cylinder deactivation
- The resulting “firing density” is continuously variable between 0% and 100%

DELPHI

- Powertrain controls and electronics
- Variable valvetrain technology
- Vehicle integration and calibration

TULA

- Proprietary software
- Optimized cylinder deactivation
- Decade of automotive innovation

## ADDRESSING A BROAD RANGE OF VEHICLE CONFIGURATIONS




**Continuously optimizes engine operation for varying conditions**

# System Integration: 48V DSF Demonstration Vehicle




**Powertrain Content**

- GDi engine management system (EMS)
- Variable valve actuation hardware
- Tula Dynamic Skip Fire (DSF), integrated into EMS
- 48V system including supervisory software and control, and DC/DC converter

- 15+% $CO_2$ REDUCTION
- INCREASED LOW-END TORQUE
- 20%+ IMPROVED ACCELERATION (0-30 KPH)
- INCREASED CHARGING DURING DECELERATION
- SEAMLESS START-STOP PERFORMANCE

**Realizing the system synergies of powertrain technologies and capabilities**

# Comprehensive Portfolio Enables: “Path To Electrification”

## 48 VOLT MILD HYBRID




CPV ~$450

- System optimization
- Hybrid controller and software
- DC/DC converter
- Inverter

## FULL HYBRID




CPV ~$1,200

- Propulsion controller and software
- High voltage inverter
- Combined inverter / converter (CIDD)
- DC/DC Converter
- Battery controller

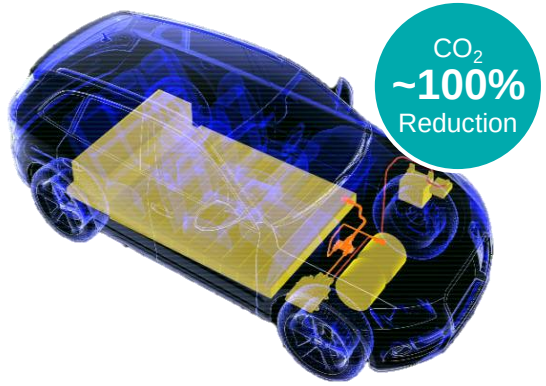
## PLUG-IN HYBRID




CPV ~$1,500

- Propulsion controller and software
- High voltage inverter
- Combined inverter / converter (CIDD)
- DC/DC converter
- Battery controller
- On-board charger

## ELECTRIC VEHICLE




CPV ~$1500

- Propulsion controller and software
- High voltage inverter
- Combined inverter / converter (CIDD)
- DC/DC converter
- Battery controller
- On-board charger

**Electrification solutions enhance vehicle performance and reduce $CO_2$**

1. Total Addressable Content per vehicle Market (TAM) for electrified vehicles
2. Low voltage content per vehicle based off average mid size sedan with no powertrain electrification or incremental content additions
3. ICE content per vehicle based off gasoline GDi, 2-step variable valvetrain internal combustion engine in 2023 and beyond

# Customers Embracing Power Electronics

**MORE POWER IN A SMALL PACKAGE**

- 30% smaller
- 40% lighter
- 25% higher power density

**IMPROVED RELIABILITY AND INTEGRATION**

- Eliminated wire bonds
- Enhanced thermal management
- On-transmission mounting

**BEST VALUE SOLUTION**

- More functionality
- Easier packaging
- Lower cost

## CONQUEST INVERTER WIN

**$4B**

Lifetime bookings[1]





DELPHI TECHNOLOGIES

DISPLACED COMPETITOR

**Preferred power electronics supplier providing differentiated solutions**

1. Since 2011; bookings represent lifetime gross program revenues awarded, based upon expected volumes and pricing adjusted for FX and commodities

# World Class Power Electronics: Production XC90

100%+ FUEL EFFICIENCY FROM ICE TO HYBRID

SEAMLESS START-STOP PERFORMANCE

SUPPORTING MULTIPLE CHARGING METHODOLOGIES

UNLOCKING NEW FEATURES



CIDD: Combined Inverter and DC/DC Converter

eAWD
Active safety
Electric air suspension
Sport vs. eco modes
eAssisted coasting



**Delphi Solution**

- Small inverter package enabled by Delphi's Viper Power Module
- Eliminates extra DC cables and separate DC/DC housing
- Eliminates extra liquid cooling lines
- Fewer components to install in vehicle

**Powertrain electronics powering world class electrification**

1. Fuel efficiency increase calculated as percentage increase in miles per gallon.

# Technology On A Global Scale

## Americas

Software & Controls

| Systems | Electrification | Components |
|---|---|---|
|  |  |  |
| Auburn Hills, Michigan | Kokomo, Indiana | Juarez, Mexico |
| | |  |
| | | Rochester, New York |

## EMEA

Software & Controls

| Systems | Electrification | Components |
|---|---|---|
|  |  |  |
| Bascharage, Luxembourg | Poland | Park Royal, UK |
| | |  |
| | | Blois, France |

## Asia Pacific

Software & Controls

| Systems | Electrification | Components |
|---|---|---|
|  |  |  |
| Shanghai, China | Suzhou, China | Beijing, China |
| | |  |
| | | Bangalore, India |

**Full range of capabilities in every region**

# Summary

**LEADER IN ELECTRIFICATION**
Strong and growing portfolio of best value electrification technologies

**ADVANCED ICE PORTFOLIO**
Increasing efficiency and performance of combustion engines

**SOFTWARE AND CONTROL EXPERTISE**
Optimized performance through advanced software management

**GLOBAL ENGINEERING CAPABILITIES**
Global teams driving innovation, development and commercialization




**Innovative technology well positioned for the future**

# Delphi Technologies PLC Financial Overview


## Joe Massaro

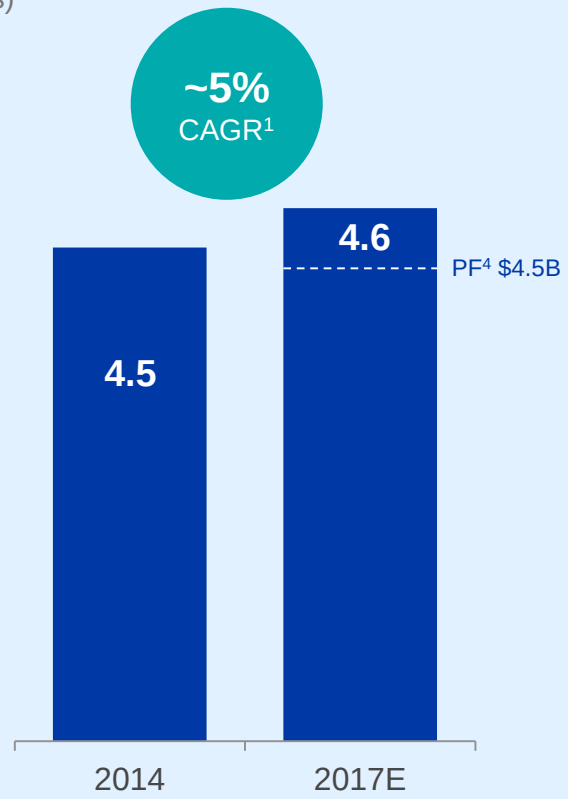
Senior Vice President and Chief Financial Officer




# Execution Track Record

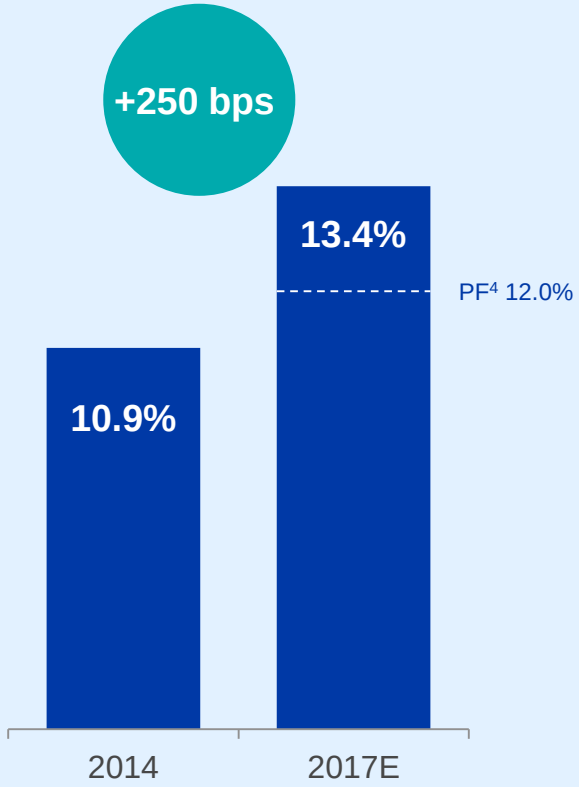
## Revenue

($ billions)




## Operating Margins[2]

% of sales




## Free Cash Flow[3]

($ billions)




**"Delphi DNA"- delivering solid financial performance**

1. Adjusted for acquisitions, divestitures, foreign exchange, and commodities
2. Adjusted for restructuring and other special items; see appendix for detail and reconciliation to US GAAP
3. Operating Cash Flow – Capex
4. Pro-forma amounts adjusted for OE service revenue and estimated standalone costs and impacts of separation agreements.

# What to Expect

| | |
|---|---|
| **Disciplined revenue growth** | • Strengthen technology investments to enhance product portfolio<br>• Unique IP supports continued strong wins<br>• Balanced customer, platform and regional growth |
| **Cost structure optimization** | • Continue footprint optimization and improvements in overhead<br>• Leverage EOS across the enterprise<br>• Increase flexibility in operating model |
| **Increase cash flow** | • Maintain strong balance sheet<br>• Focused investments for growth<br>• Capital allocation strategy includes returning cash to shareholders |

**Management approach consistent**

# Transition Priorities




**SEPARATION READINESS**

- Separation agreements established across business to ensure smooth transition
- Readiness plans in place to ensure fast start as new business
- PMO continuing to drive all transition readiness planning

**CAPITAL STRUCTURE**

- Business will spin with approximately $0.2B in cash, access to $0.5B revolver
- $1.6B in debt raised
- One-time separation capital expenditures required in 2018/19, normalizes in 2020 and beyond

**FINANCIAL IMPACTS**

- $20-30M incremental public company costs vs. historical corporate allocations
- $80-100M incremental separation-related costs in 2018; significantly declines over next 2-3 years
- Expected tax rate of 16-17% and annual interest expense of $70M

**Separation on track and progressing smoothly**

# Capital Structure

| Sources and Uses | ($ millions) |
|---|---|
| $500mn revolver | $0 |
| Term Loan A | 750 |
| Senior Unsecured Notes | 800 |
| ***Total Sources*** | ***$1,550*** |
| Dividend to RemainCo[1] | $1,150 |
| Operating cash[1] | 195 |
| Estimated one-time tax leakage[1] | 180 |
| Financing fees | 25 |
| ***Total Uses*** | ***$1,550*** |

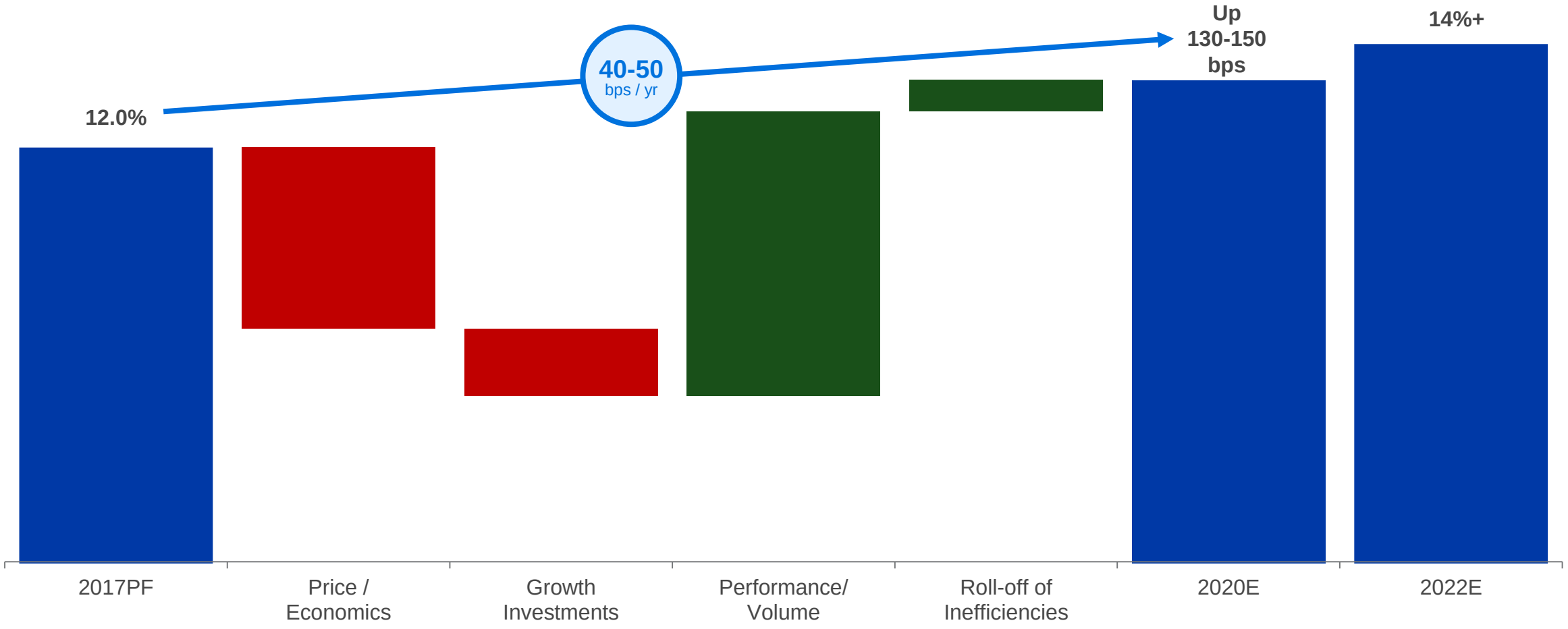
| Pro Forma Capitalization | Amount ($ millions) | LTM EBITDA |
|---|---|---|
| Total cash[1] | $240 | |
| *Memo: Operating cash* | *$195* | |
| $500mn revolver | 0 | |
| Term Loan A | 750 | |
| ***Total senior secured debt*** | ***$750*** | ***1.0x*** |
| ***Total net senior secured debt*** | ***$510*** | ***0.7x*** |
| Senior Unsecured Notes | $800 | |
| ***Total Debt*** | ***$1,550*** | ***2.1x*** |
| ***Total Net Debt*** | ***$1,310*** | ***1.8x*** |

**Appropriate leverage with strong cash profile to support debt service**

1. Subject to change based on additional tax analysis and/or excess operating cash on Delphi Technologies, PLC balance sheet

Note: debt shown at principal

# Margin Outlook




**Expanding margins while inefficiencies roll-off**

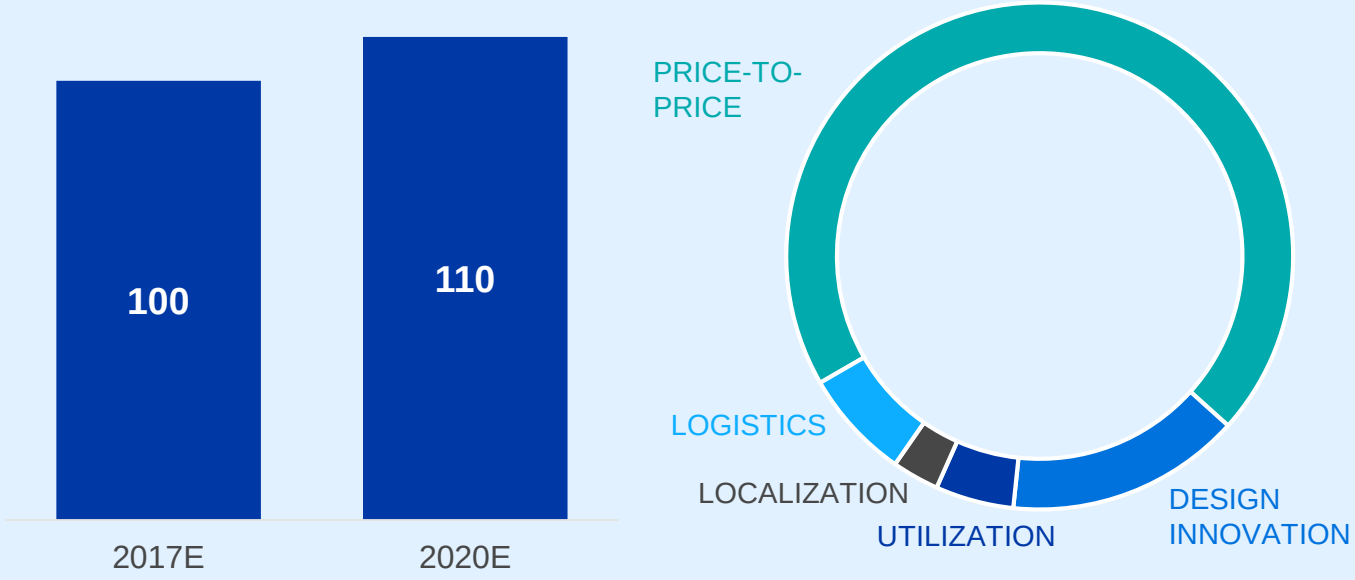
1. Note: Pro-forma amounts adjusted for OE service revenue and estimated standalone costs and impacts of separation agreements. Margin adjusted for restructuring and other special items, see appendix for detail.

# Cost Structure Optimization

## Material Performance

**$100M+ average annual savings (2017-2020)**

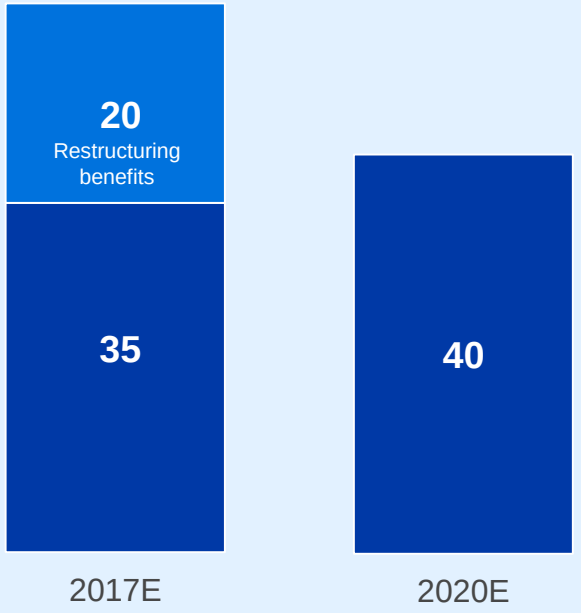
Gross material productivity ($ millions)




## Manufacturing Performance

**~$45M/Yr average savings (2017-2020)**

Gross manufacturing performance ($ millions)

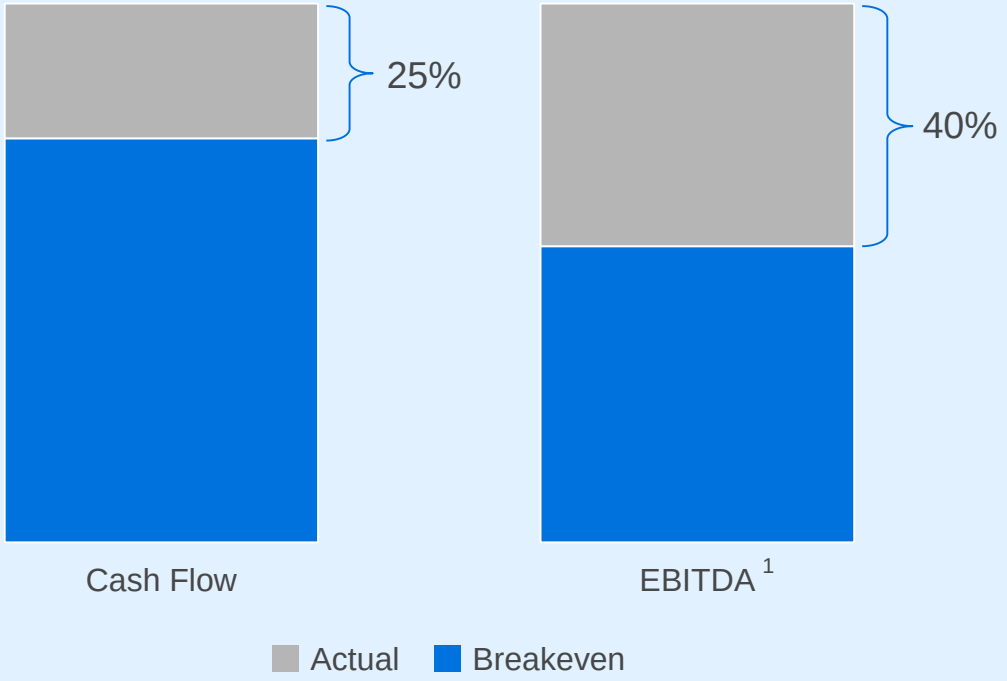



**Industry leading cost structure**

# Flexible Operating Model

## 2017 Breakeven Summary

Production Volume Decline vs. Today's Levels




## Opportunities

+ Additional volume

+ Operating leverage

+ Acquisitions

## Risks

- Lower industry volume

- Foreign exchange headwinds

- Commodity headwinds

**Well positioned to manage risks and opportunities**

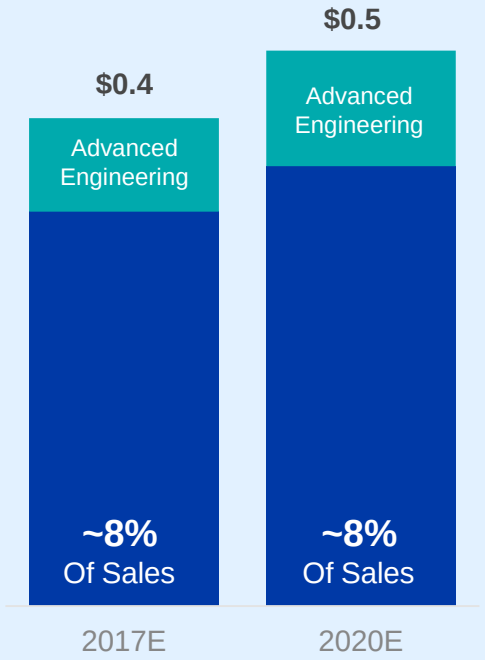
1. Adjusted for restructuring and other special items; see appendix for detail
2. Restructuring cash included in cash flow break even analysis

# Investments for Growth

## Engineering Spend

### Optimization of spend towards advanced development

($ billions)



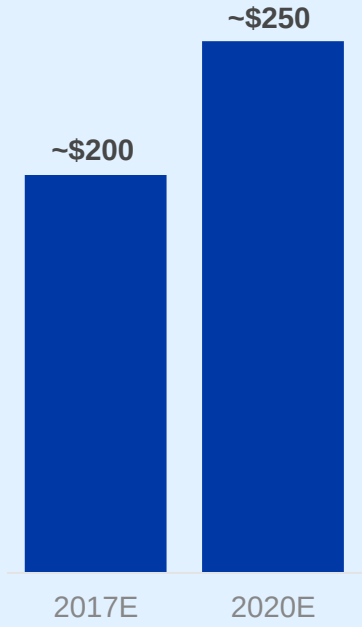

IMPROVING KEY TECHNOLOGIES

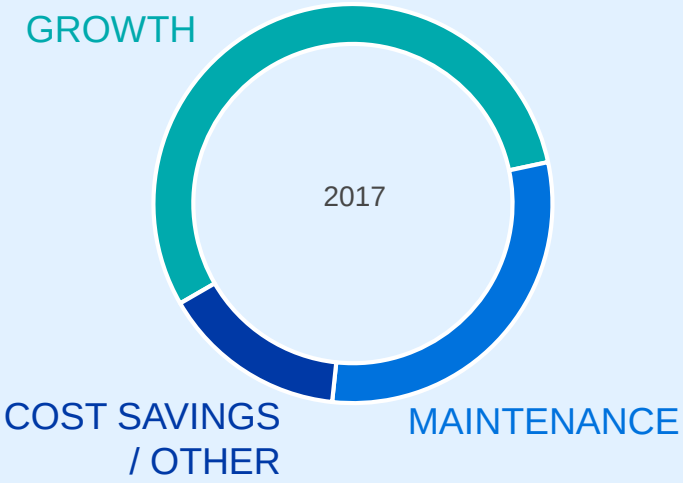
- Powertrain electrification
- GDi
- Variable Valvetrain
- Software and control capabilities

## Capital Expenditures

### Investments support continued strong wins

($ millions)



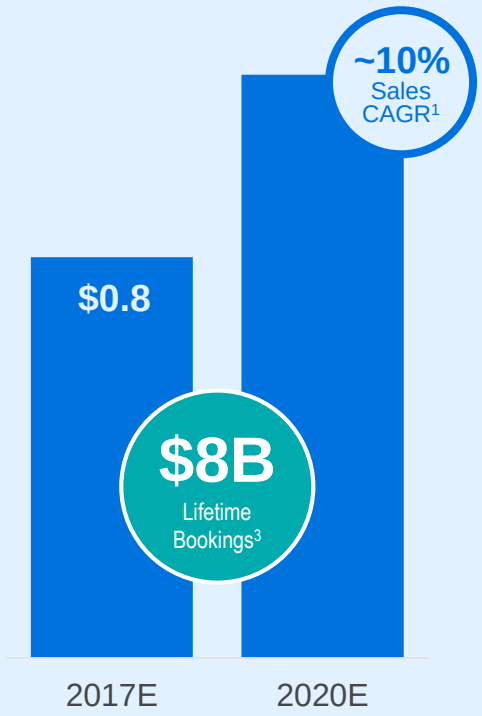




**Disciplined approach to investing for growth**

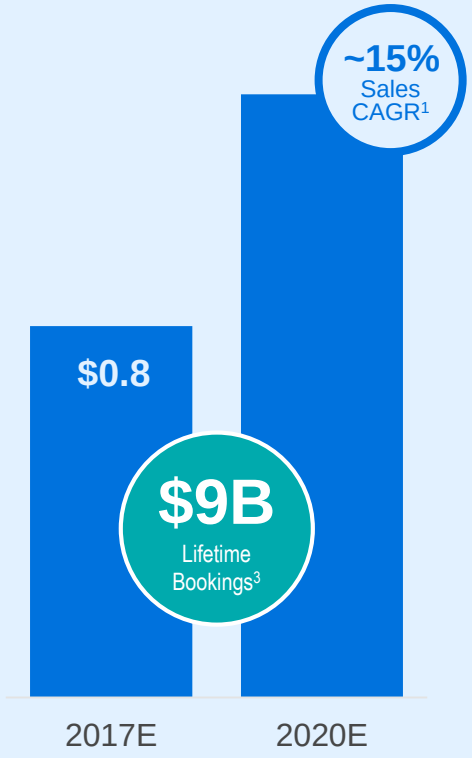
# Disciplined Revenue Growth

## Commercial Vehicle

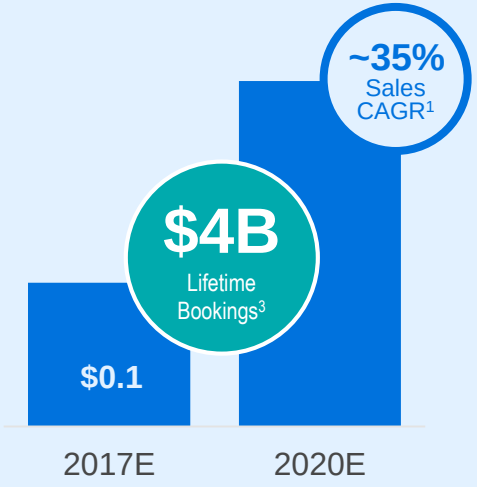
Revenue, ($ billions)



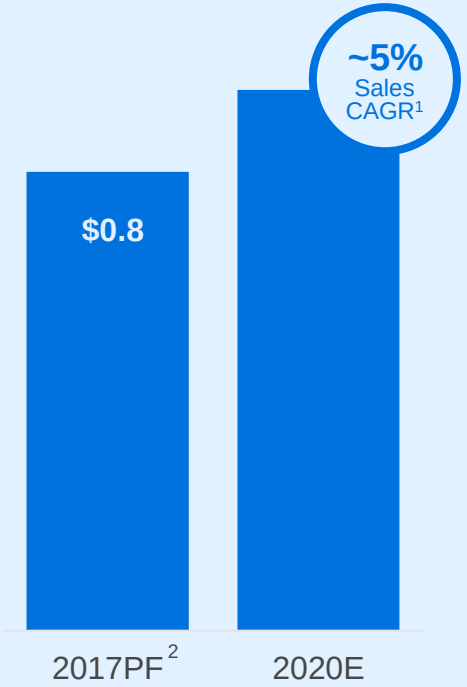

## GDi and Valvetrain




## Power Electronics




## Aftermarket



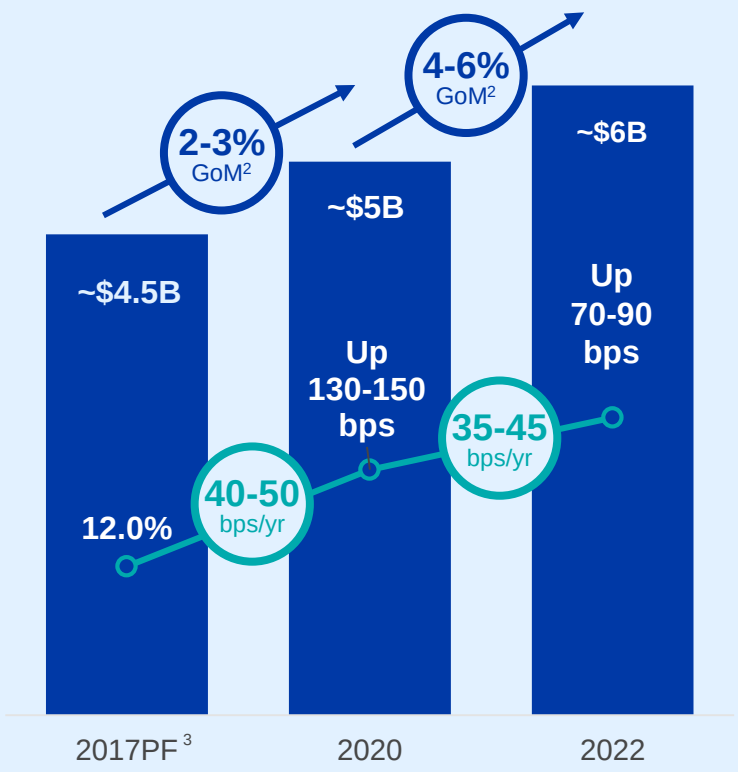

**Balanced portfolio drives strong growth over market**

1. At constant foreign exchange and commodity rates; excludes impact of acquisitions and divestitures
2. 2017PF Adjusted for OE service revenue of ~$0.1B
3. Since 2011; bookings represent lifetime gross program revenues awarded, based upon expected volumes and pricing adjusted for FX and commodities

# Long Term Outlook

## Long Term Targets[1]

($ billions), operating margin




## Key Considerations

### 2017 - 2020

- Relevant portfolio well positioned for all propulsion technologies
- Key growth technologies more than offset LDD declines
- Optimization of one time separation, stand-alone costs

### 2020 & Beyond

- Electrification accelerates, continued penetration of advanced tech
- Conversion of new wins drives inflection in growth
- Leverage industry-leading cost structure to deliver profitable growth

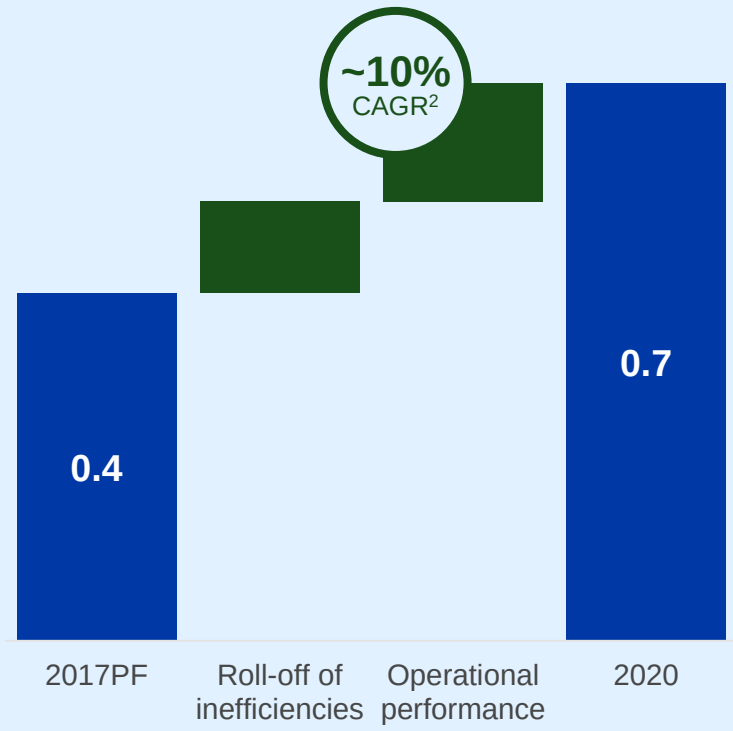
**Compelling outlook with industry-leading growth and profitability profile**

1. At constant foreign exchange and commodity rates; excludes impact of acquisitions and divestitures. Adjusted for restructuring and other special items
2. GoM: Growth over Market as defined by Delphi weighted production.
3. 2017PF Adjusted for OE service revenue of $0.1B; Margin adjusted for ~140 bps of estimated public company inefficiencies and impact of separation agreements

# Capital Allocation Strategy

## Operating Cash Flow[1]

($ billions)




## Priorities

### MAINTAIN STRONG BALANCE SHEET

- Higher free cash flow, driven by earnings and lower restructuring cash, will support debt service
- Disciplined re-investment in business to drive growth and increase returns

### CAPITAL EXPENDITURES

- One-time separation capital expenditures in 2018/19 of ~$90-$100M
- Supporting continued organic growth, new programs
- Consistent long-term spend at ~5% of sales in 2020 & beyond

### RETURNING CAPITAL TO SHAREHOLDERS

- Targeting a competitive dividend
- Return excess cash to shareholders through share repurchases

### M&A

- Strengthen technology portfolio and growth in electrification

**Maintain strong balance sheet**

1. Pro forma for Powertrain spin off
2. CAGR represents growth of operational cash flow only

# Delphi Technologies Investment Thesis

Today

**DELPHI TECHNOLOGIES**

2017 — 2022

**Organic Growth Accelerating**

- Competitive positioning in diversified end markets
- Electrification driving significant Power Electronics growth

**Margin Expansion**

- Relentless focus on cost management, productivity and continuous improvement
- Separation efficiencies roll off while key growth technologies gain scale

**Capital Allocation**

- Strong cash flow generation yields strong balance sheet
- Disciplined approach to capital allocation

**Positioning For The Future**

- New technologies well-positioned to capitalize on clean mobility
- Expand systems, electronics and software capabilities

**Delivering exceptional value for customers, employees and shareholders**

# Appendix: Delphi Automotive PLC Historical Results

# Non-US GAAP Financial Metrics – Adjusted OI

| ($ millions) | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| Net income attributable to Delphi | $1,257 | $1,450 | $1,351 | $1,212 | $1,077 | $1,145 | $631 |
| Interest expense | $156 | $127 | $135 | $143 | $136 | $123 | $30 |
| Other expense (income), net | $385 | $116 | $40 | $45 | $17 | $42 | ($9) |
| Income tax expense | $242 | $263 | $255 | $240 | $174 | $275 | $226 |
| Equity income, net of tax | ($35) | ($16) | ($20) | ($15) | ($10) | ($20) | ($6) |
| Income from discontinued operations, net of tax | ($108) | ($274) | ($60) | ($60) | ($65) | ($127) | ($64) |
| Net income attributable to noncontrolling interest | $69 | $85 | $89 | $89 | $83 | $78 | $72 |
| **Operating income** | **$1,966** | **$1,751** | **$1,790** | **$1,654** | **$1,412** | **$1,516** | **$880** |
| Restructuring | $328 | $177 | $140 | $137 | $163 | $30 | $173 |
| Other acquisition and portfolio project costs | $59 | $47 | $20 | $15 | $9 | - | - |
| Asset impairments | $30 | $16 | $7 | - | $15 | $13 | $9 |
| (Gain) loss on business divestitures, net | ($141) | $8 | - | - | - | - | - |
| Other transformation and rationalization costs | - | - | - | - | - | - | $48 |
| **Adjusted operating income** | **$2,242** | **$1,999** | **$1,957** | **$1,806** | **$1,599** | **$1,559** | **$1,110** |
| Less: Mechatronics | ($87) | ($93) | ($114) | ($108) | ($94) | ($101) | ($101) |
| **Adjusted operating income (less Mechatronics)** | **$2,155** | **$1,906** | **$1,843** | **$1,698** | **$1,505** | **$1,458** | **$1,009** |

# Non-US GAAP Financial Metrics – Adjusted EBITDA

| ($ millions) | 2016 |
|---|---|
| Net income attributable to Delphi | $1,257 |
| Interest expense | $156 |
| Other expense, net | $385 |
| Income tax expense | $242 |
| Equity income, net of tax | ($35) |
| Income from discontinued operations, net of tax | ($108) |
| Net income attributable to noncontrolling interest | $69 |
| **Operating income** | **$1,966** |
| Depreciation and amortization | $704 |
| **EBITDA** | **$2,670** |
| Restructuring | $328 |
| Other acquisition and portfolio project costs | $59 |
| Gain on business divestitures, net | ($141) |
| **Adjusted EBITDA** | **$2,916** |
| Less: Mechatronics | ($91) |
| **Adjusted EBITDA (less Mechatronics)** | **$2,825** |

# Non-US GAAP Financial Metrics – Adjusted EPS

| ($ millions, except per share amounts) | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| Net income attributable to Delphi | $1,257 | $1,450 | $1,351 | $1,212 | $1,077 | $1,145 | $631 |
| Income from discontinued operations attributable to Delphi, net of tax | ($105) | ($262) | ($42) | ($42) | ($50) | ($115) | ($52) |
| **Income from continuing operations attributable to Delphi** | **$1,152** | **$1,188** | **$1,309** | **$1,170** | **$1,027** | **$1,030** | **$579** |
| Adjusting items: | | | | | | | |
| Restructuring | $328 | $177 | $140 | $137 | $163 | $30 | $173 |
| Other acquisition and portfolio project costs | $59 | $47 | $20 | $15 | $9 | - | - |
| Asset impairments | $30 | $16 | $7 | - | $15 | $13 | $9 |
| (Gain) loss on business divestitures, net | ($141) | $8 | - | - | - | - | - |
| Other transformation and rationalization costs | - | - | - | - | - | - | $48 |
| Debt extinguishment costs | $73 | $58 | $34 | $39 | $1 | $19 | - |
| Reserve for unsecured creditors litigation | $300 | - | - | - | - | - | -- |
| Transaction and related costs associated with acquisitions | - | $43 | $6 | - | $13 | - | - |
| Contingent consideration liability fair value adjustments | $3 | ($7) | - | - | - | - | - |
| Tax impact of adjusting items (a) | ($85) | ($35) | ($24) | ($39) | ($43) | ($13) | ($61) |
| **Adjusted net income attributable to Delphi** | **$1,719** | **$1,495** | **$1,492** | **$1,322** | **$1,185** | **$1,079** | **$748** |
| Weighted average number of diluted shares outstanding | 273.70 | 286.64 | 301.89 | 311.80 | 323.29 | 421.26 | 686.02 |
| Diluted net income per share from continuing ops. attributable to Delphi | $4.21 | $4.14 | $4.34 | $3.75 | $3.18 | $2.45 | $0.84 |
| **Adjusted net income per share** | **$6.28** | **$5.22** | **$4.94** | **$4.24** | **$3.67** | **$2.56** | **$1.78 (b)** |

# Non-US GAAP Financial Metrics – Adjusted EPS

| ($ millions, except per share amounts) | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| **Adjusted net income per share** | **$6.28** | **$5.22** | **$4.94** | **$4.24** | **$3.67** | **$2.56** | **$1.78 (b)** |
| Less: Mechatronics | ($0.27) | ($0.27) | ($0.32) | ($0.29) | ($0.25) | ($0.19) | ($0.18) (b) |
| **Adjusted net income per share (less Mechatronics)** | **$6.01** | **$4.95** | **$4.62** | **$3.95** | **$3.42** | **$2.37** | **$1.60 (b)** |

(a) Represents the income tax impacts of the adjustments made for restructuring and other special items by calculating the income tax impact of these items using the appropriate tax rate for the jurisdiction where charges were incurred.

(b) 2010 Adjusted net income per share calculated and presented utilizing 2011 weighted average number of diluted shares outstanding for purposes of comparability with other periods presented. Due to the Company's pre-IPO capital structure, the weighted average number of diluted shares outstanding during 2010 on a US GAAP basis was 686.02 million.

# Appendix: Delphi Automotive PLC 2017 Guidance

# Financial Guidance Metrics

| ($ millions) | 2017[1] |
|---|---|
| Net income attributable to Delphi | $1,480 |
| Interest expense | $138 |
| Other expense, net | $17 |
| Income tax expense | $267 |
| Equity income, net of tax | ($30) |
| Net income attributable to noncontrolling interest | $69 |
| **Operating income** | **$1,941** |
| Restructuring | $242 |
| Separation costs | $61 |
| Other acquisition and portfolio project costs | $17 |
| Asset impairments | $9 |
| **Adjusted operating income** | **$2,270** |

1 Prepared at the estimated mid-point of the Company's financial guidance range

# Financial Guidance Metrics

| ($ millions, except per share amounts) | 2017[1] |
|---|---|
| Net income attributable to Delphi | $1,480 |
| Restructuring | $242 |
| Separation costs | $61 |
| Other acquisition and portfolio project costs | $17 |
| Asset impairments | $9 |
| Reserve for Unsecured Creditors litigation | $10 |
| Tax impact of adjusting items (a) | ($41) |
| **Adjusted net income attributable to Delphi** | **$1,778** |
| Weighted average number of diluted shares outstanding | 267.52 |
| Diluted net income per share attributable to Delphi | $5.53 |
| **Adjusted net income per share** | **$6.65** |

(a) Represents the income tax impacts of the adjustments made for restructuring and other special items by calculating the income tax impact of these items using the appropriate tax rate for the jurisdiction where charges were incurred.

1 Prepared at the estimated mid-point of the Company's financial guidance range

# Appendix: Delphi Technologies PLC Historical Results

# Non-US GAAP Financial Metrics

| ($ millions) | 2016 | 2015 | 2014 |
|---|---|---|---|
| Net income attributable to DPS | $236 | $272 | $306 |
| Interest expense | $1 | $3 | $4 |
| Other expense (income), net | $1 | $2 | ($2) |
| Income tax expense | $50 | $92 | $97 |
| Equity loss, net of tax | - | - | $1 |
| Net income attributable to noncontrolling interest | $32 | $34 | $36 |
| **Operating income** | **$320** | **$403** | **$442** |
| Restructuring | $161 | $112 | $52 |
| Other acquisition and portfolio project costs | $2 | $2 | - |
| Asset impairments | $29 | $9 | - |
| **Adjusted operating income** | **$512** | **$526** | **$494** |
| Depreciation and amortization | $210 | $189 | $194 |
| Less: Asset impairments (included in D&A) | ($29) | ($9) | - |
| **Adjusted EBITDA** | **$693** | **$706** | **$688** |