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JULY 26, 2016

SENSATA SECOND QUARTER 2016 EARNINGS PRESENTATION

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Forward–looking Statements

In addition to historical facts, this earnings release, including any documents incorporated by reference herein, includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward–looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements also relate to our future prospects, developments, and business strategies. These forward-looking statements may be identified by terminology such as "may," "will," "could," "should," "expect," "anticipate," "believe," "estimate," "predict," "project," "forecast," "continue," "intend," "plan," and similar terms or phrases, or the negative of such terminology, including references to assumptions. However, these terms are not the exclusive means of identifying such statements. Forward–looking statements contained herein, or in other statements made by us, are made based on management's expectations and beliefs concerning future events impacting us, and are subject to uncertainties and other important factors relating to our operations and business environment, all of which are difficult to predict, and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by forward–looking statements. These forward–looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. Although we believe that our plans, intentions, and expectations reflected in, or suggested by, such forward–looking statements are reasonable, we can give no assurances that any of the events anticipated by these forward–looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

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Q2 2016 GAAP Results

	Q2 2016	Q2 2015	Δ
Revenue	$827.5M	$770.4M	7.4%
Gross Profit *(% of revenue)*	$290.1M *35.1%*	$252.6M *32.8%*	14.9%
R&D *(% of revenue)*	$32.3M *3.9%*	$31.2M *4.1%*	3.3%
SG&A *(% of revenue)*	$77.7M *9.4%*	$73.0M *9.5%*	6.4%
Profit from Operations *(% of revenue)*	$128.1M *15.5%*	$93.2M *12.1%*	37.5%
Net Income *(% of revenue)*	$65.5M *7.9%*	$40.9M *5.3%*	60.2%
Diluted EPS	$0.38	$0.24	58.3%
Diluted Shares Outstanding	171.3M	171.7M	-0.3M

Non-GAAP Measures

In discussing financial results and guidance, we refer to “Organic Revenue Growth,” “Adjusted Net Income (ANI),” “ANI Margin,” “Adjusted EPS,” “Organic ANI Margin,” “Core ANI Margin,” “Free Cash Flow,” “Adjusted EBIT,” “Adjusted EBITDA,” “Research, Development and Engineering expenses as a % of Net Revenue,” “Adjusted Taxes,” “Adjusted Tax Rate,” “Net Debt,” “Net Leverage Ratio,” “Total Invested Capital,” and “Return on Invested Capital” and all of which are financial measures not determined in accordance with U.S. Generally Accepted Accounting Principles (GAAP). We use these non-GAAP financial measures internally to make operating and strategic decisions, including the preparation of our annual operating plan, evaluation of our performance and as a factor in determining compensation for certain employees. We believe these non-GAAP measures provide additional information to facilitate comparisons of our historical operating results and trends in our underlying business.

Non-GAAP financial measures should be considered as supplemental in nature and are not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies. We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. The following provides additional information regarding these non-GAAP measures:

Organic revenue growth – represents the reported percentage change in Net revenue calculated in accordance with U.S. GAAP, excluding the effects of (1) foreign currency movements and (2) acquisitions, net of exited businesses that occurred within the previous 12 months.

Adjusted net income (ANI) – represents Net income excluding certain non-GAAP adjustments including (1) restructuring and special charges, (2) financing and other transaction costs, (3) deferred losses/(gains) on other hedges, (4) depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory, (4) deferred income tax and other tax expense/(benefit) and (5) amortization of deferred financing costs and debt discounts (or premiums).

ANI margin – represents ANI as a percentage of Net revenue.

Adjusted EPS – represents ANI divided by the number of diluted weighted-average ordinary shares outstanding during the period.

Organic ANI margin – represents ANI margin excluding the effects of (1) foreign currency movements and (2) acquisitions, net of exited businesses that occurred within the previous 12 months.

Core ANI margin – represents ANI margin excluding the effects of (1) acquisitions, net of exited businesses that occurred within the previous 12 months and (2) acquisitions that occurred outside of the previous 12 months that have not yet been fully integrated.

Free cash flow – represents Net cash provided by/(used in) operating activities less Additions to property, plant and equipment and capitalized software.

Non-GAAP Measures – continued

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Adjusted EBIT – represents Net income excluding Interest expense, net, Provision for/(benefit from) income taxes and certain non-GAAP adjustments including (1) restructuring and special charges, (2) financing and other transaction costs, (3) deferred losses/(gains) on other hedges, and (4) depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory.

Adjusted EBITDA – represents Net income excluding Interest expense, net, Provision for/(benefit from) income taxes, Depreciation expense, Amortization of intangible assets and certain non-GAAP adjustments including (1) restructuring and special charges, (2) financing and other transaction costs, (3) deferred losses/(gains) on other hedges, and (4) amortization expense related to the step-up in fair value of inventory.

Research, development and engineering expenses (RD&E) as a percentage of net revenue – represents Research and development expense, as well as certain engineering expenses recorded to Cost of revenue in our U.S. GAAP financial statements, as a percentage of Net revenue.

Adjusted taxes – represents Provision for/(benefit from) income taxes excluding certain non-GAAP adjustments recorded to Provision for/(benefit from) income taxes in our U.S. GAAP financial statements, such as deferred income tax and other tax expense/(benefit).

Adjusted tax rate – represents Adjusted taxes divided by Adjusted EBIT.

Net debt – represents Total gross indebtedness less Cash and cash equivalents. Total gross indebtedness represents Total debt excluding discounts (or premiums) and deferred financing costs.

Net leverage ratio – represents Net debt divided by last twelve months (LTM) Adjusted EBITDA.

Total invested capital – represents Shareholders' equity plus (1) Long term debt, gross of discount (or premium) and deferred financing costs, less current portion, (2) Capital lease and other financing obligations, less current portion, and (3) Deferred income tax liabilities minus (4) Deferred income tax assets.

Return on invested capital (ROIC) – represents (LTM Adjusted EBIT less LTM Adjusted taxes) divided by Total invested capital.

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Executing On Our Strategy

Q2 2016 ANOTHER QUARTER OF ADJUSTED NET INCOME MARGIN EXPANSION

- ✓ **Revenue** of $827.5M (increase of 7.4% y/y) and **Adjusted EPS** of $0.73 above the midpoint of guidance
- ✓ **Adjusted Net Income (ANI) margins** expand sequentially
- ✓ **Creating shareholder value** through repeatable, accretive acquisitions and highly effective integration
- ✓ **Strong free cash flow** generation of $80M represents 33% y/y growth
- ✓ **Net leverage ratio** down to 4.3x; Paid down $125M of Revolver



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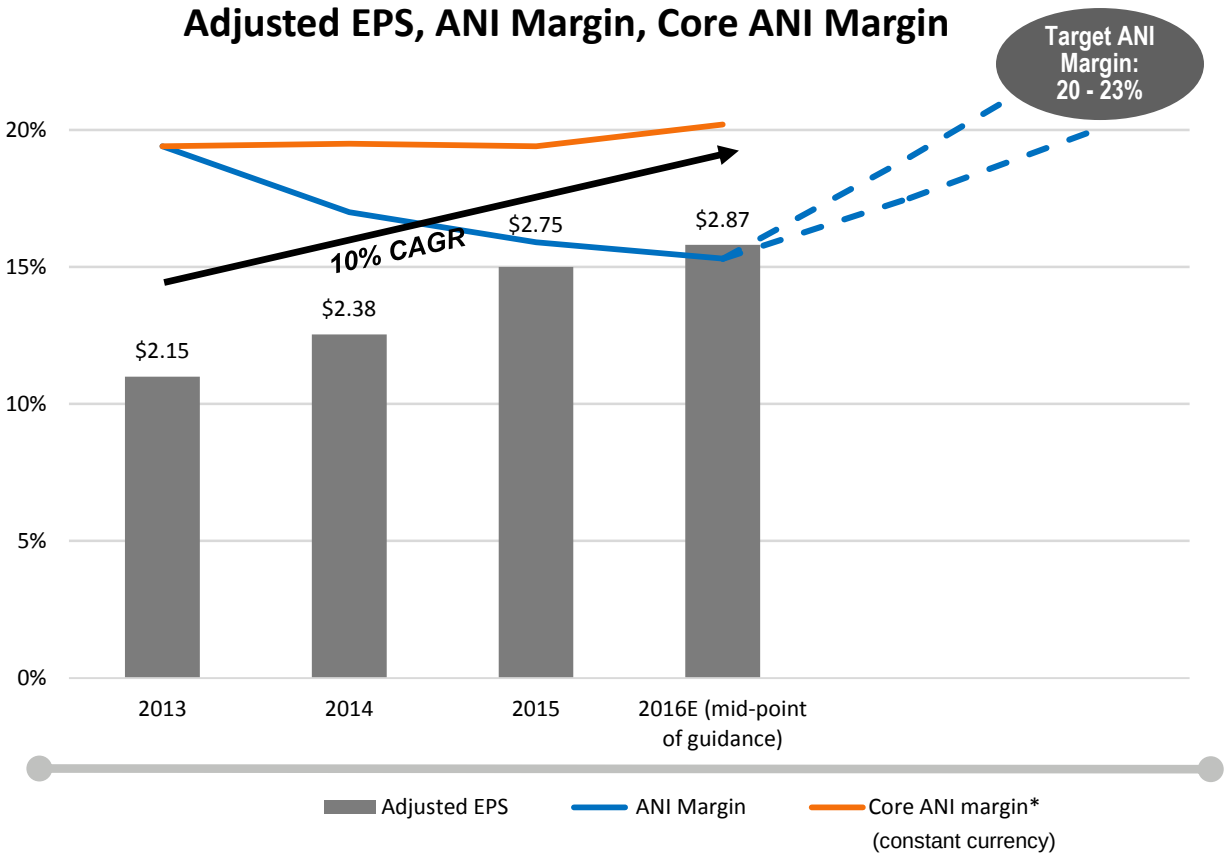
Positioned to Expand Margins in Challenging Market Environment



Q2-16 Update

- ANI margin improvement expected sequentially throughout 2016
- Q2 2016 Core* ANI margins of 20.0% up 70 bps from prior year (21.2% constant currency)
- Core ANI margin operating within long term target range
- Actively spending on integration activities: Schrader went live on Oracle in Q2 2016

*Constant currency, excludes acquisitions during integration period, core includes: Honeywell Onboard – 2013 onward; SensorNITE – 2013 onward; Wabash 2015 onward

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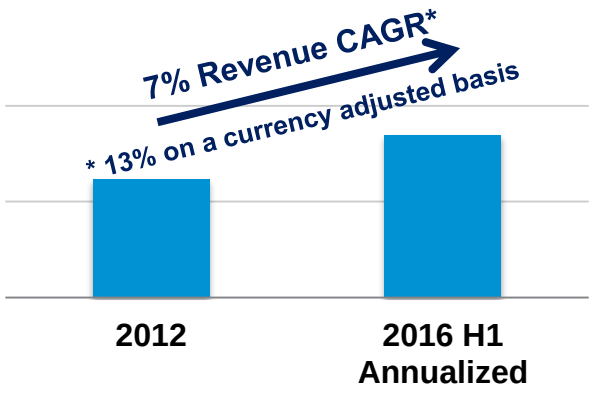
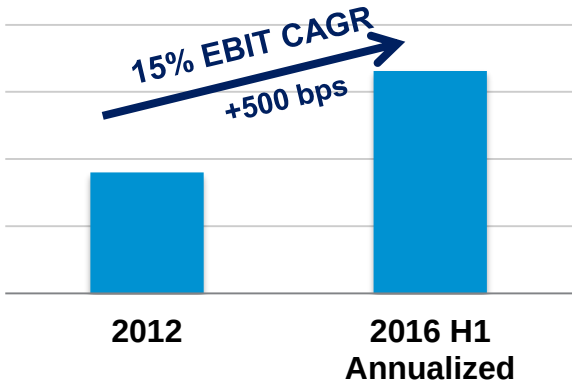
Sensor-NITE Acquisition Delivered High Value

DIFFERENTIATED HIGH TEMP SENSORS USED IN DIESEL EXHAUST AFTER-TREATMENT SYSTEMS; TRANSACTION EBITDA MULTIPLE OF 9.8X

FINANCIAL PERFORMANCE





SIGNIFICANT VALUE CREATION

- Expanded globally, esp. into China
- Expanded ST's low-cost manufacturing footprint to Bulgaria
- Reduced overall operating costs
- Natural hedge to Euro
- Acquisition IRR in the high-teens



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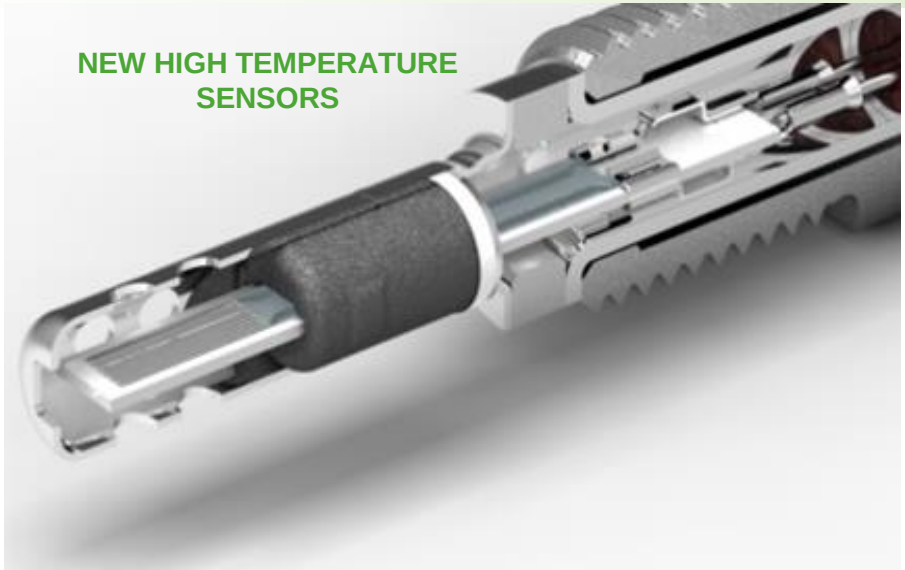
We Continue to Drive Growth in Acquired Technologies Once Integration is Complete

- ✓Q2-16 Business Win in Next Generation Drivetrain with a major European OEM
- ✓Exciting New Business in Gasoline Particulate Filters as introduced at Investor Day 2015
- ✓Growing Applications in Exhaust Gas Recirculation
- ✓Beginning to Leverage After-Market Channel for Replacement of Particulate Filters and Other Exhaust After-Treatment Equipment





Win In Sensing

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End Market And Business Trends

ON BALANCE IN-LINE WITH EXPECTATIONS

Market	vs. Sensata (ST) Expectations		Highlights
	H1 2016	H2 2016	
Automotive	↔	↔	• Stronger ST growth in China as expected in second half • Sensata view on market growth still below 3rd parties • BREXIT impact too early to predict
HVOR	↑	↓	• ST performance better than expected in first half • Steeper decline in North America Class 8 production • Greater weakness in Agriculture and construction in H2-16
Sensing Solutions	↔	↔	• In-line with ST first half expectations • On balance, recent order levels support outlook • Higher inventory levels in China remain a concern
FX	↑	↔	• Stronger Euro in first half beneficial vs expectations • Further revenue headwind in H2 2016, no incremental EPS impact

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Executing on Strategy To Win In Sensing

CONTENT GROWTH DRIVES MARKET OUTPERFORMANCE IN HVOR



- ✓ **Q2-16 content win** with leading European commercial truck OEMS for on-road TPMS solutions
- ✓ **Leveraging acquired TPMS technology** to enter new markets
- ✓ **New content growth** enables end-market outperformance
- ✓ **Strong revenue synergies** created in markets where Schrader previously had limited presence

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We Remain On-Track Heading Into H2-16

- ✓ **Solid progress** in delivering on margin expansion
- ✓ **Good content growth** in Auto and HVOR
- ✓ **Integration of acquisitions** creating value for shareholders
- ✓ **Strong free cash flow** enables debt re-payment and creates financial flexibility
- ✓ **On track to deliver** on full year 2016 guidance



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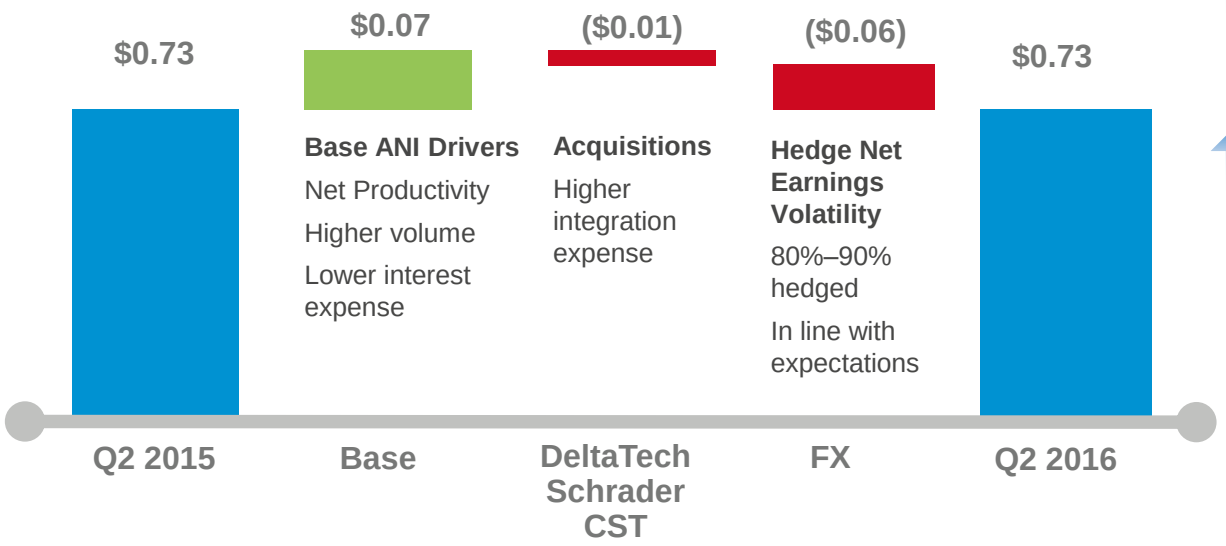
Q2 2016 Financial Summary

ADJUSTED NET INCOME GREW 9% ORGANICALLY

	Q2 2015	Q2 2016	Reported Growth
Net Revenue	$770.4M	**$827.5M**	+7.4%
Net Income	$40.9M	**$65.5M**	+60.2%
Adjusted Net Income	$124.6M	**$124.3M**	(0.2%)
ANI Margin	16.2%	**15.0%**	(1.2%)
Adjusted EPS	$0.73	**$0.73**	-



Acquisitions, net of exited businesses, add 8.5% revenue growth

- Organic revenue growth flat
- Foreign exchange lowers net revenue by (1.2%)

ANI organic margin, excluding FX, CST and exited businesses was 17.7%

Q2 2016 Core* ANI margins of 20.0% grew 70 bps; (21.2% constant currency)

- Core* ANI margins operating within the long term ANI target range

**Core excludes the following acquisitions: DeltaTech, Schrader, and CST*

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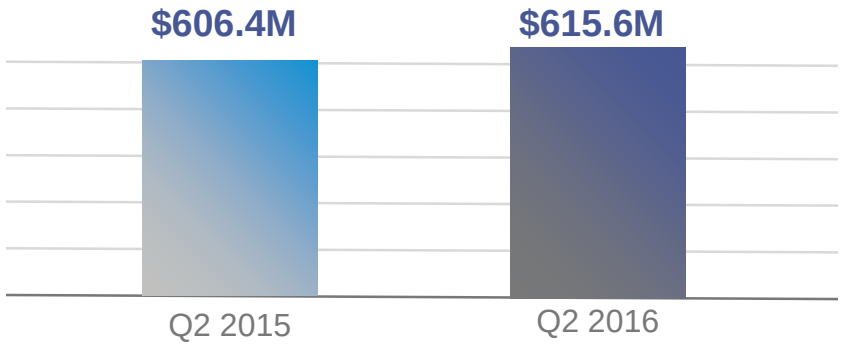
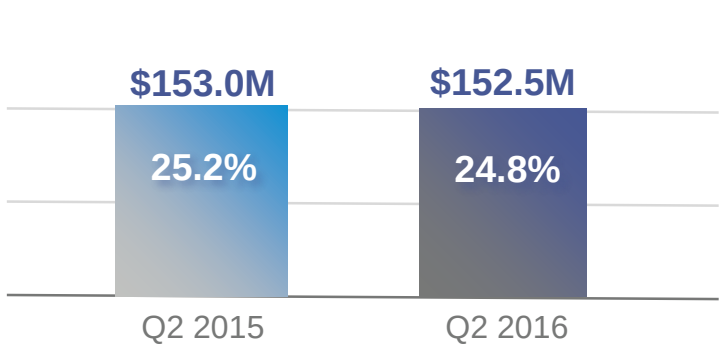
Q2 2016 Review: Performance Sensing

NET REVENUE



PROFIT FROM OPERATIONS (PFO)

26.0% PFO EXCLUDING FX AND CST



Q2 Growth y/y	Reported	Organic
Automotive (inc.TPMS)	(1%)	2%
HVOR	14%	(4%)
Performance Sensing	**2%**	**1%**

Acquisitions less exited businesses added 2%

Foreign exchange (1)% negative impact primarily in automotive

- Content growth in China and Europe driving automotive organic growth
- CST acquisition driving HVOR reported growth
  - HVOR content growth enables better than market performance
  - North American Class 8 trucks weak but slightly better than expected
- Higher integration cost in the quarter due to Schrader going live on Oracle

Q2 2016 Review: Sensing Solutions

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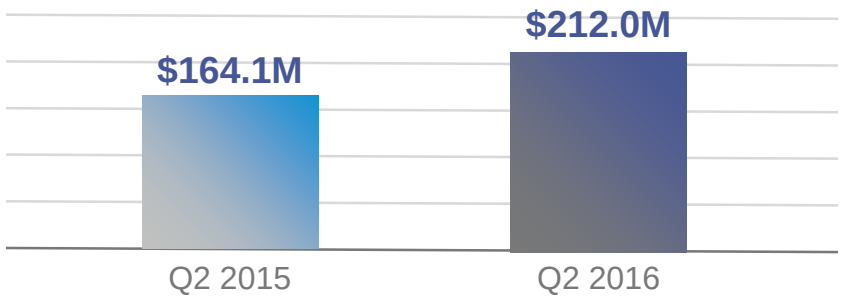
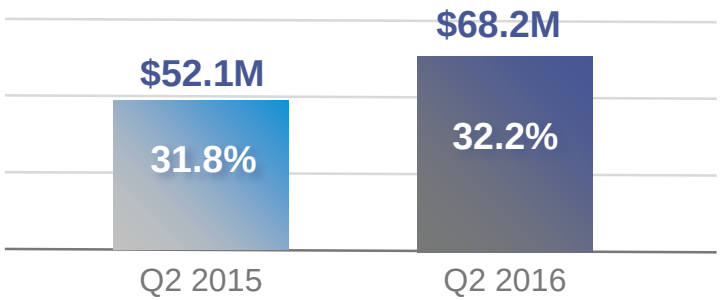
NET REVENUE



PROFIT FROM OPERATIONS (PFO)

33.0% PFO EXCLUDING FX AND CST



Q2 Growth y/y	Reported	Organic
Sensing Solutions	29%	(2%)

- CST adds 33% revenue growth
- Foreign exchange (1%) negative impact

- CST acquisition driving revenue growth
- Impressive margin expansion
- Organic revenue slightly better than expectations and improving sequentially
  - End markets remain broadly weaker
  - Revenue in China grew organically y/y

Reduced Our Net Leverage

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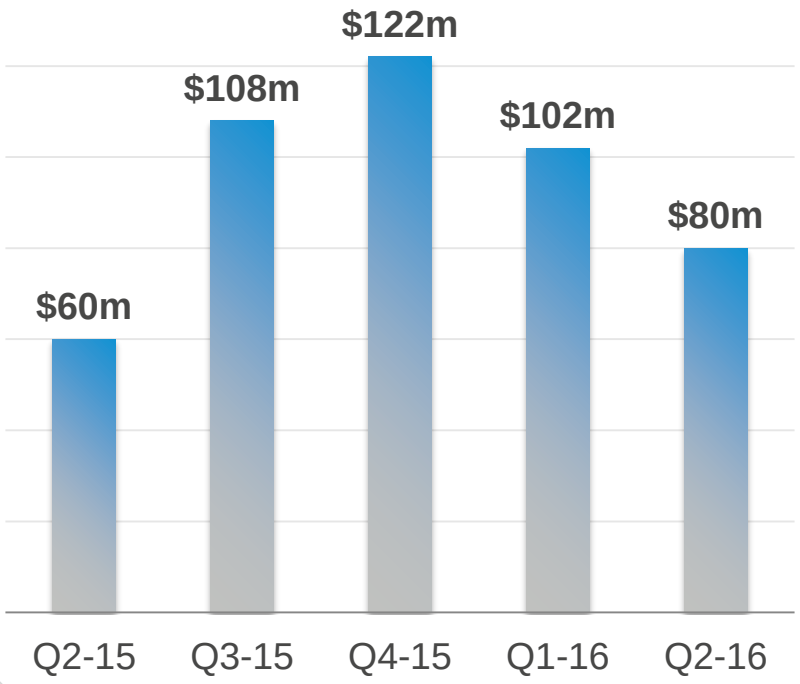
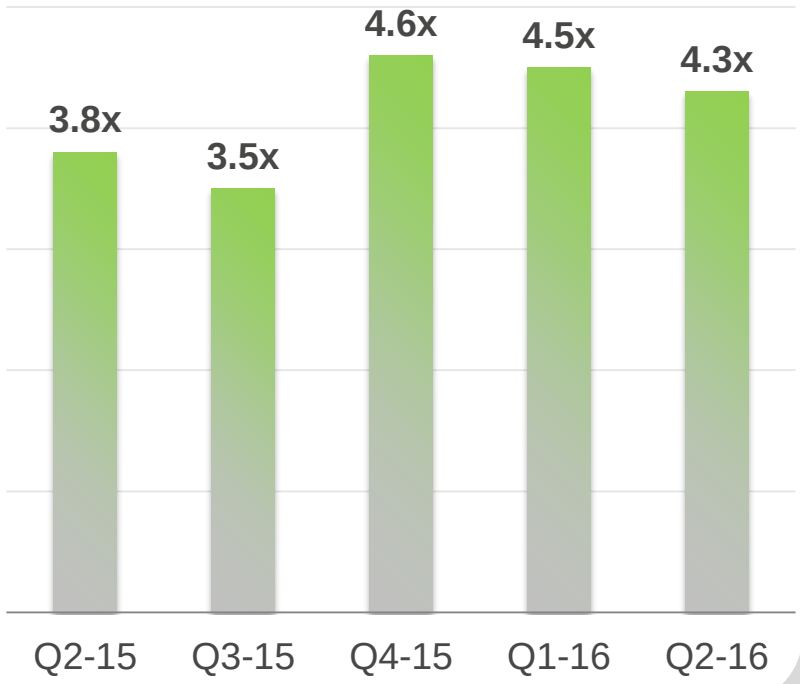
FREE CASH FLOW

GROWTH OF 33%: Q216 VS Q215



NET LEVERAGE

TARGETING 3.7X – 3.9X BY END OF FY 2016



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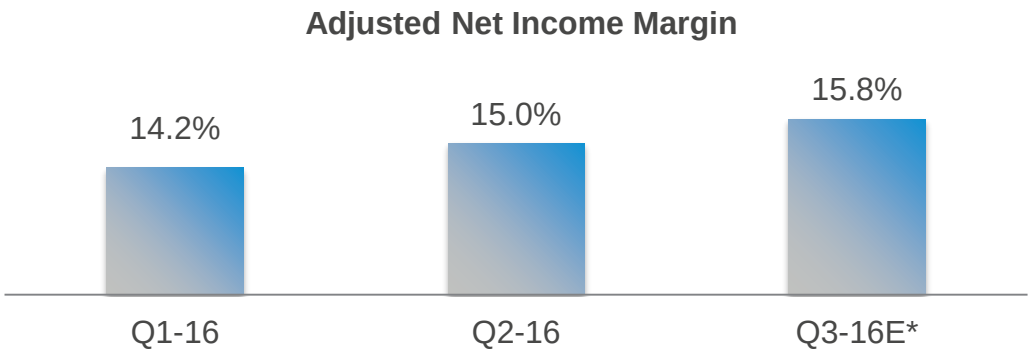
Q3 2016 Financial Guidance

	Q3 2015	Q3 2016 Guide	Reported	Organic *Excludes FX, CST, Exited businesses*
Net Revenue	$727.4M	$770 – $810M	6% – 11%	(1)% - 3%
Adj. Net Income	$123.3M	$120 – $130M	(3)% – 5%	6% – 11%
Adj. EPS	$0.72	$0.70 – $0.76	(3)% – 6%	6% – 11%
Diluted Shares Outstanding	171.6M	171.6M		

Sequential Margin Expansion in 2016



*midpoint of guidance

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2016 Financial Guidance

ON TRACK FOR FULL YEAR

	FY 2015	FY 2016 Guide	Reported	Organic *Excludes FX, CST, Exited businesses*
Net Revenue	$2,975M	$3,170 – $3,250M	7% – 9%	0% – 2%
Adj. Net Income	$472.0M	$480 – $505M	2% – 7%	7% – 11%
Adj. EPS	$2.75	$2.80 – $2.94	2% – 7%	7% – 11%
Diluted Shares Outstanding	171.5M	171.5M		

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Sensata Remains Committed to Shareholder Value Creation

- ✓ **Sensata Wins In Sensing**, outperforming markets with leading margins
- ✓ **Acquisitions** diversify end–market exposure and provide earnings expansion
- ✓ Attractive long-term **revenue and earnings** CAGRs
- ✓ Strong **cash generation** and disciplined **capital allocation**



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APPENDIX

SENSATA SECOND QUARTER 2016 EARNINGS SUMMARY

The World Depends on Sensors and Controls

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Sensata Financial Metrics Dashboard

TSR from IPO

13%*

CAGR (S&P: 11%)

2015 TSR

(12)%

2016 YTD: (16)%*

2015 ROIC

13.0%

LTM Q2 2016: 12.2%

Cash Returned

2012–2016

$500M

7.5% OF SHARES REPURCHASED

Acquired Revenue

(DeltaTech, Schrader, CST)

$1.05B

$0.40 - $0.45 ACCRETION IN 2016E

**As of July 22, 2016*

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Q2 2016 Non-GAAP Results

	Q2 2016	Q2 2015	Δ
Revenue	$827.5M	$770.4M	7.4%
Adj. Gross Profit *(% of revenue)*	$293.7M *35.5%*	$266.7M *34.6%*	10.1%
R&D *(% of revenue)*	$32.3M *3.9%*	$31.2M *4.1%*	3.3%
Adj. SG&A *(% of revenue)*	$76.6M *9.3%*	$67.4M 8.7%	13.7%
Adj. EBIT *(% of revenue)*	$175.3M *21.2%*	$162.8M *21.1%*	7.7%
Adj. Tax Rate*	6.3%	5.1%	1.2%
Adj. Net Income	$124.3M *15.0%*	$124.6M *16.2%*	(0.2%)
Adj. EPS	$0.73	$0.73	-
Diluted Shares Outstanding	171.3M	171.7M	-0.3M

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H1 2016 GAAP Results

	H1 2016	H1 2015	Δ
Revenue	$1,624.1M	$1,521.1M	6.8%
Gross Profit *(% of revenue)*	$558.3M *34.4%*	$496.6M *32.6%*	12.4%
R&D *(% of revenues)*	*$63.6M* *3.9%*	*$62.0M* *4.1%*	*2.7%*
SG&A *(% of revenue)*	$149.6M *9.2%*	$137.4M *9.0%*	8.9%
Profit from Operations *(% of revenue)*	$241.7M *14.9%*	$195.5M *12.9%*	23.6%
Net Income *(% of revenue)*	$126.1M *7.8%*	$76.3M *5.0%*	65.4%
Diluted EPS	$0.74	$0.44	68.2%
Diluted Shares Outstanding	171.3M	171.5M	-0.2M

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H1 2016 Non-GAAP Results

	H1 2016	H1 2015	Δ
Revenue	$1,624.1M	$1,521.1M	6.8%
Adj. Gross Profit *(% of revenue)*	$565.2M *34.8%*	$519.9M *34.2%*	8.7%
R&D *(% of revenue)*	$63.6M *3.9%*	$62.0M *4.1%*	2.7%
Adj. SG&A *(% of revenue)*	$146.9M *9.0%*	$131.5M *8.6%*	11.7%
Adj. EBIT *(% of revenue)*	$339.4M *20.9%*	$315.8M *20.8%*	7.5%
Adj. Tax Rate*	6.3%	5.5%	0.8%
Adj. Net Income *(% of revenue)*	$237.5M *14.6%*	$235.4M *15.5%*	0.9%
Adj. EPS	$1.39	$1.37	1.5%
Diluted Shares Outstanding	171.3M	171.5M	-0.2M

*Adjusted taxes as a % of Adj. EBIT

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Q2 2016 Cash Flow Statement

	Q2 2016	Q2 2015	Δ
Net Income	$65.5M	$40.9M	60.2%
Depreciation & Amortization	$75.9M	$72.0M	5.4%
Changes in working capital	($49.7M)	($22.7M)	(119.3%)
Other	$18.7M	$18.8M	(0.6%)
Operating Cash Flow	$110.4M	$109.1M	1.2%
Capital Expenditures	($30.2M)	($48.9M)	(38.2%)
Free Cash Flow	$80.2M	$60.2M	33.3%

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H1 2016 Cash Flow Statement

	H1 2016	H1 2015	Δ
Net Income	$126.1M	$76.3M	65.4%
Depreciation & Amortization	$152.4M	$139.7M	9.1%
Changes in working capital	($59.9M)	($48.6M)	23.2%
Other	$28.1M	$44.9M	(37.4%)
Operating Cash Flow	$246.6M	$212.2M	16.2%
Capital Expenditures	($64.5M)	($86.8M)	(25.7%)
Free Cash Flow	$182.2M	$125.4M	45.3%

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Balance Sheet

	June 30, 2016	June 30, 2015	Dec 31, 2015
Total Assets	$6.3B	$5.1B	$6.3B
Working Capital	$0.567B	$0.497B	$0.413B
Intangibles, Net & Other Long-Term Assets	$5.0B	$3.9B	$5.0B
Cash, Cash Equivalents & Short-term Investments	$.309B	$0.227B	$0.342B
Current Debt	$0.139B	$0.145B	$0.300B
Net Cash	$0.170B	$0.082B	$0.042B

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Reconciliation of Organic Revenue Growth

	2016	
	Q2	YTD
Sensata		
Net revenue growth	7.4%	6.8%
Less: Effects of foreign currency movements	-1.2%	-1.6%
Less: Acquisitions, net of exited businesses[1]	8.5%	8.7%
Organic revenue growth/(decline)	0.1%	-0.3%
Performance Sensing		
Net revenue growth	1.5%	1.3%
Less: Effects of foreign currency movements	-1.3%	-1.7%
Less: Acquisitions, net of exited businesses[1]	2.0%	2.2%
Organic revenue growth	0.8%	0.8%
Sensing Solutions		
Net revenue growth	29.2%	27.1%
Less: Effects of foreign currency movements	-1.0%	-1.1%
Less: Acquisitions, net of exited businesses[1]	32.6%	33.0%
Organic revenue decline	-2.4%	-4.8%

1 – On December 1, 2015, we completed the acquisition of all of the outstanding shares of certain subsidiaries of Custom Sensors & Technologies Ltd. as well as certain additional assets (collectively, "CST"). Portions of CST are being integrated into our Performance Sensing and Sensing Solutions segments. In the reconciliations above, the term "acquisitions" refers to CST and the term "exited businesses" represents the impact of the termination of unprofitable business activities in late 2015, primarily at our Schrader Brazil facility.

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Reconciliation of Net Income to Adjusted Net Income – Q2

Amounts in thousands (except per share amounts)

	Q2 2016			Q2 2015		
	$	EPS	Margin	$	EPS	Margin
Net income	**$ 65,510**	**$ 0.38**	**7.9%**	**$ 40,900**	**$ 0.24**	**5.3%**
Non-GAAP adjustments:						
Restructuring and special charges	3,161	0.02	0.4%	22,023	0.13	2.9%
Financing and other transaction costs	275	0.00	0.0%	5,974	0.04	0.8%
Deferred (gain)/loss on other hedges	(8,294)	(0.04)	-1.0%	2,424	0.01	0.3%
Depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory	51,891	0.30	6.3%	46,308	0.27	6.0%
Deferred income tax and other tax expense/(benefit)	9,942	0.06	1.2%	5,368	0.03	0.7%
Amortization of deferred financing costs	1,834	0.01	0.2%	1,578	0.01	0.2%
Total adjustments	$ 58,809	$ 0.35	7.1%	$ 83,675	$ 0.49	10.9%
Adjusted net income	**$ 124,319**	**$ 0.73**	**15.0%**	**$ 124,575**	**$ 0.73**	**16.2%**
Weighted average diluted shares outstanding	171,343			171,667		
Net revenue	$ 827,545			$ 770,445		

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Reconciliation of Net Income to Adjusted Net Income – YTD

Amounts in thousands (except per share amounts)

	YTD 2016			YTD 2015		
	$	EPS	Margin	$	EPS	Margin
Net income	**$ 126,122**	**$ 0.74**	**7.8%**	**$ 76,255**	**$ 0.44**	**5.0%**
Non-GAAP adjustments:						
Restructuring and special charges	6,800	0.04	0.4%	23,179	0.13	1.5%
Financing and other transaction costs	1,056	0.01	0.1%	25,796	0.15	1.7%
Deferred (gain)/loss on other hedges	(21,567)	(0.13)	-1.4%	6,462	0.04	0.4%
Depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory	105,757	0.62	6.5%	93,654	0.55	6.2%
Deferred income tax and other tax expense/(benefit)	15,699	0.09	1.0%	6,854	0.04	0.5%
Amortization of deferred financing costs	3,678	0.02	0.2%	3,231	0.02	0.2%
Total adjustments	$ 111,423	$ 0.65	6.8%	$ 159,176	$ 0.93	10.5%
Adjusted net income	**$ 237,545**	**$ 1.39**	**14.6%**	**$ 235,431**	**$ 1.37**	**15.5%**
Weighted average diluted shares outstanding	171,299			171,464		
Net revenue	$ 1,624,094			$ 1,521,130		

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Reconciliation of Net Income as a Percentage of Net Revenue to Organic ANI Margin and Core ANI Margin

	Q2		
	2016	2015	Change
Net income as a % of Net revenue	7.9%	5.3%	2.6%
Non-GAAP adjustments:			
Restructuring and special charges	0.4%	2.9%	-2.5%
Financing and other transaction costs	0.0%	0.8%	-0.8%
Deferred (gain)/loss on other hedges	-1.0%	0.3%	-1.3%
Depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory	6.3%	6.0%	0.3%
Deferred income tax and other tax expense/(benefit)	1.2%	0.7%	0.5%
Amortization of deferred financing costs	0.2%	0.2%	0.0%
ANI margin	15.0%	16.2%	-1.2%
Less: Effects of foreign currency movements[2]	-1.1%	0.0%	-1.1%
Less: Acquisitions, net of exited businesses[1]	-1.6%	-0.1%	-1.5%
Organic ANI margin	17.7%	16.3%	1.4%
ANI margin	15.0%	16.2%	-1.2%
Less: Acquisitions, net of exited businesses[1]	-1.8%	-0.1%	-1.7%
Less: Schrader and DeltaTech acquisitions[3]	-3.2%	-3.0%	-0.2%
Core ANI margin	20.0%	19.3%	0.7%

1 – On December 1, 2015, we completed the acquisition of all of the outstanding shares of certain subsidiaries of Custom Sensors & Technologies Ltd. as well as certain additional assets (collectively, "CST"). Portions of CST are being integrated into our Performance Sensing and Sensing Solutions segments. In the reconciliations above, the term "acquisitions" refers to CST and the term "exited businesses" represents the impact of the termination of unprofitable business activities in late 2015, primarily at our Schrader Brazil facility.

2 – Represents the effects of changes in foreign currency exchange rates, including the acquisitions of Schrader and DeltaTech, in Q2'16 versus Q2'15.

3 – On October 14, 2014, we completed the acquisition of all of the outstanding shares of August Cayman Company, Inc. ("Schrader"). On August 4, 2014, we completed the acquisition of all of the outstanding shares of CoActive US Holdings, Inc., the direct or indirect parent of companies comprising the DeltaTech Controls business ("DeltaTech"). Due to the timing and size of these acquisitions as well as the scope of the related integration activities, Schrader and DeltaTech were not fully integrated as of June 30, 2016.

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Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

$ in thousands	Q2		YTD	
	2016	**2015**	**2016**	**2015**
Net cash provided by operating activities	$ 110,429	$ 109,089	$ 246,631	$ 212,199
Less: Additions to property, plant and equipment and capitalized software	30,231	48,923	64,466	86,801
Free cash flow	$ 80,198	$ 60,166	$ 182,165	$ 125,398
% Change	33.3%		45.3%	

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Reconciliation of Net Income to Adjusted EBIT

$ in thousands

	LTM'16	YTD'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15
Net income	**$ 397,563**	**$ 126,122**	**$ 65,510**	**$ 60,612**	**$ 218,289**	**$ 53,152**	**$ 40,900**
Interest expense, net	155,328	84,025	41,757	42,268	41,597	29,706	31,562
Provision for/(benefit from) income taxes	(124,018)	37,176	20,981	16,195	(174,409)	13,215	8,609
EBIT	$ 428,873	$ 247,323	$ 128,248	$ 119,075	$ 85,477	$ 96,073	$ 81,071
Non-GAAP adjustments:							
Restructuring and special charges	25,953	6,800	3,161	3,639	10,651	8,502	22,023
Financing and other transaction costs	10,313	1,056	275	781	5,598	3,659	5,974
Deferred (gains)/losses on other hedges	(16,165)	(21,567)	(8,294)	(13,273)	(174)	5,576	2,424
Other tax expense/(benefit)[1]	-	-	-	-	-	-	5,000
Depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory	205,473	105,757	51,891	53,866	53,313	46,403	46,308
Adjusted EBIT	**$ 654,447**	**$ 339,369**	**$ 175,281**	**$ 164,088**	**$ 154,865**	**$ 160,213**	**$ 162,800**
% Net revenue	*21.3%*	*20.9%*	*21.2%*	*20.6%*	*21.3%*	*22.0%*	*21.1%*

1 – In Q2'15 we recognized a $5.0 million charge in SG&A to write-off an indemnification asset related to a pre-acquisition tax liability that was favorably resolved.

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Reconciliation of Net Income to Adjusted EBITDA

$ in thousands

	LTM'16	YTD'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15
Net income	**$ 397,563**	**$ 126,122**	**$ 65,510**	**$ 60,612**	**$ 218,289**	**$ 53,152**	**$ 40,900**
Interest expense, net	155,328	84,025	41,757	42,268	41,597	29,706	31,562
Provision for/(benefit from) income taxes	(124,018)	37,176	20,981	16,195	(174,409)	13,215	8,609
Depreciation expense	98,588	51,345	25,346	25,999	24,889	22,354	26,966
Amortization of intangible assets	196,758	101,010	50,563	50,447	50,564	45,184	45,075
EBITDA	$ 724,219	$ 399,678	$ 204,157	$ 195,521	$ 160,930	$ 163,611	$ 153,112
Non-GAAP adjustments:							
Restructuring and special charges	23,769	5,524	3,161	2,363	9,743	8,502	17,657
Financing and other transaction costs	10,313	1,056	275	781	5,598	3,659	5,974
Deferred (gains)/losses on other hedges	(16,165)	(21,567)	(8,294)	(13,273)	(174)	5,576	2,424
Other tax expense/(benefit)[1]	-	-	-	-	-	-	5,000
Amortization expense related to the step-up in fair value of inventory	4,139	2,319	-	2,319	1,820	-	-
Adjusted EBITDA	**$ 746,275**	**$ 387,010**	**$ 199,299**	**$ 187,711**	**$ 177,917**	**$ 181,348**	**$ 184,167**
% Net revenue	*24.2%*	*23.8%*	*24.1%*	*23.6%*	*24.5%*	*24.9%*	*23.9%*

1 – In Q2'15 we recognized a $5.0 million charge in SG&A to write-off an indemnification asset related to a pre-acquisition tax liability that was favorably resolved.

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Reconciliation of Research, Development and Engineering (RD&E) Expenses as a percentage of Net Revenue

$ in thousands	Q2 2016
Research and development expense	$ 32,288
Non-GAAP adjustments:	
Add: Engineering expenses	32,260
Total Research, development and engineering expenses	$ 64,548
% Net revenue	**7.8%**
Net revenue	$ 827,545

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Reconciliation of Provision for Income Taxes to Adjusted Taxes

$ in thousands	Q2		YTD	
	2016	2015	2016	2015
Provision for income taxes	$ 20,981	$ 8,609	$ 37,176	$ 19,127
Non-GAAP adjustments:				
Less: Deferred income tax and other tax expense/(benefit)	9,942	368	15,699	1,854
Adjusted taxes	$ 11,039	$ 8,241	$ 21,477	$ 17,273
Adjusted taxes	$ 11,039	$ 8,241	$ 21,477	$ 17,273
Adjusted EBIT	$ 175,281	$ 162,800	$ 339,369	$ 315,796
Adjusted tax rate	6.3%	5.1%	6.3%	5.5%

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Reconciliation of Net Debt

$ in thousands		6/30/2016
Current portion of long-term debt, capital lease and other financing obligations	$	139,203
Capital lease and other financing obligations, less current portion		34,341
Long-term debt, net of discount and deferred financing costs, less current portion		3,263,061
Total Debt	**$**	**3,436,605**
Less: Discount		(18,884)
Less: Deferred financing costs		(35,899)
Total Gross Indebtedness		3,491,388
Less: Cash and cash equivalents		309,120
Net Debt	**$**	**3,182,268**
LTM Adjusted EBITDA		746,275
Net Leverage Ratio		**4.3x**

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Return on Invested Capital (ROIC)

$ in thousands

	Average	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Shareholders' equity	$ 1,604,710	$ 1,787,959	$ 1,716,289	$ 1,668,576	$ 1,446,397	$ 1,404,327
Long-term debt, gross of discount (or premium) and deferred financing costs, less current portion	3,022,594	3,317,844	3,319,319	3,322,794	2,575,268	2,577,744
Capital lease and other financing obligations, less current portion	39,151	34,341	35,282	36,219	43,814	46,100
Deferred income tax liabilities	392,552	405,344	395,935	390,490	386,482	384,507
Less: Deferred income tax assets	(31,902)	(32,034)	(31,840)	(26,417)	(37,168)	(32,049)
Total Invested Capital	$ 5,027,105	$ 5,513,454	$ 5,434,985	$ 5,391,662	$ 4,414,793	$ 4,380,629

LTM Adjusted EBIT	$ 654,447
LTM Adjusted Taxes	40,687
Adjusted EBIT less Adjusted Taxes	$ 613,760

Return on Invested Capital **12.2%**