2017 Investor Day

New York City | December 12, 2017

Sensata Technologies



DRIVING VALUE IN A WORLD INCREASINGLY DEPENDENT ON SENSORS

Martha Sullivan
President & CEO

Key Messages

- Sensata is a leading **industrial technology** company with attractive **secular growth** opportunities and is well-positioned for megatrends such as electrification, autonomy, and smart/connected products

- Sensata has **strengthened its business model**, expanded its market and is uniquely positioned with **sustainable, competitive advantages**

- Sensata is **poised to extend** its leadership position and deliver strong financial performance over the next three years and beyond

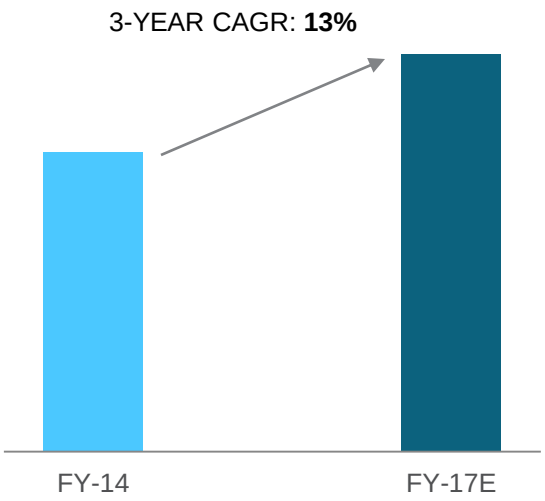




HIGHLIGHTS OF RECENT PERFORMANCE

Over the past three years, we have delivered strong adjusted EPS growth despite market challenges

ADJUSTED EPS GROWTH*

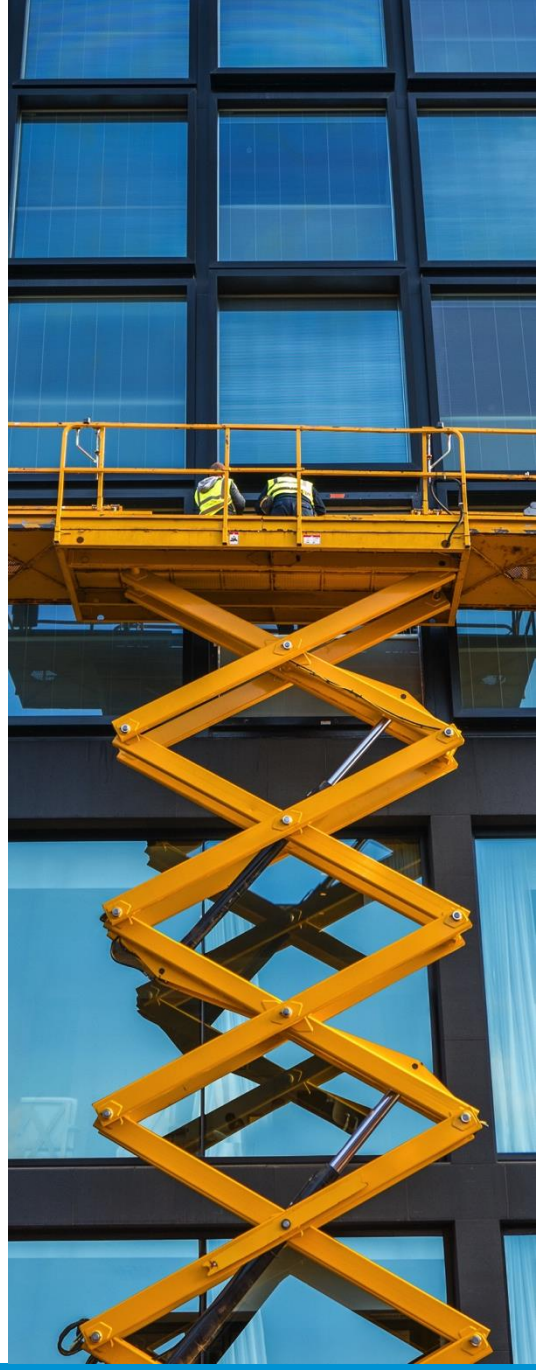


Key Drivers

- Expanded adjusted EBIT margin by 160bps** from 2014 to 2017E
- Delivered $35M of M&A cost synergies
- Core productivity improvements

Strong EPS Growth Despite…

- Weak HVOR and Industrial markets
- Slowdown in global auto production
- ~$56M of integration costs between 2015 – 2017E
- Higher interest expense



*Constant currency, excludes $0.30 FX headwind

**Pro forma, constant currency

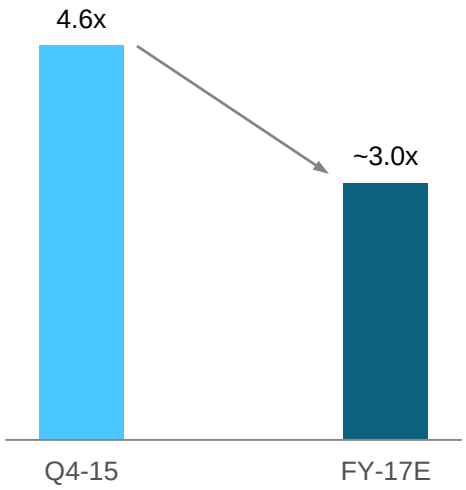
We are driving attractive returns from acquisitions and delivering on our commitment to strengthen the balance sheet

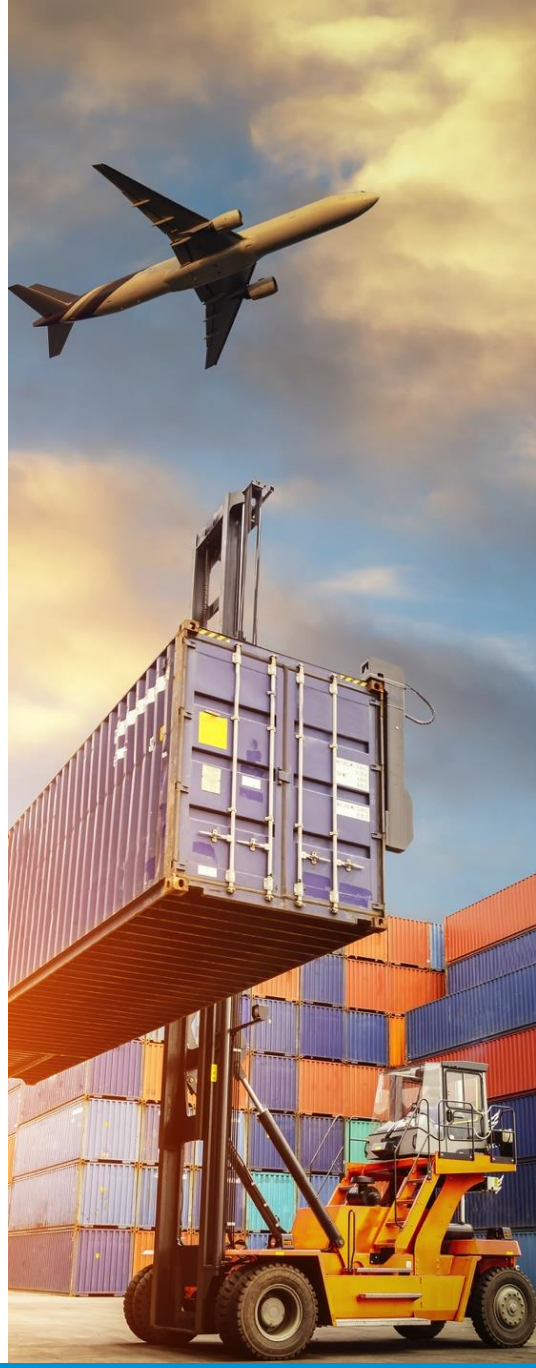
SCHRADER/CST ACQUISITIONS

- Both acquisitions on track to deliver mid-teens or higher IRR
- Cost synergies improve profitability of acquisitions and drive Sensata EBIT margin improvement in FY-17E and FY-18E
- Revenue synergies driving higher growth
- Integration initiatives expected to be completed by end of FY-18

BALANCE SHEET

NET LEVERAGE RATIO

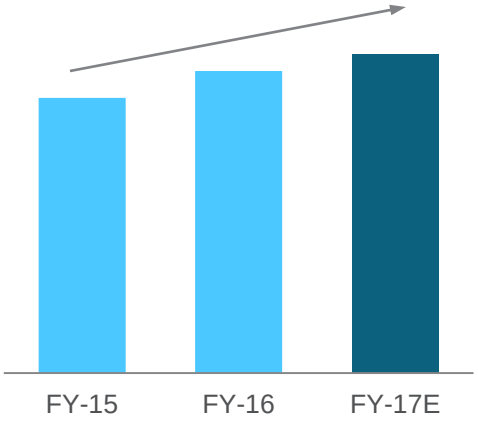




We are generating strong free cash flow and are delivering on investor earnings expectations

FREE CASH FLOW

$1.2B
IN FREE CASH FLOW GENERATION



PERFORMING-TO-PROMISE

- Managing through market volatility
- Driving strong profitability and expanding margins while investing for the future
- Poised to meet guidance and investor expectations for second straight year
  - We expect 8 straight quarters meeting or exceeding guidance





WHAT DRIVES SENSATA'S GROWTH?



Sensors are a fundamental building block

for electrification, autonomy and smart, connected products – enabling a clean and efficient world

Four key drivers are shaping our markets through the next decade and we are capitalizing on these trends



CLEAN & EFFICIENT

Secular need for cleaner, more efficient products



ELECTRIFICATION

Mandates for electrified products



AUTONOMY

Enabling autonomy and operational efficiencies



SMART & CONNECTED

Connected equipment with actionable insights

We help our customers solve their most challenging problems and continuously evolve to meet market demands

A history of solving problems for customers



Customers have relied on our industry expertise and solutions for decades…

- On-demand subsystems
- Safety mandates (ESC, TPMS)
- Passive safety system detection
- Emerging market specific equipment
- Reduction in tail pipe emissions
- Fuel economy mandates
- Electrical overload protection

…which allowed us to rapidly respond to ever-changing, increasingly complex needs…

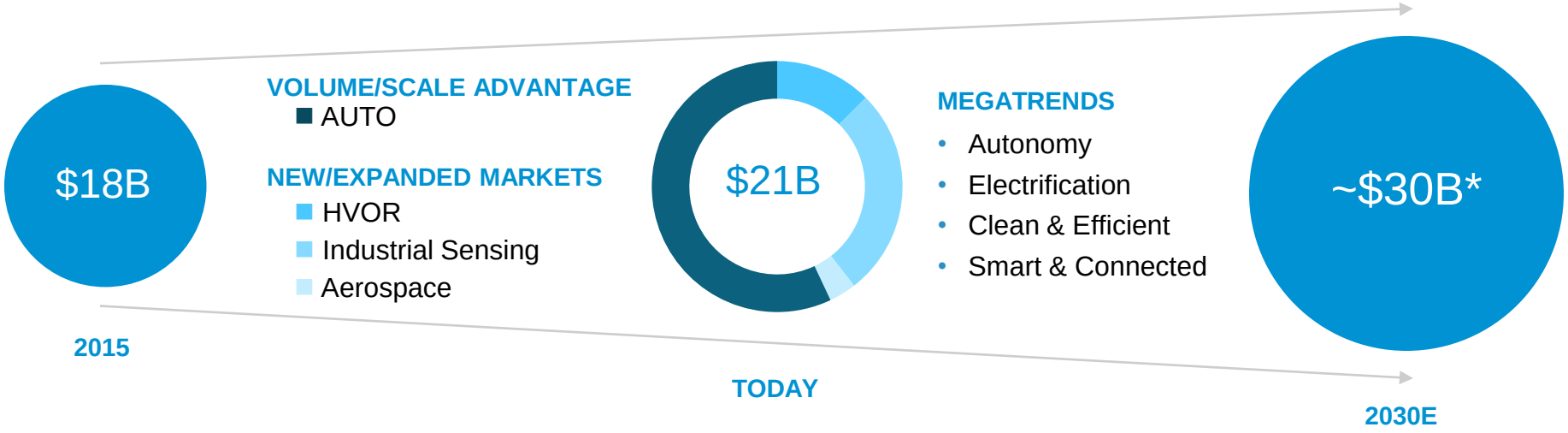
- Efficient subsystems for hybrids
- Energy regeneration
- On-board diagnostics
- Clean gas hybrid performance
- Variable output industrial equipment
- Transition to electrified off-road cabin controls

…and be ready today for tomorrow's biggest megatrends that play right into our strengths.

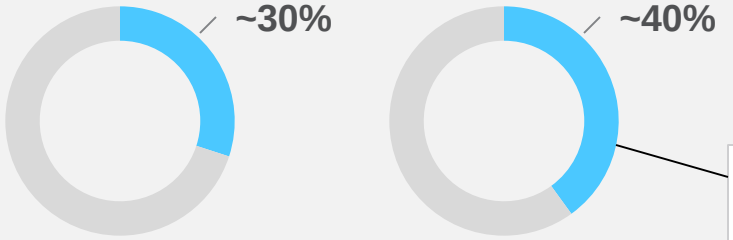
- Range extension for next gen BEV, PHEV
- Battery and motor thermal management
- On-board EV power management
- Autonomous vehicle perimeter sensing
- Autonomous vehicle diagnostics
- Wireless hub and sensing for analytics layer

We have expanded our markets organically and through M&A, which is driving strong revenue growth and strengthening our business model

SERVED ADDRESSABLE MARKET (SAM)



MARKETS AS % OF REVENUE



~7% organic revenue growth (2017 YTD)

*Source: Sensata analysis



WHY DOES SENSATA WIN?

We focus on high-value segments of the market where we have significant differentiation and industry-leading margins



Advanced **engineering**
skills in sensors, software, ASIC, wireless, sub-systems, etc.



Flexible and **adaptable**
technology building blocks configured for customized solutions



Trusted brands in
mission-critical
complex applications



Business and industry-specific
knowledge



Low cost
manufacturing model with significant operating leverage



Deep **understanding**
of product design cycles and launch execution

Sensata is a trusted name in mission-critical sensing applications across a range of end markets

Decades-long relationships with
BLUE CHIP CUSTOMERS



Strong incumbent positions with
MARKET DISRUPTERS



We leverage proven technologies across a broad set of applications to drive costs lower, speed time-to-market, and improve product performance

TODAY → FUTURE

Wireless Sensing



Truck and Car Tire Monitoring Systems



Autonomous Car Wear Sensor



Commercial Wireless HUB and Sensors



Battery Cell Management System

Capacitive Sensing



Mobile and Stationary Climate Control



Commercial Cold Chain Sensors



Industrial Boiler and Water Pump

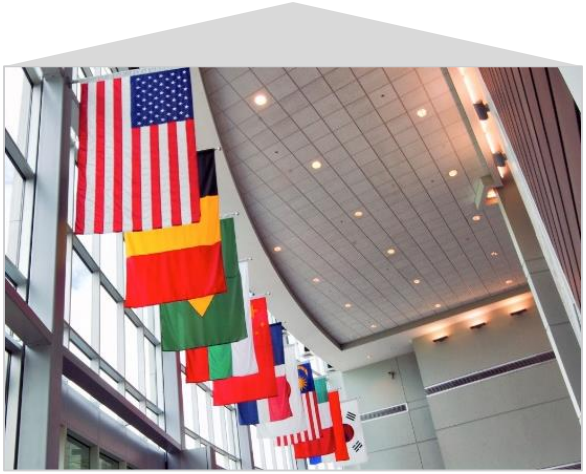


EV Battery Thermal Management

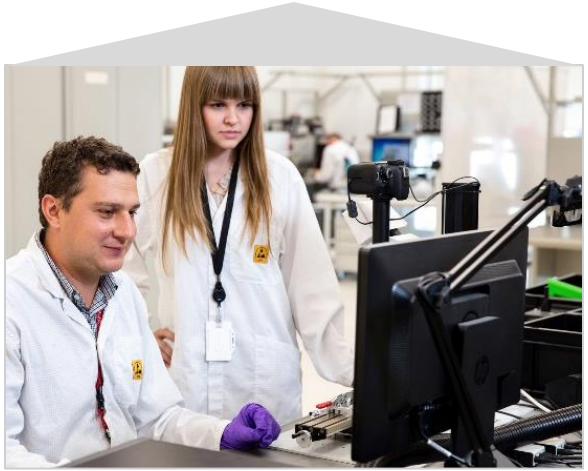
We continue to add technologies through partnerships, R&D, and bolt-on acquisitions

We provide differentiated, customized solutions built on a highly-efficient, low-cost operation

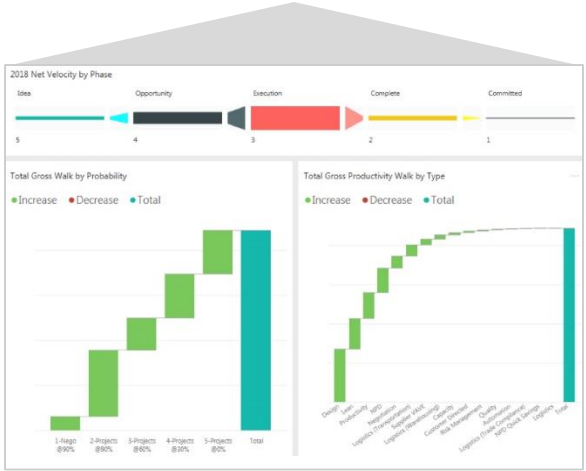
CONSOLIDATED MANUFACTURING with only 12 sites globally



SINGLE, INTEGRATED OPERATING SYSTEM FOR REAL-TIME VISIBILITY



CULTURE OF RELENTLESS PRODUCTIVITY IMPROVEMENTS





THREE-YEAR OUTLOOK AND KEY DRIVERS

Our revenue performance from 2015-2017E was adversely impacted by three primary factors



-160 bps

SHORT-TERM DILUTION FROM ACQUISITIONS



-200 bps

END MARKET DECLINES



-100 bps

MATURATION OF CONTROL SOLUTIONS

We expect to accelerate our organic revenue growth performance in the next three years as a result of the following key drivers

Already secured business for **nearly 90%** of 2020E revenues



CLEAN & EFFICIENT

Next-gen gas powertrains

Onboard diagnostics

TPMS – cars, trucks, trailers, aircraft

Variable industrial pumps and boilers



ELECTRIFICATION

Regenerative braking

Highly efficient subsystems

Emerging needs for electrical protection in EVs and industrial products



CHINA

Sustained vehicle modernization in China

Increased content on heavy vehicles

Transition from coal to electric heating systems

Our three-year outlook reflects a strong balance of growth, profitability improvement and free cash flow generation

2018E – 2020E*

4–6% CAGR	~250 bps	10–13% CAGR
ORGANIC REVENUE GROWTH	**ADJUSTED EBIT MARGIN EXPANSION**	**ADJUSTED ORGANIC EPS GROWTH**

*assumes constant share count and no M&A



The higher margins and growth we are generating from Schrader and CST will lead to strong returns on capital . . .

	SCHRADER	CST CUSTOM SENSORS & TECHNOLOGIES
Expected IRR	>20%	~13-15%
Projected Revenue CAGR*	mid-single digits	mid-single digits
Projected EBIT Margin Improvement**	~1,300 bps	~600-800 bps

*2018E-2020E

**From close of acquisition through 2020E

. . . and will be an important driver of our future growth and profitability

SCHRADER

NEAR-TERM GROWTH CATALYSTS
- China TPMS Legislation

REVENUE SYNERGIES
- TPMS Adoption in HVOR Market
- Expansion in Low Pressure Sensing

COST SYNERGIES / MARGIN EXPANSION
- Exceeded Cost Synergy Targets
- Consolidated manufacturing, global support functions, and procurement

NEW/EXPANDED CAPABILITIES
- Wireless
- Low pressure
- ASIC design

CST
CUSTOM SENSORS & TECHNOLOGIES

NEAR-TERM GROWTH CATALYSTS
- Strong content growth in industrial applications

REVENUE SYNERGIES
- Expansion in aerospace aftermarket
- Leveraging industrial distribution channels

COST SYNERGIES / MARGIN EXPANSION
- Scale in HVOR – lower cost & higher share
- Consolidated manufacturing, global support functions, and procurement

NEW/EXPANDED CAPABILITIES
- Aerospace sensing capabilities
- Broader scale and cross-selling opportunities

We expect to generate $1.8B of free cash flow over the next three years, which extends our ability to drive superior shareholder returns

Increasing optionality to deploy capital and drive attractive returns

M&A

- Disciplined acquirers
- Initial focus on bolt-on M&A

SHARE BUYBACKS

- Greater opportunity to purchase shares after re-domicile complete



SUMMARY

Sensata continuously creates value for shareholders

- We are a **leader in the Sensing Market** with **differentiated solutions**
- We have demonstrated **an ability to adapt** and leverage our technologies and **capabilities for new applications** and market positions as **megatrends shape our industry**
- Our **accelerating free cash flow** generation and **financial performance** provides significant optionality for **further value creation**

