Sensata Technologies

SENSATA SECOND QUARTER 2019 EARNINGS PRESENTATION

JULY 30, 2019

Forward-Looking Statements and Non-GAAP Measures

Forward-Looking Statements

This earnings presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Sensata believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results, or other expectations expressed in this earnings presentation, including, without limitation, risks associated with regulatory, legal, governmental, political, economic and military matters; adverse conditions in the automotive industry; competition in our industry, including pressure from customers to reduce prices; supplier interruptions, which could limit access to manufactured components or raw materials; business disruptions due to natural disasters; labor disruptions; difficulties with or failures integrating acquired businesses; market acceptance of new products; fluctuations in foreign exchange rates; and our level of indebtedness. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak to results only as of the date the statements were made; and we undertake no obligation to publicly update or revise any forward-looking statements, whether to reflect any future events or circumstances or otherwise. See "Risk Factors" in the Company's 2018 Annual Report on Form 10-K and other public filings and press releases. Copies of our filings are available from our Investor Relations department or from the SEC website, www.sec.gov.

Non-GAAP Financial Measures

Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measures are provided, along with a disclosure on the usefulness of the non-GAAP measure, at the back of this presentation or in the “Investor Relations” section of the Company’s website, www.investors.sensata.com.

Q2-2019 GAAP Results

$ and shares outstanding in millions, except EPS	Q2-2019	Q2-2018	Δ
Revenue	$883.7	$913.9	(3.3%)
Gross Profit (% of revenue)	$308.5 *34.9%*	$331.4 *36.3%*	(6.9%)
R&D (% of revenue)	$36.7 *4.2%*	$38.0 *4.2%*	(3.4%)
SG&A (% of revenue)	$72.0 *8.2%*	$80.5 *8.8%*	(10.5%)
Operating Income (% of revenue)	$147.4 *16.7%*	$178.1 *19.5%*	(17.2%)
Tax Rate	29.6%	18.2%	1,140 bps
Net Income (% of revenue)	$73.4 *8.3%*	$105.3 *11.5%*	(30.3%)
Diluted EPS	$0.45	$0.61	(26.2%)
Diluted Shares Outstanding	162.5	172.7	(5.9%)

Q2-2019: Strong secular outgrowth and profitability in the face of weakening end markets

- ✓ **Organic revenue decline of (1.6%) –** auto organic decline of (1.1%); Heavy Vehicle & Off-Road (HVOR) organic growth of 1.0%
- ✓ **Strong Secular growth –** strong overall content growth led by auto, which outgrew end market by 650 bps; 280 bps of outgrowth in HVOR business
- ✓ **Solid margin and EPS performance in face of weaker end markets –** adjusted EPS flat y/y, operating margin in-line with guidance; customer production volumes and inventories reduced in response to lower demand
- ✓ **Electrification: partnership with Lithium Balance –** agreement enables Sensata to deliver battery management solutions to industrial and HVOR markets, while complementing wireless battery management initiative
- ✓ **Board approves repurchase of up to $500M shares** – authorization expected to last 12-24 months



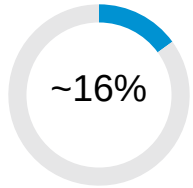
Q2-19 Performance by End Market

PERCENT OF REVENUES



HVOR – Organic revenue growth: 1.0%

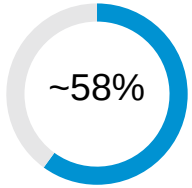
- Strong growth from China helps to offset end market decline in NA on-road truck business
- Performance in Construction & Agriculture slows as large customers reduce expectations for FY-19
- Sales pipeline of new business continues to expand as new opportunities around Wireless Gateway and Electrification emerge





Auto – Organic revenue decline: (1.1%)

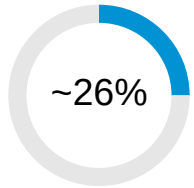
- Strong double-digit content growth in Europe and China helps to offset double-digit end market declines in both regions
- Continue to rapidly progress Electrification initiatives
- Expect global auto production will remain under further pressure throughout FY-19



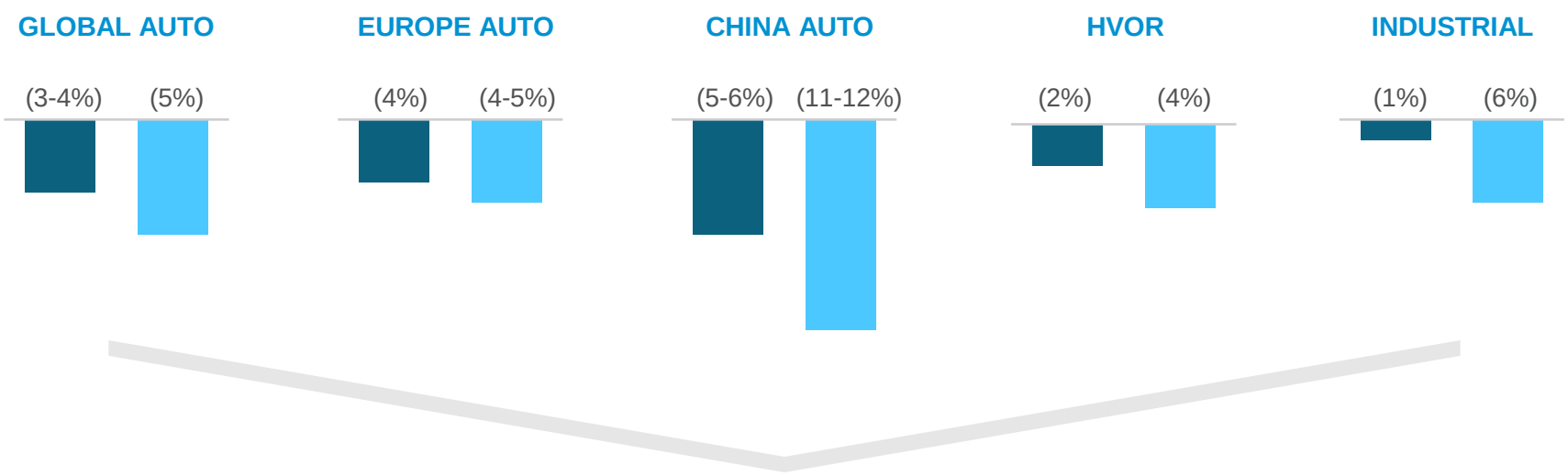


Industrial & Other – Organic rev decline: (4.1%)

- Sequential decrease of global PMI indices continued in Q2-19
- Industrial customers are reducing inventories and slowing production in in response to weaker economic data; largest declines remain in China
- Aerospace business posts double-digit organic revenue growth and is benefitting from a healthy market and solid content gains



We are lowering our expectations for End Market Growth in FY-19



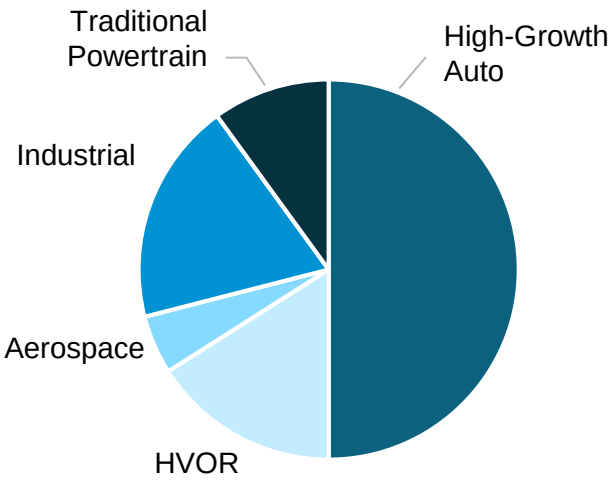
Strong content growth will help to offset end market declines

Previous Guidance

Current Guidance

We are accelerating our outgrowth in auto and capitalizing on attractive secular growth opportunities across entire business

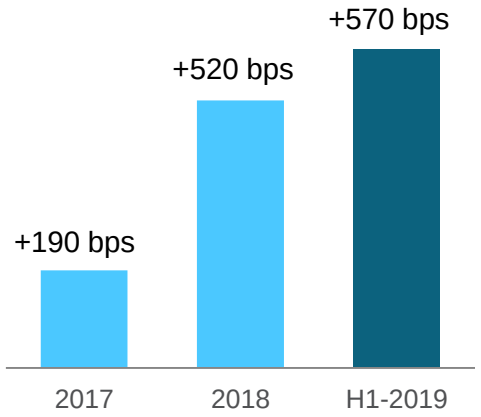
% OF SENSATA REVENUE



SECULAR GROWTH DRIVERS

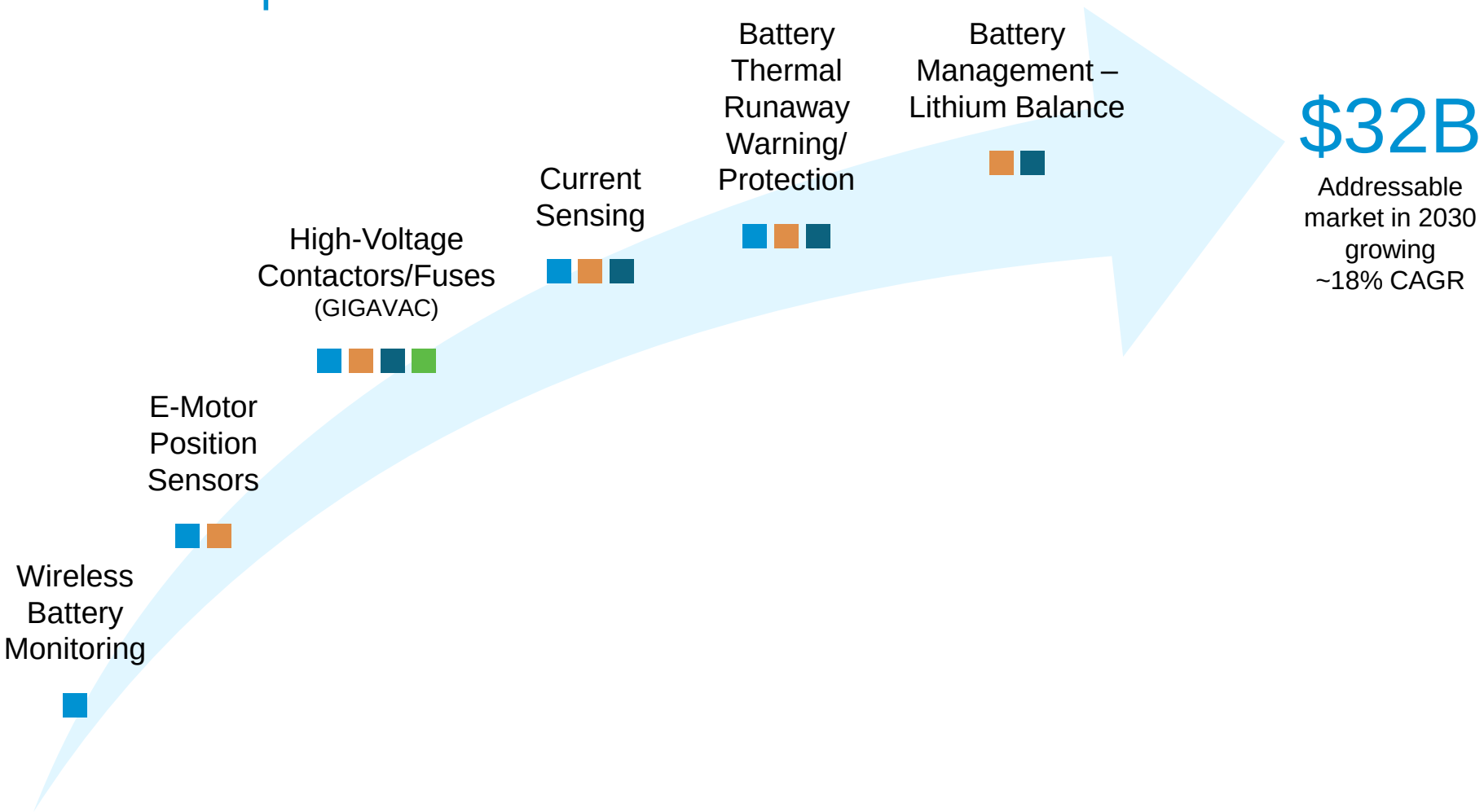
- Efficiency & safety requirements
- Electrified drivetrain
- Electronic control
- TPMS expansion
- Telematics/smart & connected
- IoT – industry 4.0 proliferation
- Aftermarket
- Cabin and flight controls

OUTGROWTH vs. AUTOMOTIVE END MARKET PRODUCTION



Secular growth will remain attractive beyond 2019

We are actively investing in Electrification opportunities across our entire portfolio



AUTO | HEAVY VEHICLE, OFF-ROAD | INDUSTRIAL | AEROSPACE

New partnership further extends Sensata's market opportunities in Electrification

- ✓ **Lithium Balance:** well-established customer base, differentiated technology, applications knowledge, and significant expertise in battery management
- ✓ Extends Sensata's **battery management capabilities** into HVOR and industrial markets
- ✓ Allows Sensata to tap into attractive growth for **Energy Storage Applications**
  - ✓ Move from centralized to **distributed power generation and storage** creating attractive opportunities
- ✓ Complements Sensata's **Wireless Battery Monitoring initiative** in Auto by adding hardware and software expertise



Key messages

We are accelerating our content growth

- Delivering on the commitment we made at our Investor Day

Our end markets continue to weaken

- Executing initiatives to further streamline operations and drive higher productivity

We are implementing actions to further reduce costs

- Restructuring activity in H2-19 will benefit profitability at the end of this year and into 2020

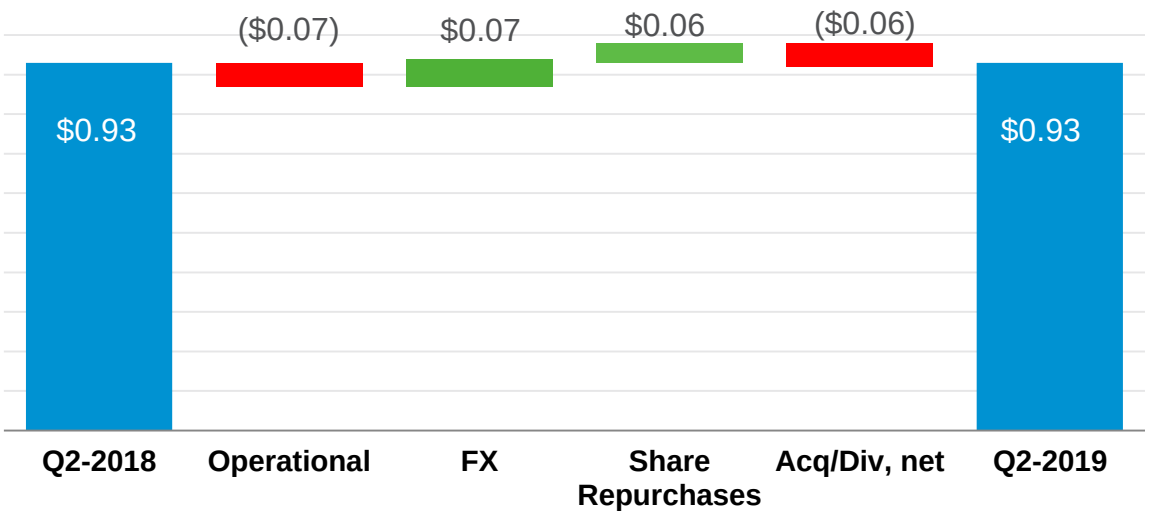
We are executing value-creating capital deployment

- M&A pipeline is strong and active
- Partnership with Lithium Balance
- $500M share repurchase authorization reflects belief in long-term strategy and growth prospects



Q2-2019 Financial Summary

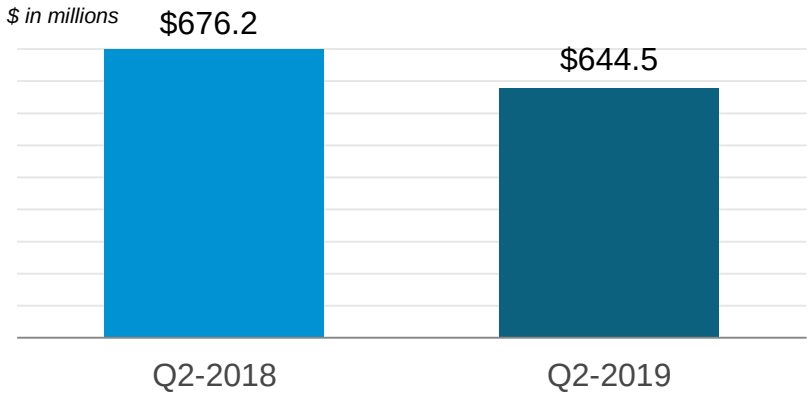
$ in millions, except EPS	Q2-2019	Q2-2018	Δ
Revenue	$883.7	$913.9	(3.3%)
Adjusted Op Income *% revenue*	$205.1 *23.2%*	$219.4 *24.0%*	(6.5%)
Adjusted Net Income *% revenue*	$150.4 *17.0%*	$160.8 *17.6%*	(6.5%)
Adjusted EPS	$0.93	$0.93	0.0%



- Revenue decline of 3.3% composed of:
  - Organic revenue decline: 1.6%
  - Net effect of acq./divestitures decreases revenue by 0.7%
  - Foreign exchange decreases revenue by 1.0%
- Adjusted Op Income declines 6.5% due to net effect of acquisitions and divestitures, net productivity headwinds, and increased tariff costs, partially offset by lower operating expenses and lower variable compensation costs
- EPS favorability from positive FX mostly offset by the net impact of valves divestment and GIGAVAC acquisition

Q2-2019: Performance Sensing

REVENUE



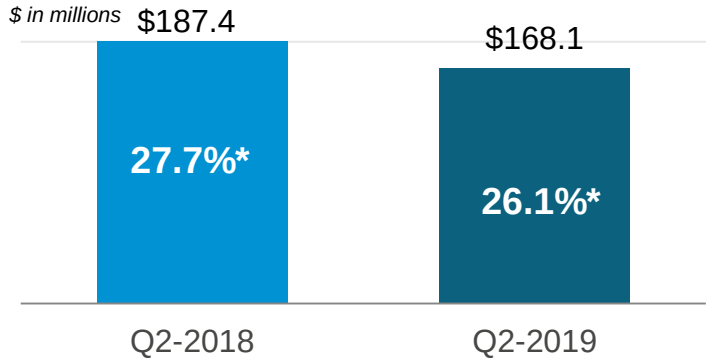
Q2-19 REVENUE GROWTH	REPORTED	ORGANIC
Automotive	(6.4%)	(1.1%)
HVOR	1.8%	1.0%
Performance Sensing	**(4.7%)**	**(0.7%)**

- Foreign exchange 1% negative impact
- 3% negative impact from net effect of acquisitions/divestitures

* % of revenue

SEGMENT OPERATING INCOME

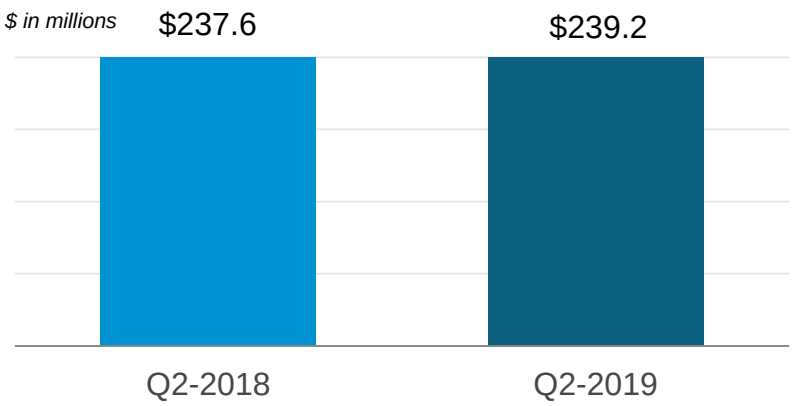
% OPERATING MARGIN



- Continued acceleration of auto content growth:
  - China growth driven by China 6 legislation
  - Europe growth driven by temperature and pressure sensors added to new applications in gas exhaust systems
- Lower segment operating income and margin driven by the net effect of acquisitions and divestitures, productivity headwinds partly related to scaling new product launches, and higher tariffs

Q2-2019: Sensing Solutions

REVENUE

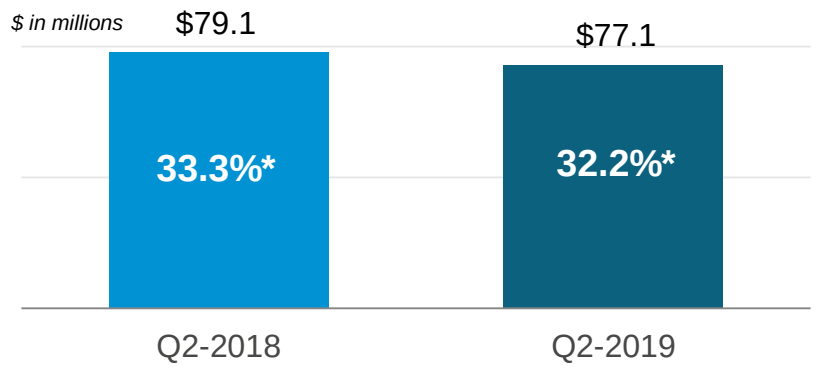


Q2-19 REVENUE GROWTH	REPORTED	ORGANIC
Sensing Solutions	0.7%	(4.1%)

- Foreign exchange 1.0% negative impact
- 5.8% positive impact from GIGAVAC acquisition

SEGMENT OPERATING INCOME

% OPERATING MARGIN



- Double-digit growth in Aerospace due to healthy market and strong content growth
- Global industrial demand slowing, particularly in China
- Semiconductor revenue down meaningfully year over year
- Segment operating income was primarily the result of lower volumes and operating leverage in core business, partly offset by the GIGAVAC acquisition. Segment margins declined primarily due to the GIGAVAC acquisition as investment in long term growth in electrification continues

* % of revenue

Q2-2019 Non-GAAP Results

$ in millions, except EPS	Q2-2019	Q2-2018	Δ
Revenue	$883.7	$913.9	(3.3%)
Adj. Gross Profit *(% of revenue)*	$313.0 *35.4%*	$336.8 *36.9%*	(7.1%)
R&D *(% of revenue)*	$36.7 *4.2%*	$38.0 *4.2%*	(3.4%)
Adj. SG&A *(% of revenue)*	$69.6 *7.9%*	$78.0 *8.5%*	(10.8%)
Adj. Operating Income *(% of revenue)*	$205.1 *23.2%*	$219.4 *24.0%*	(6.5%)
Adj. Tax Rate[1]	8.7%	7.6%	110 bps
Adj. Net Income *(% of revenue)*	$150.4 *17.0%*	$160.8 *17.6%*	(6.5%)
Adj. EPS	$0.93	$0.93	0.0%

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 7.1% and 6.2% in Q2-19 and Q2-18, respectively.

2019 Financial Guidance

$ in millions, except EPS	FY-2018	FY-2019 GUIDANCE	REPORTED
Revenue *organic*	$3,521.6	$3,461 - $3,523	(2%) - 0% *(1%) - 1%*
Adj. Op Income	$832.0	$807 – $823	(3%) – (1%)
Adj. Net Income	$619.4	$596 – $612	(4%) – (1%)
Adj. EPS	$3.65	$3.67 – $3.77	1% – 3%

ASSUMPTIONS

- FX expected to decrease revenue by ~$15M
  - Adjusted EPS: positive impact from FX of $0.17 - $0.19
- Adjusted tax rate: ~9%, compared to 8.2% in FY-18
- Diluted share count: ~$0.16 y/y benefit from share repurchase
- Free cash flow of ~$460M - $480M
  - Capex: $150M - $170M

Q3-19 Financial Guidance

$ in millions, except EPS	Q3-18	Q3-19 GUIDANCE	REPORTED
Revenue *organic*	$873.6	$847 - $871	(3%) - 0% *(4%) – (1%)*
Adj. Op Income	$207.6	$196 – $202	(6%) – (3%)
Adj. Net Income	$154.0	$143 – $149	(7%) – (3%)
Adj. EPS	$0.91	$0.88 – $0.92	(3%) – 1%

COMMENTS

- Acquisitions/Divest, net expected to increase revenue by ~$5M
- FX expected to increase revenue by ~$1M
  - Adjusted EPS: $0.07 to $0.08 impact from FX
- ~$0.03 benefit from share repurchase
- Fill rate of 88%

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APPENDIX A

OTHER FINANCIAL INFORMATION

H1-2019 GAAP Results

$ and shares outstanding in millions, except EPS	H1-2019	H1-2018	Δ
Revenue	$1,754.2	$1,800.2	(2.6%)
Gross Profit (% of revenue)	$598.2 *34.1%*	$635.2 *35.3%*	(5.8%)
R&D (% of revenue)	$71.8 *4.1%*	$74.0 *4.1%*	(3.0%)
SG&A (% of revenue)	$142.6 *8.1%*	$161.8 *9.0%*	(11.9%)
Operating Income (% of revenue)	$290.0 *16.5%*	$325.7 *18.1%*	(11.0%)
Tax Rate	24.8%	16.1%	870 bps
Net Income (% of revenue)	$158.5 *9.0%*	$195.8 *10.9%*	(19.0%)
Diluted EPS	$0.97	$1.13	(14.2%)
Diluted Shares Outstanding	163.5	172.8	(5.4%)

H1-2019 Non-GAAP Results

$ in millions, except EPS	H1-2019	H1-2018	Δ
Revenue	$1,754.2	$1,800.2	(2.6%)
Adj. Gross Profit *(% of revenue)*	$607.5 *34.6%*	$646.5 *35.9%*	(6.0%)
R&D *(% of revenue)*	$71.8 *4.1%*	$74.0 *4.1%*	(3.0%)
Adj. SG&A *(% of revenue)*	$138.6 *7.9%*	$155.1 *8.6%*	(10.6%)
Adj. Operating Income *(% of revenue)*	$393.7 *22.4%*	$414.2 *23.0%*	(5.0%)
Adj. Tax Rate[1]	8.9%	8.0%	90 bps
Adj. Net Income *(% of revenue)*	$289.7 *16.5%*	$307.8 *17.1%*	(5.9%)
Adj. EPS	$1.77	$1.78	(0.6%)

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 7.2% and 6.5% in H1-19 and H1-18, respectively.

Q2-2019 Cash Flow Statement

$ in millions	Q2-2019	Q2-2018	Δ
Net Income	$73.4	$105.3	(30.3%)
Depreciation & Amortization	$64.0	$60.2	6.3%
Changes in Working Capital	($24.9)	($54.3)	54.1%
Other	$27.0	$19.5	38.4%
Operating Cash Flow	$139.5	$130.7	6.7%
Capital Expenditures	($39.9)	($35.4)	(12.7%)
Free Cash Flow	$99.6	$95.3	4.5%

Changes recalculated based on unrounded numbers. Certain amounts will not sum due to rounding.

H1-2019 Cash Flow Statement

$ in millions	H1-2019	H1-2018	Δ
Net Income	$158.5	$195.8	(19.0%)
Depreciation & Amortization	$127.4	$123.1	3.5%
Changes in Working Capital	($79.8)	($103.2)	22.7%
Other	$46.1	$38.2	20.6%
Operating Cash Flow	$252.2	$253.9	(0.7%)
Capital Expenditures	($81.5)	($66.3)	(23.0%)
Free Cash Flow	$170.6	$187.6	(9.1%)

Changes recalculated based on unrounded numbers. Certain amounts will not sum due to rounding.

Sensata Peer Group

ST Peer Group	Sector
1. Ametek Inc	Industrial
2. Amphenol Corp	Tech
3. Aptiv	Auto
4. Delphi Technologies	Auto
5. Fortive	Industrial Tech
6. FLIR Systems	Tech
7. Gentex	Auto
8. Littelfuse	Industrial
9. Rockwell	Industrial
10. Roper	Industrial
11. TE Connectivity	Industrial Tech
12. Wabco	Industrial

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APPENDIX B

GAAP TO NON-GAAP RECONCILIATIONS

Non-GAAP Measures

We supplement the reporting of our financial information determined in accordance with U.S. generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures. 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 overall business performance, and as a factor in determining compensation for certain employees. We believe presenting non-GAAP financial measures may be useful for period-over-period comparisons of underlying business trends and our ongoing business performance. We also believe presenting these non-GAAP measures provides additional transparency into how management evaluates our 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.

Within this presentation we may refer to the below measures which are not determined in accordance with U.S. GAAP (i.e., non-GAAP measures). Reconciliations of each non-GAAP measure to the most directly comparable U.S. GAAP financial measure are included within this Appendix.

Adjusted EBITDA – represents net income, determined in accordance with U.S. GAAP, excluding interest expense, net, provision for/(benefit from) income taxes, depreciation expense, amortization of intangible assets, and the following non-GAAP adjustments, if applicable: (1) restructuring related and other, (2) financing and transaction related, (3) deferred gain or loss on commodities and other derivative instruments, and (4) step-up inventory amortization. Refer to definition of ANI, below, for additional information regarding the nature of these non-GAAP adjustments.

Adjusted EPS – represents ANI divided by the diluted weighted-average ordinary shares outstanding. Refer also to definition of ANI, below.

Adjusted Operating Income – represents operating income, determined in accordance with U.S. GAAP, adjusted to exclude the following non-GAAP items, if applicable: (1) restructuring related and other, (2) financing and transaction related, (3) deferred gain or loss on commodities and other derivative instruments, and (4) step-up amortization and depreciation. Refer to definition of ANI, below, for additional information regarding the nature of these non-GAAP adjustments.

Adjusted Operating Margin – represents adjusted operating income divided by net revenue.

Adjusted Net income ("ANI") – represents net income, determined in accordance with U.S. GAAP, excluding certain non-GAAP adjustments including:

(1) Restructuring related and other - includes charges, net related to certain restructuring and other exit activities as well as other costs (or income) that we believe are either unique or unusual to the identified reporting period, and that we believe impact comparisons to prior period operating results. Such amounts are excluded from internal financial statements and analyses that management uses in connection with financial planning, and in its review and assessment of our operating and financial performance, including the performance of our segments. Restructuring related and other does not, however, include charges related to the integration of acquired businesses, including such charges that are recognized as Restructuring and other charges, net in our condensed consolidated statements of operations.

(2) Financing and transaction related – includes losses or gains related to debt financing transactions, losses or gains related to the divestiture of a business, and costs incurred, including for legal, accounting and other professional services, that are directly related to an acquisition, divestiture, or equity financing transaction.

(3) Deferred loss or gain on commodities and other derivative instruments – includes unrealized losses or gains on derivative instruments that do not qualify for hedge accounting as well as the impact of commodity prices on our raw material costs relative to the strike price on our commodity forward contracts.

(4) Step-up depreciation and amortization – includes depreciation and amortization expense associated with the step-up in fair value of assets acquired in connection with a business combination (e.g., PP&E, definite-lived intangible assets, and inventory).

(5) Deferred income taxes and other tax related – includes adjustments for book-to-tax basis differences due primarily to the step-up in fair value of fixed and intangible assets and goodwill, the utilization of net operating losses, and adjustments to our U.S. valuation allowance in connection with certain acquisitions. Other tax related items include certain adjustments to unrecognized tax positions.

(6) Amortization of debt issuance costs.

(7) Where applicable, the current tax effect of non-GAAP adjustments (i.e., we use the current rather than the total tax effect since we excluded deferred income taxes from ANI).

Organic or Constant Currency Measures – in discussing trends in the Company's performance, we may refer to the percentage change of certain GAAP or non-GAAP financial measures in one period versus another, calculated on either a reported, constant currency, or organic basis. Changes calculated on a constant currency basis exclude the period-over-period impact of foreign exchange rate differences while changes calculated on an organic basis exclude the period-over-period impact of foreign exchange rate differences as well as the net impact of acquisitions and divestitures for the 12 months following the respective transaction date(s). We believe that these measures are useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

Non-GAAP Measures - continued

Free Cash Flow – represents net cash provided by/(used in) operating activities less additions to property, plant and equipment and capitalized software. We believe free cash flow is useful to management and investors as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to, among other things, fund acquisitions, repurchase ordinary shares, and (or) accelerate the repayment of debt obligations.

Net Debt – represents total debt, finance lease and other financing obligations less cash and cash equivalents. We believe net debt is a useful measure to management and investors in understanding trends in our overall financial condition.

Net Leverage Ratio – represents net debt divided by last twelve months (LTM) adjusted EBITDA. We believe that the net leverage ratio is a useful measure to management and investors in understanding trends in our overall financial condition.

Adjusted Taxes & Adjusted Tax Rate – adjusted taxes represents the provision for/(benefit from) income taxes, determined in accordance with U.S. GAAP, adjusted to exclude deferred taxes and other tax related items as well as the current tax effect of other non-GAAP adjustments (refer also to definition of ANI). The adjusted tax rate is calculated as adjusted taxes divided by adjusted income before taxes.

Adjusted EBITDA

$ in thousands	Period						
Total Sensata	**LTM[1]**	**H1 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**
Net income	**$561,718**	**$158,501**	**$73,436**	**$85,065**	**$254,099**	**$149,118**	**$105,288**
Interest expense, net	155,790	78,861	39,608	39,253	38,871	38,058	38,321
Provision for/(benefit from) income taxes	(57,836)	52,308	30,841	21,467	(134,706)	24,562	23,398
Depreciation expense	107,751	55,182	27,974	27,208	26,496	26,073	25,590
Amortization of intangible assets	141,837	72,174	36,031	36,143	35,752	33,911	34,594
Earnings before interest, taxes, depreciation, and amortization ("EBITDA")	$909,260	$417,026	$207,890	$209,136	$220,512	$271,722	$227,191
Non-GAAP adjustments:							
Restructuring related and other	48,391	29,359	21,313	8,046	9,764	9,268	2,339
Financing and other transaction costs	(42,699)	5,404	2,450	2,954	6,070	(54,173)	2,069
Deferred loss/(gain) on derivative instruments	1,180	(2,120)	(452)	(1,668)	(1,253)	4,553	3,137
Step-up inventory amortization	900	-	-	-	900	-	-
Adjusted EBITDA	**$917,032**	**$449,669**	**$231,201**	**$218,468**	**$235,993**	**$231,370**	**$234,736**

1 – Last twelve months ("LTM")

Other GAAP to non-GAAP Reconciliations – Q2-2019

$ in thousands

Total Sensata	Q2 2019 Cost of revenue	Gross profit	SG&A	Amortization	Restructuring and other charges, net	Operating income	Interest expense, net	Other, net	Income before taxes	Income taxes	Net income
Reported (GAAP)	**($575,235)**	**$308,491**	**($72,026)**	**($36,031)**	**($16,310)**	**$147,439**	**($39,608)**	**($3,554)**	**$104,277**	**($30,841)**	**$73,436**
Non-GAAP adjustments:											
Restructuring related and other	4,177	4,177	2,468	-	14,668	21,313	-	-	21,313	(400)	20,913
Financing and transaction costs	-	-	-	-	1,642	1,642	-	808	2,450	-	2,450
Deferred (gain)/loss on derivative instruments	(554)	(554)	-	-	-	(554)	-	102	(452)	-	(452)
Step-up depreciation and amortization	913	913	-	34,384	-	35,297	-	-	35,297	-	35,297
Amortization of debt issuance costs	-	-	-	-	-	-	1,882	-	1,882	-	1,882
Deferred income tax and other tax related	-	-	-	-	-	-	-	-	-	16,846	16,846
Total adjustments	4,536	4,536	2,468	34,384	16,310	57,698	1,882	910	60,490	16,446	76,936
Adjusted (non-GAAP)	**($570,699)**	**$313,027**	**($69,558)**	**($1,647)**	**$ -**	**$205,137**	**($37,726)**	**($2,644)**	**$164,767**	**($14,395)**	**$150,372**

$ in thousands

Total Sensata	Q2 2018 Cost of revenue	Gross profit	SG&A	Amortization	Restructuring and other charges, net	Operating income	Interest expense, net	Other, net	Income before taxes	Income taxes	Net income
Reported (GAAP)	**($582,509)**	**$331,351**	**($80,473)**	**($34,594)**	**($244)**	**$178,060**	**($38,321)**	**($11,053)**	**$128,686**	**($23,398)**	**$105,288**
Non-GAAP adjustments:											
Restructuring related and other	1,451	1,451	386	-	502	2,339	-	-	2,339	-	2,339
Financing and transaction costs	-	-	2,069	-	-	2,069	-	-	2,069	-	2,069
Deferred loss on derivative instruments	1,057	1,057	-	-	-	1,057	-	2,080	3,137	-	3,137
Step-up depreciation and amortization	2,935	2,935	-	32,946	-	35,881	-	-	35,881	-	35,881
Amortization of debt issuance costs	-	-	-	-	-	-	1,838	-	1,838	-	1,838
Deferred income tax and other tax related	-	-	-	-	-	-	-	-	-	10,250	10,250
Total adjustments	5,443	5,443	2,455	32,946	502	41,346	1,838	2,080	45,264	10,250	55,514
Adjusted (non-GAAP)	**($577,066)**	**$336,794**	**($78,018)**	**($1,648)**	**$258**	**$219,406**	**($36,483)**	**($8,973)**	**$173,950**	**($13,148)**	**$160,802**

Other GAAP to non-GAAP Reconciliations – H1-2019

$ in thousands

Total Sensata	H1 2019 Cost of revenue	Gross profit	SG&A	Amortization	Restructuring and other charges, net	Operating income	Interest expense, net	Other, net	Income before taxes	Income taxes	Net income
Reported (GAAP)	**($1,156,041)**	**$598,184**	**($142,575)**	**($72,174)**	**($21,619)**	**$290,035**	**($78,861)**	**($365)**	**$210,809**	**($52,308)**	**$158,501**
Non-GAAP adjustments:											
Restructuring related and other	8,386	8,386	3,450	-	17,523	29,359	-	-	29,359	(800)	28,559
Financing and transaction costs	-	-	500	-	4,096	4,596	-	808	5,404	-	5,404
Deferred gain on derivative instruments	(1,099)	(1,099)	-	-	-	(1,099)	-	(1,021)	(2,120)	-	(2,120)
Step-up depreciation and amortization	2,025	2,025	-	68,773	-	70,798	-	-	70,798	-	70,798
Amortization of debt issuance costs	-	-	-	-	-	-	3,718	-	3,718	-	3,718
Deferred income tax and other tax related	-	-	-	-	-	-	-	-	-	24,799	24,799
Total adjustments	9,312	9,312	3,950	68,773	21,619	103,654	3,718	(213)	107,159	23,999	131,158
Adjusted (non-GAAP)	**($1,146,729)**	**$607,496**	**($138,625)**	**($3,401)**	**$ -**	**$393,689**	**($75,143)**	**($578)**	**$317,968**	**($28,309)**	**$289,659**

$ in thousands

Total Sensata	H1 2018 Cost of revenue	Gross profit	SG&A	Amortization	Restructuring and other charges, net	Operating income	Interest expense, net	Other, net	Income before taxes	Income taxes	Net income
Reported (GAAP)	**($1,164,966)**	**$635,187**	**($161,795)**	**($69,663)**	**($4,010)**	**$325,738**	**($76,750)**	**($15,686)**	**$233,302**	**($37,524)**	**$195,778**
Non-GAAP adjustments:											
Restructuring related and other	3,575	3,575	1,279	-	4,149	9,003	-	-	9,003	-	9,003
Financing and transaction costs	-	-	5,409	-	-	5,409	-	2,350	7,759	-	7,759
Deferred loss on derivative instruments	2,548	2,548	-	-	-	2,548	-	6,651	9,199	-	9,199
Step-up depreciation and amortization	5,150	5,150	-	66,361	-	71,511	-	-	71,511	-	71,511
Amortization of debt issuance costs	-	-	-	-	-	-	3,643	-	3,643	-	3,643
Deferred income tax and other tax related	-	-	-	-	-	-	-	-	-	10,886	10,886
Total adjustments	11,273	11,273	6,688	66,361	4,149	88,471	3,643	9,001	101,115	10,886	112,001
Adjusted (non-GAAP)	**($1,153,693)**	**$646,460**	**($155,107)**	**($3,302)**	**$139**	**$414,209**	**($73,107)**	**($6,685)**	**$334,417**	**($26,638)**	**$307,779**

Organic Revenue Growth

	Q2				
	Reported % Change (GAAP)	Less: FX Impact	Constant Currency % Change (non-GAAP)	Less: Acquisition & Divestitures, net	Organic Growth/(Decline) (non-GAAP)
Performance Sensing	**(4.7%)**	(1.0%)	**(3.7%)**	(3.0%)	**(0.7%)**
Sensing Solutions	**0.7%**	(1.0%)	**1.7%**	5.8%	**(4.1%)**
Sensata Total	**(3.3%)**	(1.0%)	**(2.3%)**	(0.7%)	**(1.6%)**

	H1				
	Reported % Change (GAAP)	Less: FX Impact	Constant Currency % Change (non-GAAP)	Less: Acquisition & Divestitures, net	Organic Growth/(Decline) (non-GAAP)
Performance Sensing	**(4.1%)**	(1.2%)	**(2.9%)**	(3.2%)	**0.3%**
Sensing Solutions	**1.9%**	(0.9%)	**2.8%**	5.4%	**(2.6%)**
Sensata Total	**(2.6%)**	(1.2%)	**(1.4%)**	(1.0%)	**(0.4%)**

Free Cash Flow

$ in thousands

Total Sensata	Q2 2019	Q2 2018	Q2 Change	H1 2019	H1 2018	H1 Change
Net cash provided by operating activities	**$139,473**	**$130,658**	**6.7%**	**$252,166**	**$253,913**	**(0.7%)**
Additions to property, plant and equipment and capitalized software	(39,859)	(35,363)	(12.7%)	(81,549)	(66,301)	(23.0%)
Free cash flow	**$99,614**	**$95,295**	**4.5%**	**$170,617**	**$187,612**	**(9.1%)**

Net Debt and Net Leverage Ratio

$ in thousands

Total Sensata	As of 30-Jun-19	31-Mar-19	31-Dec-18
Current portion of long-term debt, finance lease and other financing obligations	$13,582	$13,660	$14,561
Finance lease and other financing obligations, less current portion	30,141	30,864	30,618
Long-term debt	3,216,135	3,216,729	3,219,762
Total debt, finance lease and other financing obligations	**3,259,858**	**3,261,253**	**3,264,941**
Less: Discount	(13,820)	(14,481)	(15,169)
Less: Deferred financing costs	(23,184)	(24,405)	(23,159)
Total gross indebtedness	3,296,862	3,300,139	3,303,269
Less: Cash and cash equivalents	721,073	649,518	729,833
Net debt	**$2,575,789**	**$2,650,621**	**$2,573,436**
Adjusted EBITDA (LTM)	$917,032	$920,567	$926,484
Net leverage ratio	**2.8**	**2.9**	**2.8**

Adjusted Taxes and Adjusted Tax Rate

$ in thousands

	Q2		H1	
Total Sensata	**2019**	**2018**	**2019**	**2018**
Provision for income taxes	**$30,841**	**$23,398**	**$52,308**	**$37,524**
Non-GAAP adjustments:				
Deferred income tax and other tax expense/(benefit)	16,846	10,250	24,799	10,886
Current tax effect of non-GAAP adjustments	(400)	-	(800)	-
Adjusted taxes	**$14,395**	**$13,148**	**$28,309**	**$26,638**
Adjusted income before taxes	$164,767	$173,950	$317,968	$334,417
Adjusted tax rate	**8.7%**	**7.6%**	**8.9%**	**8.0%**