

SENSATA SECOND QUARTER 2020 EARNINGS PRESENTATION

July 28, 2020

Forward-Looking Statements and Non-GAAP Measures

Safe Harbor Statement

This earnings release contains "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995, which relate to future events and are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance and financial condition, among other matters, may contain words or phrases such as: "believe," "continue," "expect," "look ahead," "predict," or "will," and other words and phrases of similar meaning. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about expected earnings, revenues, growth, liquidity or other financial matters, together with any statements related in any way to the COVID-19 pandemic including its impact on the Company. Although the Company believes the expectations reflected in its forward-looking statements are based upon reasonable assumptions, no assurance 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 release, including, without limitation, the following: future risks and existing uncertainties associated with the COVID-19 pandemic, which continues to have a significant adverse impact on our operations including, depending on the specific location, full or partial shutdowns of our facilities as mandated by government decree, government actions limiting our ability to adjust certain costs, significant travel restrictions, "work-from-home" orders, limited availability of our workforce, supplier constraints, supply chain interruptions, logistics challenges and limitations, and reduced demand from certain customers; uncertainties associated with a protracted economic slowdown that could negatively affect the financial condition of our customers and suppliers; uncertainties and volatility in the global capital markets; political, economic, military and other risks in countries outside of the United States; the impact of general economic conditions, geopolitical conditions and U.S. trade policies, legislation, trade disputes, treaties and tariffs, including those affecting China, on the Company's business operations; risks associated with the improper conduct by any of our employees, customers, suppliers, distributors or any other business partners which could impair our business reputation and financial results and could result in our non-compliance with anti-corruption laws and regulations of the U.S. government and various foreign jurisdictions; changes in exchange rates of the various currencies in which the Company conducts business; the Company's ability to obtain a consistent supply of materials, at stable pricing levels; changes in defense expenditures in the military market, including the impact of reductions or changes in the defense budgets of U.S. and foreign governments; the Company's ability to compete successfully on the basis of technology innovation, product quality and performance, price, customer service and delivery time; the Company's ability to continue to conceive, design, manufacture and market new products and upon continuing market acceptance of its existing and future product lines; difficulties and unanticipated expenses in connection with purchasing and integrating newly acquired businesses, including the potential for the impairment of goodwill and other intangible assets; events beyond the Company's control that could lead to an inability to meet its financial covenants under its credit arrangements; the Company's ability to access the capital markets on favorable terms, including as a result of significant deterioration of general economic or capital market conditions, or as a result of a downgrade in the Company's credit rating; changes in interest rates; governmental export and import controls that certain of our products may be subject to, including export licensing, customs regulations, economic sanctions or other laws; cybersecurity threats or incidents that could arise on our information technology systems that could disrupt business operations and adversely impact our reputation and operating results and potentially lead to litigation and/or governmental investigations; changes in fiscal and tax policies, audits and examinations by taxing authorities, laws, regulations and guidance in the United States and foreign jurisdictions; any difficulties in protecting the Company's intellectual property rights; and litigation, customer claims, product recalls, governmental investigations, criminal liability or environmental matters. In addition, the extent to which the COVID-19 pandemic will continue to impact our business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of the crisis, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable.

A further description of these uncertainties and other risks can be found in the Company's 2019 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and the Company's other reports filed with the SEC. 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 as well as in the "Investor Relations" section of the Company's website, www.investors.sensata.com.

Q2-2020 GAAP Results

$ and shares outstanding in millions, except EPS	Q2-2020	Q2-2019	B/(W)
Revenue	$576.5	$883.7	(34.8%)
Gross Profit *(% of revenue)*	$164.1 *28.5%*	$308.5 *34.9%*	(46.8%)
R&D *(% of revenue)*	$30.2 *5.2%*	$36.7 *4.2%*	17.6%
SG&A *(% of revenue)*	$64.7 *11.2%*	$72.0 *8.2%*	10.1%
Amortization of Intangibles *(% of revenue)*	$32.7 *5.7%*	$36.0 *4.1%*	9.1%
Restructuring and Other *(% of revenue)*	$38.2 *6.6%*	$16.3 *1.8%*	(134.3%)
Operating (Loss)/Income *(% of revenue)*	($1.9) *(0.3%)*	$147.4 *16.7%*	(101.3%)
Tax Rate	(3.5%)	29.6%	NM
Net (Loss)/Income *(% of revenue)*	($42.5) *(7.4%)*	$73.4 *8.3%*	(157.9%)
Diluted EPS	($0.27)	$0.45	(160.0%)
Diluted Shares Outstanding	157.2	162.5	5.3

Key Performance Highlights

Ensuring safe operations	• **Continuing to implement preventative measures** to protect our employees and the communities in which we operate from the spread of COVID-19

Outgrowth continues; end markets improving	• **Attractive outgrowth** – despite organic revenue decrease of 22.3% in H1-20, achieved:
	  • 840 bps of H1-20 outgrowth in Heavy Vehicle, Off-Road
	  • 750 bps of H1-20 outgrowth in Automotive
	• **New Business Awards** in H1-20 of $225M tracking above average; $108M in Electrification
	• **Performed well in Q2 despite extremely weak end markets** as customer plants were shut early in the quarter; improvements month to month through Q2 and into the first half of July

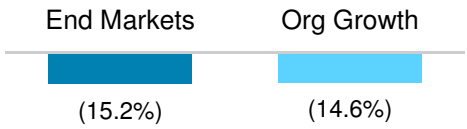
Effective cash and cost management	• **Cash Flow Positive –** Generated $114M in H1-20 free cash flow through temporary cost reductions and active project, capex and working capital management • **Reducing long-term operating costs** to align with demand levels that we anticipate to develop over the coming quarters • **Reinstating select financial guidance** for third quarter 2020
Investing for future growth	• **Acquisition of PRECO Electronics** – leader in radar sensing solutions for Heavy Vehicle, Off-Road represents early moves into ADAS Autonomy

Second quarter organic revenue decrease of 33.9%; end markets contracted 39.9%; sequential monthly improvements within the quarter

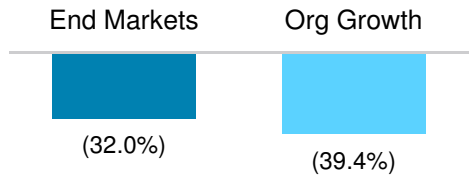
PERCENT OF REVENUES

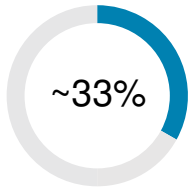


Industrial & Other



Aerospace



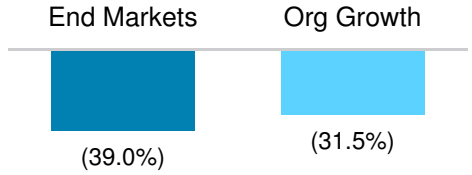


- Industrial outperformance led by growth in medical devices
- Aerospace aftermarket deterioration drove underperformance to market



Heavy Vehicle, Off-Road

- 750 bps outgrowth led by China VI emissions regulations

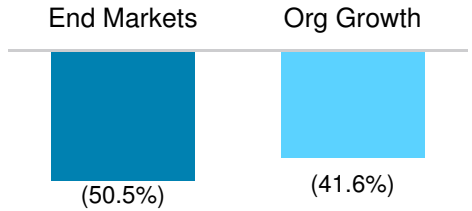






Automotive

- Market outgrowth of 890 bps led by growth in emissions, electrification and safety related launches and favorable pricing
- First quarter inventory build expected to unwind by end of year



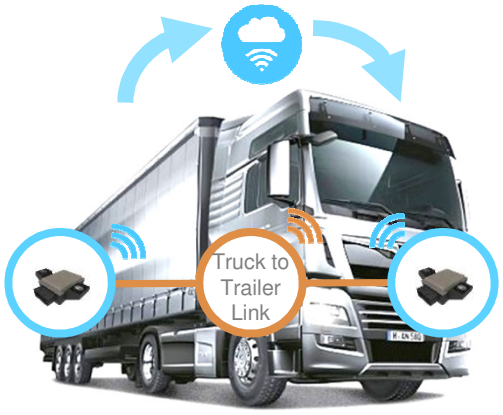


Significant progress made in Megatrend investments



ELECTRIFICATION

- Additional $50M in New Business Wins in the second quarter; brings the first half to $108M
- Government incentives like the EU Green New Deal driving growth in electric vehicles
- New wins in electric vehicles drive average content further above internal combustion

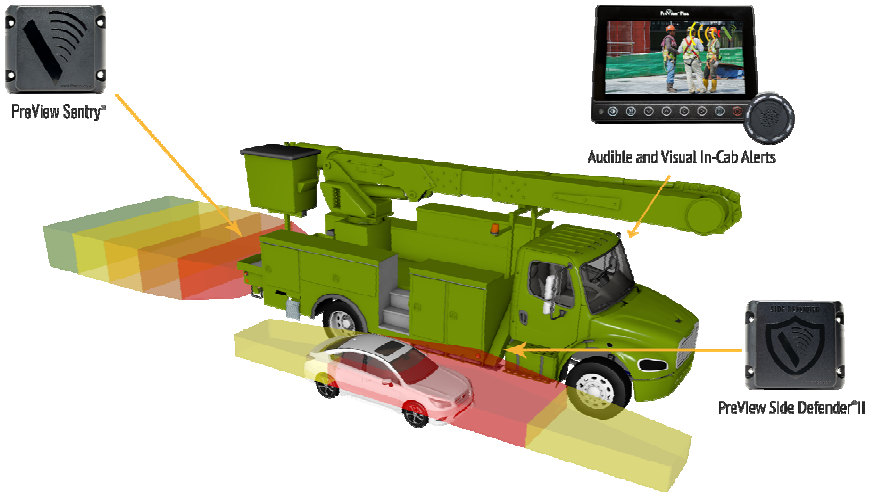


SMART & CONNECTED

- Fleet tests ongoing; potential $7B addressable market by 2030
- Working with several telematics partners to transmit data collected by Sensata's vehicle area network into the cloud
- OEM addressable market of $1B by 2030

Enhancing foundation in HVOR ADAS Technology – PRECO Electronics acquisition

AUTONOMY



TECHNOLOGY LEADER – PRECO Electronics

- Leader in radar solutions and object detection for critical safety applications (blind spot detection and side turn assist) for heavy vehicle, off-road markets
- Technology critical to reducing preventable collisions, decreasing vehicle downtime, improving operating safety in cities, highways and work sites

STRATEGIC RATIONALE

- Access to large new market (~$600M SAM by 2030)
- High growth underpinned by upcoming legislation (EU Vulnerable Road User and UNECE detection regulations)
- Leverage strong global OEM and Tier positions/channels
- Leverage global supply chain and central functions



Q2-20 FINANCIALS & OUTLOOK

Paul Vasington

CHIEF FINANCIAL OFFICER

Q2-2020 Financial Summary

$ in millions, except EPS	Q2-2020	Q2-2019	Δ
Revenue	$576.5	$883.7	(34.8%)
Adjusted Op Income *% revenue*	$75.0 *13.0%*	$205.1 *23.2%*	(63.4%)
Adjusted Net Income *% revenue*	$27.7 *4.8%*	$150.4 *17.0%*	(81.6%)
Adjusted EPS	$0.18	$0.93	(80.6%)

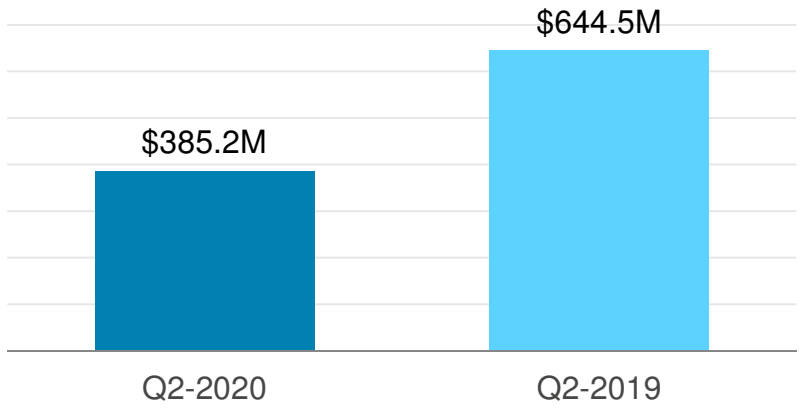


- Revenue decrease of 34.8% composed of:
  - Organic revenue decrease: 33.9%
  - Foreign exchange decreased revenue by 0.9%
- Adjusted operating income decreased 63.4% year over year:
  - Lower revenue largely due to end-market contraction caused by COVID-19 pandemic
  - Underutilized manufacturing capacity
  - Elevated costs to provide safe working environment; operational restrictions; elevated logistics costs
  - Operating costs reduced through temporary salary reductions and furloughs

* EPS impact of revenue change at prior year EBIT margin rate

Q2-2020: Performance Sensing

REVENUE

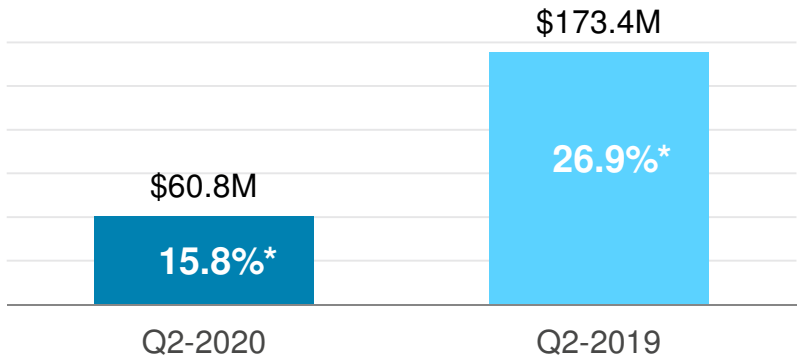


Q2-20 REVENUE GROWTH	REPORTED	ORGANIC
Automotive	(42.5%)	(41.6%)
Heavy vehicle, off-road	(32.5%)	(31.5%)
Performance Sensing	**(40.2%)**	**(39.3%)**

Foreign exchange (0.9%) negative impact

SEGMENT OPERATING INCOME

% OPERATING MARGIN

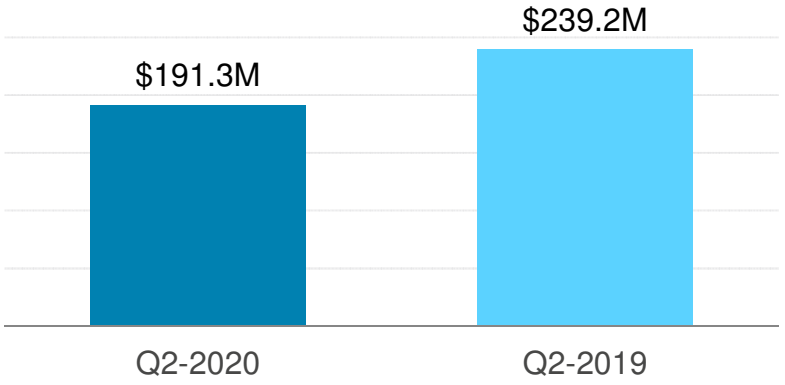


- Automotive market outgrowth of 890 bps partially offsets 50.5% end-market production decline
- Strong HVOR market outgrowth growth of 750 bps, particularly in China (NS6 demand accelerated), partially offsets 39.0% end-market production decline
- Lower segment income driven by lower revenues and productivity headwinds largely due to impact of COVID-19, partially offset by temporary cost reductions

* % of revenue, Q2-19 adjusted for removal of Megatrend growth spend (Appendix A for detail)

Q2-2020: Sensing Solutions

REVENUE

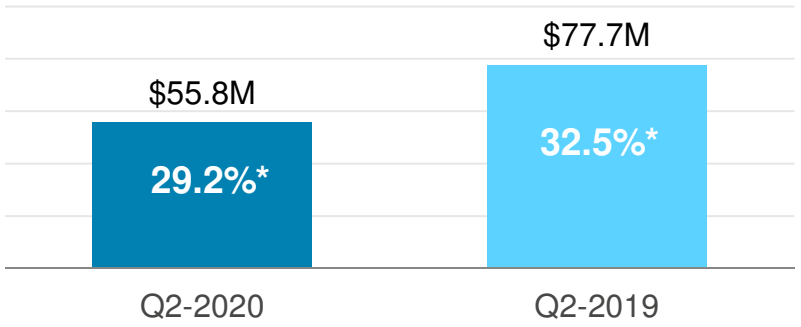


Q2-20 REVENUE GROWTH	REPORTED	ORGANIC
Sensing Solutions	(20.0%)	(19.3%)

Foreign exchange (0.7%) negative impact

SEGMENT OPERATING INCOME

% OPERATING MARGIN



- Revenue decrease was largely due to impact of COVID-19. Industrial was down 14.6% organically against a 15.2% decline in end-market demand. Aerospace was down 39.4% as aftermarket contraction exacerbated 32.0% market decline due mostly to OEM production delays
- Segment operating income was lower largely due to lower revenues and productivity headwinds, partially offset by temporary cost reductions

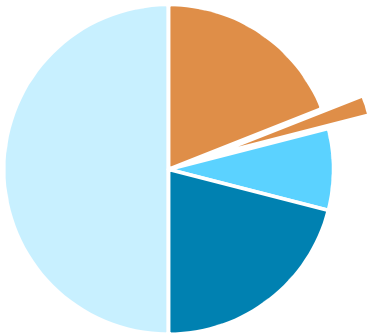
* % of revenue, Q2-19 adjusted for removal of Megatrend growth spend (Appendix A for detail)

Q2-2020 Non-GAAP Results

$ in millions, except EPS	Q2-2020	Q2-2019	B/(W)
Revenue	$576.5	$883.7	(34.8%)
Adj. Gross Profit *(% of revenue)*	$165.4 *28.7%*	$313.0 *35.4%*	(47.2%)
R&D *(% of revenue)*	$30.2 *5.2%*	$36.7 *4.2%*	17.6%
Adj. SG&A *(% of revenue)*	$58.5 *10.1%*	$69.6 *7.9%*	15.9%
Adj. Operating Income *(% of revenue)*	$75.0 *13.0%*	$205.1 *23.2%*	(63.4%)
Adj. Tax Rate[1]	18.2%	8.7%	(950 bps)
Adj. Net Income *(% of revenue)*	$27.7 *4.8%*	$150.4 *17.0%*	(81.6%)
Adj. EPS	$0.18	$0.93	(80.6%)
Diluted Shares Outstanding	157.6	162.5	4.9

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 8.4% and 7.1% in Q2-20 and Q2-19, respectively.

Continue to align cost structure to demand levels we anticipate to develop over the coming quarters



10% reduction in Semi-Variable costs

COST CATEGORIES

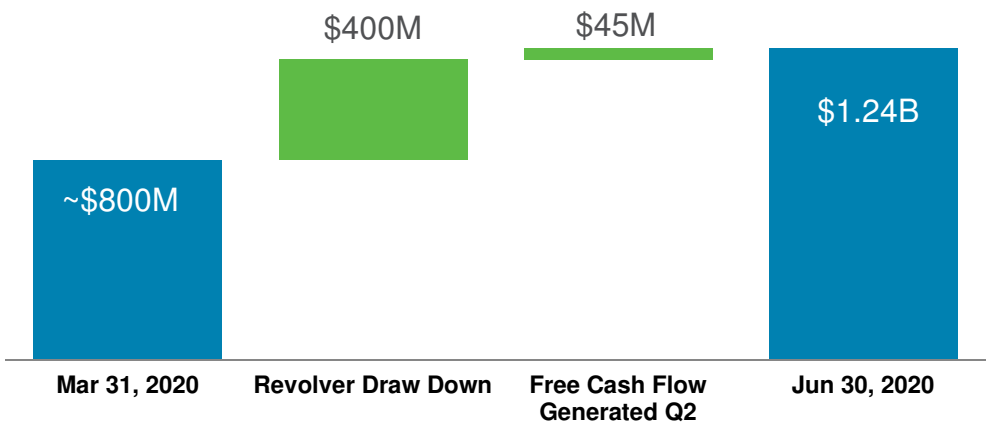
- **Variable:** Material Spend, Direct Labor, Freight, Operating Supplies
- **Semi-Variable:** Indirect Labor & Spend, Outside Services, Utilities
- **Fixed:** Depreciation, Leases, Licensing Costs, Outside Services
- **Operating Income**

- Adjusting to operational disruptions caused by COVID-19 pandemic
  - Underutilized manufacturing capacity, elevated logistics costs, government mandates, actions to safeguard employees all contributed to lower margins
  - Decremental gross margins of 48% in Q2 YoY; expect modest improvements in H2-20
- In Q2 we achieved ~$22M of savings from salary reductions, furloughs and government subsidies

- Addressing semi-variable costs through a series of cost reduction actions to emerge stronger:
  - $60-65M savings in 2021, including $49M in people and facility cost savings
  - $7M savings expected in Q3-20
  - Impacts ~980 positions
  - Total charges to include $35-39M for people costs and $8-10M in site closure costs
    - $26M cost recognized in Q2-20

Exiting Q2 in a stronger liquidity position than we entered

Sufficient financial resources to weather severe downturn



- Strong Working Capital Management
  - Inventory decreased $25.5M, or 5%
- 2020 CapEx expected to be $120M-$130M
- Share repurchase remains suspended

- Substantial buffer to debt covenants
  - SSNL* covenant <5.0x; currently (0.4x)
  - Incurrence covenant net leverage ratio <6.25x; currently 3.4x
- First debt maturity Oct 2023: $500M

**Senior Secured Net Leverage*

Leading Financial Indicators for Q3-20



Auto production ramping from Q2

Unemployment, consumer confidence indicators drive sales rates

New COVID-19 spikes may force customers to lower or shut down production



HVOR tracks with production rates (e.g. LMC for On-Road)

Freight Load Factors, Inventory to Sales Ratios, Building Permits, Industrial Production



Industrial tracks with PMI, GDP, housing starts



Aerospace tracks with commercial and defense production

Passenger miles flown drives aftermarket



Assumes ability to keep our plants open despite ever-changing pandemic government response



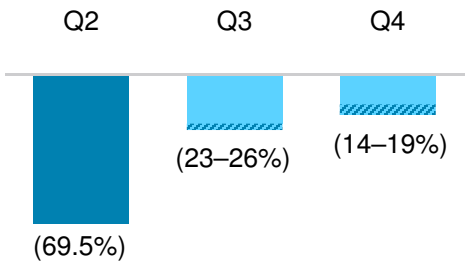
Fill remains a somewhat uncertain predictor of Revenue

Customer take rates below initial orders

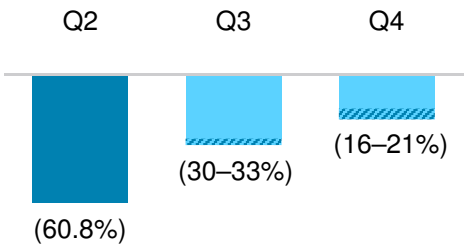
End-market environment expected to improve sequentially overall through balance of 2020

We are more conservative than IHS for North America and Europe Automotive production

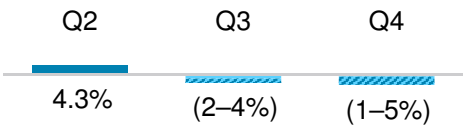
NORTH AMERICA AUTO



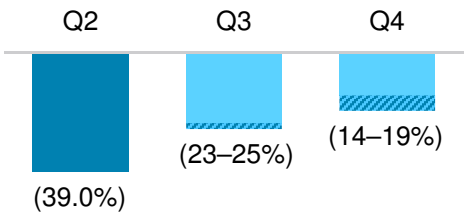
EUROPE AUTO



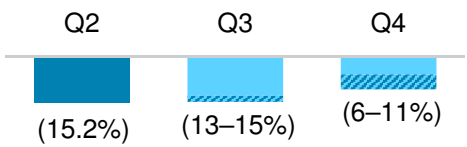
CHINA AUTO



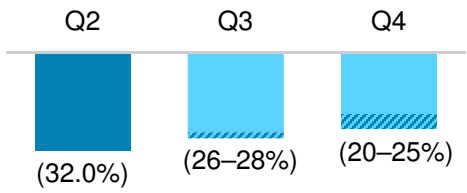
Heavy vehicle, off-road



INDUSTRIAL



AEROSPACE



Source: Company estimates, leveraging 3rd party sources including IHS, LMC, KGP

Despite weakness in H2-20,
secular drivers remain attractive
through 2021 and beyond

EXPECTED ANNUAL MARKET OUTGROWTH

AUTO
400–600 bps

Heavy vehicle, off-road
600–800 bps

Q3-20 Financial Guidance

$ in millions, except EPS	Q3-19	Q3-20 GUIDANCE	REPORTED
Revenue *organic*	$849.7	$675 - $705	(21%) – (17%) *(20%) – (17%)*
Adj. Op Income	$199.5	$110 – $124	(45%) – (38%)
Adj. Net Income	$144.6	$60 – $74	(58%) – (49%)
Adj. EPS	$0.90	$0.38 – $0.46	(58%) – (49%)

COMMENTS

- YoY Market contraction expected to be (21%) to (25%)
- FX expected to decrease revenue by ~$4.4M
  - Adjusted EPS: $0.02 benefit from FX
- Fill rate of 94%

Key Messages – Looking Forward

We are effectively responding to weaker end markets

Restructuring activity to align our cost base with anticipated demand levels

We are delivering attractive end-market outgrowth

We expect to deliver 2020 and long-term revenue outgrowth in line with guidance

We increased cash on our balance sheet to $1.24 billion

Free cash flow of $114 million year to date; working capital management and spend controls

We are continuing our R,D&E with customers and Megatrend investments to deliver long-term growth

H1-20 new business wins of $225M; of which $108M electrification wins

M&A remains an important driver for future value-creation

PRECO Electronics acquisition builds ADAS foundation



APPENDIX A

OTHER FINANCIAL INFORMATION

H1-2020 GAAP Results

$ and shares outstanding in millions, except EPS	H1-2020	H1-2019	B/(W)
Revenue	$1,350.8	$1,754.2	(23.0%)
Gross Profit (% of revenue)	$371.9 *27.5%*	$598.2 *34.1%*	(37.8%)
R&D (% of revenue)	$64.7 *4.8%*	$71.8 *4.1%*	9.9%
SG&A (% of revenue)	$142.0 *10.5%*	$142.6 *8.1%*	0.4%
Amortization of Intangibles (% of revenue)	$65.8 *4.9%*	$72.2 *4.1%*	8.8%
Restructuring and Other (% of revenue)	$42.7 *3.2%*	$21.6 *1.2%*	(97.6%)
Operating Income (% of revenue)	$56.7 *4.2%*	$290.0 *16.5%*	(80.4%)
Tax Rate	0.2%	24.8%	NM
Net (Loss)/Income (% of revenue)	($34.1) *-2.5%*	$158.5 *9.0%*	(121.5%)
Diluted EPS	($0.22)	$0.97	(122.7%)
Diluted Shares Outstanding	157.4	163.5	6.1

H1-2020 Non-GAAP Results

$ in millions, except EPS	H1-2020	H1-2019	B/(W)
Revenue	$1,350.8	$1,754.2	(23.0%)
Adj. Gross Profit *(% of revenue)*	$409.3 *30.3%*	$607.5 *34.6%*	(32.6%)
R&D *(% of revenue)*	$64.7 *4.8%*	$71.8 *4.1%*	9.9%
Adj. SG&A *(% of revenue)*	$129.5 *9.6%*	$138.6 *7.9%*	6.6%
Adj. Operating Income *(% of revenue)*	$211.7 *15.7%*	$393.7 *22.4%*	(46.2%)
Adj. Tax Rate[1]	14.5%	8.9%	(560 bps)
Adj. Net Income *(% of revenue)*	$110.9 *8.2%*	$289.7 *16.5%*	(61.7%)
Adj. EPS	$0.70	$1.77	(60.5%)
Diluted Shares Outstanding	158.0	163.5	5.5

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 9.1% and 7.2% in H1-20 and H1-19, respectively.

Q2-2020 Cash Flow Statement

$ in millions	Q2-2020	Q2-2019	B/(W)
Net (Loss)/Income	($42.5)	$73.4	(157.9%)
Depreciation & Amortization	$63.4	$64.0	(1.0%)
Changes in Working Capital	$31.1	($24.9)	224.5%
Other	$19.8	$27.0	(26.4%)
Operating Cash Flow	$71.7	$139.5	(48.6%)
Capital Expenditures	($27.2)	($39.9)	31.9%
Free Cash Flow	$44.6	$99.6	(55.2%)

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

H1-2020 Cash Flow Statement

$ in millions	H1-2020	H1-2019	B/(W)
Net (Loss)/Income	($34.1)	$158.5	(121.5%)
Depreciation & Amortization	$131.1	$127.4	3.0%
Changes in Working Capital	$9.6	($79.8)	112.0%
Other	$63.7	$46.1	38.3%
Operating Cash Flow	$170.3	$252.2	(32.5%)
Capital Expenditures	($56.7)	($81.5)	30.5%
Free Cash Flow	$113.6	$170.6	(33.4%)

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

Balance Sheet

$ in millions	JUN 30, 2020	JUN 30, 2019
Total Assets	$7,084.9	$6,852.1
Working Capital	$1,352.6	$1,340.4
Intangibles, Net & Other Long-Term Assets	$4,805.7	$4,882.5

$ in millions	JUN 30, 2020	JUN 30, 2019
Cash & Equivalents	$1,242.9	$721.1
Current Debt	$407.0	$13.6
Net Cash	$835.9	$707.5

Impact of Megatrend spend moving to Corporate & Other

$ in millions	2020	2019				
	1Q	1Q	2Q	3Q	4Q	FY
As Previously Reported						
Performance Sensing Operating Income	$ 129.1	$ 150.5	$ 168.1	$ 165.1	$ 165.1	$ 648.7
% margin	22.7%	23.5%	26.1%	26.3%	26.1%	25.5%
Sensing Solutions Operating Income	$ 55.9	$ 75.0	$ 77.1	$ 71.0	$ 68.2	$ 291.3
% margin	27.2%	32.5%	32.2%	32.1%	31.9%	32.2%
Corporate & Other	(88.8)	(41.4)	(45.4)	(47.6)	(52.3)	(186.7)
Amortization of Intangibles	(33.1)	(36.1)	(36.0)	(35.9)	(34.8)	(142.9)
Restructuring & other charges, net	(4.5)	(5.3)	(16.3)	(6.4)	(25.5)	(53.6)
Operating income (GAAP)	$ 58.6	$ 142.6	$ 147.4	$ 146.1	$ 120.7	$ 556.9
Recast						
Performance Sensing Operating Income	$ 135.0	$ 155.3	$ 173.4	$ 170.2	$ 171.5	$ 670.5
% margin	23.7%	24.3%	26.9%	27.1%	27.1%	26.3%
Sensing Solutions Operating Income	$ 56.5	$ 75.5	$ 77.7	$ 71.6	$ 69.1	$ 294.0
% margin	27.5%	32.8%	32.5%	32.4%	32.3%	32.5%
Corporate & Other	(95.4)	(46.8)	(51.4)	(53.4)	(59.6)	(211.1)
Amortization of Intangibles	(33.1)	(36.1)	(36.0)	(35.9)	(34.8)	(142.9)
Restructuring & other charges, net	(4.5)	(5.3)	(16.3)	(6.4)	(25.5)	(53.6)
Operating income (GAAP)	$ 58.6	$ 142.6	$ 147.4	$ 146.1	$ 120.7	$ 556.9
Change						
Performance Sensing Operating Income	$ 6.0	$ 4.8	$ 5.3	$ 5.2	$ 6.4	$ 21.7
% margin	100 bps	80 bps	80 bps	80 bps	100 bps	80 bps
Sensing Solutions Operating Income	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.9	$ 2.7
% margin	30 bps	30 bps	30 bps	30 bps	40 bps	30 bps
Corporate & Other	$ (6.6)	$ (5.4)	$ (6.0)	$ (5.8)	$ (7.3)	$ (24.4)



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, or that we believe impact comparisons to prior period operating results. Such costs include charges related to optimization of our manufacturing processes to increase productivity. This type of activity occurs periodically, however each action is unique, discrete, and driven by various facts and circumstances. 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 the 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**	**YTD 2020**	**2Q 2020**	**1Q 2020**	**4Q 2019**	**3Q 2019**	**2Q 2019**
Net income/(loss)	**$ 90,103**	**$ (34,110)**	**$ (42,541)**	**$ 8,431**	**$ 53,538**	**$ 70,675**	**$ 73,436**
Interest expense, net	159,904	80,211	40,808	39,403	40,137	39,556	39,608
Provision for/(benefit from) income taxes	55,326	(75)	1,441	(1,516)	27,060	28,341	30,841
Depreciation expense	125,968	65,288	30,609	34,679	31,508	29,172	27,974
Amortization of intangible assets	136,547	65,835	32,743	33,092	34,807	35,905	36,031
Earnings before interest, taxes, depreciation, and amortization ("EBITDA")	$ 567,848	$ 177,149	$ 63,060	$ 114,089	$ 187,050	$ 203,649	$ 207,890
Non-GAAP adjustments:							
Restructuring related and other	119,959	85,265	42,708	42,557	19,137	15,557	21,313
Financing and other transaction costs	34,800	5,353	3,619	1,734	20,842	8,605	2,450
Deferred (gain)/loss on derivative instruments	(3,415)	957	(4,927)	5,884	(1,932)	(2,440)	(452)
Adjusted EBITDA	**$ 719,192**	**$ 268,724**	**$ 104,460**	**$ 164,264**	**$ 225,097**	**$ 225,371**	**$ 231,201**

1 – Last twelve months ("LTM")

Other GAAP to non-GAAP Reconciliations – Q2 2020

$ in thousands	2Q 2020										
Total Sensata	**Cost of revenue**	**Gross profit**	**SG&A**	**Amortization**	**Restructuring and other charges, net**	**Operating (loss)/income**	**Interest expense, net**	**Other, net**	**Income before taxes**	**Income taxes**	**Net (loss)/income**
Reported (GAAP)	**$ (412,443)**	**$ 164,062**	**$ (64,730)**	**$ (32,743)**	**$ (38,218)**	**$ (1,868)**	**$ (40,808)**	**$ 1,576**	**$ (41,100)**	**$ (1,441)**	**$ (42,541)**
Non-GAAP adjustments:											
Restructuring related and other	-	-	4,605	-	36,234	40,839	-	1,869	42,708	(9,110)	33,598
Financing and transaction costs	-	-	1,635	-	1,984	3,619	-	-	3,619	-	3,619
Deferred loss/(gain) on commodity and other derivative instruments	500	500	-	-	-	500	-	(5,427)	(4,927)	-	(4,927)
Step-up depreciation and amortization	831	831	-	31,066	-	31,897	-	-	31,897	-	31,897
Amortization of debt issuance costs	-	-	-	-	-	-	1,632	-	1,632	-	1,632
Deferred income tax and other tax related	-	-	-	-	-	-	-	-	-	4,400	4,400
Total adjustments	1,331	1,331	6,240	31,066	38,218	76,855	1,632	(3,558)	74,929	(4,710)	70,219
Adjusted (non-GAAP)	**$ (411,112)**	**$ 165,393**	**$ (58,490)**	**$ (1,677)**	**$ -**	**$ 74,987**	**$ (39,176)**	**$ (1,982)**	**$ 33,829**	**$ (6,151)**	**$ 27,678**

$ in thousands	2Q 2019										
Total Sensata	**Cost of revenue**	**Gross profit**	**SG&A**	**Amortization**	**Restructuring and other charges, net**	**Operating (loss)/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 commodity and other 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**

Other GAAP to non-GAAP Reconciliations – H1-2020

$ in thousands	H1 2020										
Total Sensata	**Cost of revenue**	**Gross profit**	**SG&A**	**Amortization of intangibles**	**Restructuring and other charges, net**	**Operating income**	**Interest expense, net**	**Other, net**	**Income before taxes**	**Income taxes**	**Net (loss)/income**
Reported (GAAP)	**$ (978,849)**	**$ 371,925**	**$ (141,951)**	**$ (65,835)**	**$ (42,716)**	**$ 56,731**	**$ (80,211)**	**$ (10,705)**	**$ (34,185)**	**$ 75**	**$ (34,110)**
Non-GAAP adjustments:											
Restructuring related and other	34,811	34,811	9,654	-	40,131	84,596	-	5,569	90,165	(18,379)	71,786
Financing and transaction costs	-	-	2,768	-	2,585	5,353	-	-	5,353	-	5,353
Deferred loss on commodity and other derivative instruments	809	809	-	-	-	809	-	148	957	-	957
Step-up depreciation and amortization	1,705	1,705	-	62,463	-	64,168	-	-	64,168	-	64,168
Amortization of debt issuance costs	-	-	-	-	-	-	3,263	-	3,263	-	3,263
Deferred income tax and other tax related	-	-	-	-	-	-	-	-	-	(531)	(531)
Total adjustments	37,325	37,325	12,422	62,463	42,716	154,926	3,263	5,717	163,906	(18,910)	144,996
Adjusted (non-GAAP)	**$ (941,524)**	**$ 409,250**	**$ (129,529)**	**$ (3,372)**	**$ -**	**$ 211,657**	**$ (76,948)**	**$ (4,988)**	**$ 129,721**	**$ (18,835)**	**$ 110,886**

$ in thousands	H1 2019										
Total Sensata	**Cost of revenue**	**Gross profit**	**SG&A**	**Amortization of intangibles**	**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 commodity and other 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**

Organic Revenue Growth

	2Q 2020				
	Reported % Change (GAAP)	Less: FX Impact	Constant Currency % Change (non-GAAP)	Less: Acquisition & Divestitures, net	Organic Growth/(Decline) (non-GAAP)
Performance Sensing	**(40.2%)**	(0.9%)	**(39.3%)**	0.0%	**(39.3%)**
Sensing Solutions	**(20.0%)**	(0.7%)	**(19.3%)**	0.0%	**(19.3%)**
Sensata Total	**(34.8%)**	(0.9%)	**(33.9%)**	0.0%	**(33.9%)**

	H1 2020				
	Reported % Change (GAAP)	Less: FX Impact	Constant Currency % Change (non-GAAP)	Less: Acquisition & Divestitures, net	Organic Growth/(Decline) (non-GAAP)
Performance Sensing	**(25.7%)**	(0.8%)	**(24.9%)**	0.0%	**(24.9%)**
Sensing Solutions	**(15.5%)**	(0.6%)	**(14.9%)**	0.0%	**(14.9%)**
Sensata Total	**(23.0%)**	(0.7%)	**(22.3%)**	0.0%	**(22.3%)**

Free Cash Flow

$ in thousands	2Q			H1		
Total Sensata	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Net cash provided by operating activities	**$71,728**	**$139,473**	**(48.6%)**	**$170,272**	**$252,166**	**(32.5%)**
Additions to property, plant and equipment and capitalized software	(27,150)	(39,859)	31.9%	(56,697)	(81,549)	30.5%
Free cash flow	**$44,578**	**$99,614**	**(55.2%)**	**$113,575**	**$170,617**	**(33.4%)**

Net Debt and Net Leverage Ratio

$ in thousands

Total Sensata	As of 30-Jun-20	31-Mar-20	31-Dec-19
Current portion of long-term debt, finance lease and other financing obligations	$ 407,042	$ 7,095	$ 6,918
Finance lease and other financing obligations, less current portion	28,243	28,280	28,810
Long-term debt, net	3,220,833	3,220,359	3,219,885
Total debt, finance lease and other financing obligations	**3,656,118**	**3,255,734**	**3,255,613**
Less: Discount	(10,681)	(11,220)	(11,758)
Less: Deferred financing costs	(22,266)	(23,359)	(24,452)
Total gross indebtedness	3,689,065	3,290,313	3,291,823
Less: Cash and cash equivalents	1,242,949	802,971	774,119
Net debt	**$ 2,446,116**	**$ 2,487,342**	**$ 2,517,704**
Adjusted EBITDA (LTM)	$ 719,192	$ 845,933	$ 900,137
Net leverage ratio	**3.4**	**2.9**	**2.8**

Adjusted Taxes and Adjusted Tax Rate

$ in thousands	2Q		H1	
Total Sensata	**2020**	**2019**	**2020**	**2019**
Provision for/(benefit from) income taxes	**$ 1,441**	**$ 30,841**	**$ (75)**	**$ 52,308**
Non-GAAP adjustments:				
Deferred income tax and other tax expense	4,400	16,846	(531)	24,799
Current tax effect of non-GAAP adjustments	(9,110)	(400)	(18,379)	(800)
Adjusted taxes	**$ 6,151**	**$ 14,395**	**$ 18,835**	**$ 28,309**
Adjusted income before taxes	$ 33,829	$ 164,767	$ 129,721	$ 317,968
Adjusted tax rate	**18.2%**	**8.7%**	**14.5%**	**8.9%**