

SENSATA THIRD QUARTER 2020 EARNINGS PRESENTATION

October 27, 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.

Q3-2020 GAAP Results

$ and shares outstanding in millions, except EPS	Q3-2020	Q3-2019	B/(W)
Revenue	$788.3	$849.7	(7.2%)
Gross Profit *(% of revenue)*	$258.1 *32.7%*	$294.8 *34.7%*	(12.5%)
R&D *(% of revenue)*	$33.4 *4.2%*	$38.2 *4.5%*	12.5%
SG&A *(% of revenue)*	$75.7 *9.6%*	$68.2 *8.0%*	(11.1%)
Amortization of Intangibles *(% of revenue)*	$32.6 *4.1%*	$35.9 *4.2%*	9.3%
Restructuring and Other *(% of revenue)*	($10.5) *(1.3%)*	$6.4 *0.8%*	NM
Operating Income *(% of revenue)*	$126.8 *16.1%*	$146.1 *17.2%*	(13.2%)
Tax Rate	16.5%	28.6%	1,210 bps
Net Income *(% of revenue)*	$76.7 *9.7%*	$70.7 *8.3%*	8.6%
Diluted EPS	$0.49	$0.44	11.4%
Diluted Shares Outstanding	158.0	161.3	3.3

Key Performance Highlights

Well-positioned for recovery

- **Substantial QoQ revenue growth of 37%**, outperforming updated guidance provided Sept 8, 2020
- **Demonstrates strength of organizational model and resiliency of supply chain**

Outgrowth in line with long-term targets

- **Attractive outgrowth** – despite organic revenue decrease of (17.4)% YTD-20, achieved:
  - 840 bps of outgrowth YTD-20 in Heavy Vehicle, Off-Road
  - 610 bps of outgrowth YTD-20 in Automotive
- **New business awards** YTD-20 of more than $320M tracking positively

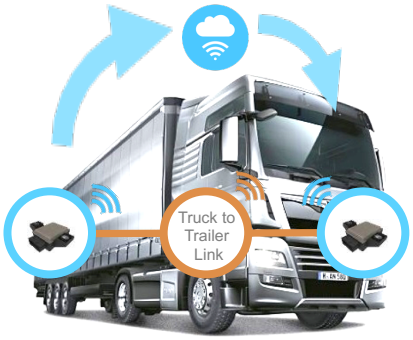
Effective cash and cost management

- **Significant cash flow generation –** Generated $213M in free cash flow YTD-20; 100% conversion
- **Aligning long-term operating costs** with demand levels
- **Raised $750M** in unsecured debt **at historically low interest rate of 3.75%**
- Given improving financial and end markets, **repaid $400M Revolver**

Meaningful Megatrend developments

- **First commercial fleet Smart & Connected commercial agreement** on recurring revenue model with top 25 North American heavy vehicle fleet manager
- **Electrification grows across our end markets** - YTD-20 new business awards of $140M

Significant progress made in Smart & Connected



First commercial agreement with top 25 North American fleet manager

- Moving from trials to commercial deployment with new business model
- Initial rollout in Q4-20 on small number of trucks
- Bundled recurring monthly subscription of equipment, maintenance & support and data analytics services
- Massive addressable market opportunity of $6B by 2030

Expanding beyond Fleets offer meaningful growth in additional addressable markets

Heavy Vehicle OEMs



Smart & Connected new business wins ~$90M to date

Light Vehicle Prognostics



Building capabilities through collaboration

Benefiting from Electrification growth across markets



Increasing content in battery electric vehicles

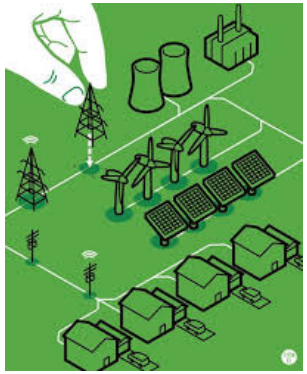
- Additional $32M in electrification new business wins in Q3 brings year-to-date total to $140M; significantly faster pace than prior year
- Electric vehicle business wins with largest and most innovative vehicle manufacturers
- In our core markets in NA and EU, battery electric vehicles contain superior content: ~$50 compared to $38-$40 in internal combustion vehicles; representing significant growth opportunity

Electrified equipment charging



Opportunities throughout electrified landscape

Smart grid infrastructure



Building capabilities through collaboration



Sensata
Technologies

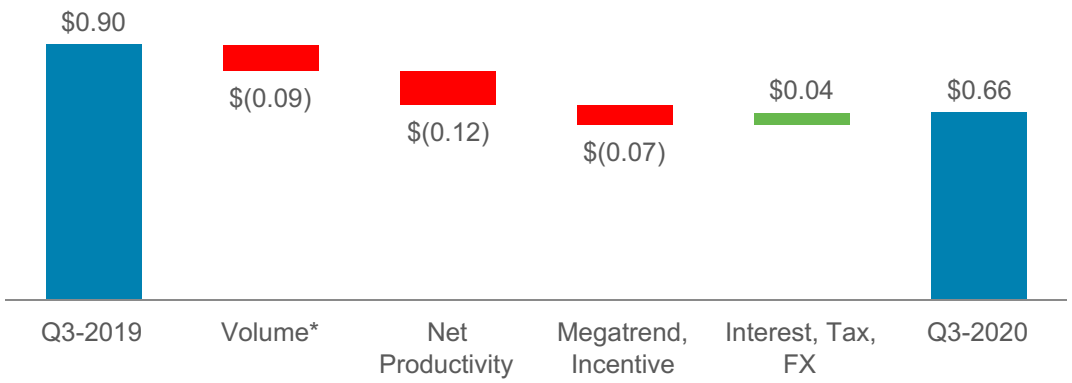
Q3-20 FINANCIALS & OUTLOOK

Paul Vasington

CHIEF FINANCIAL OFFICER

Q3-2020 Financial Summary

$ in millions, except EPS	Q3-2020	Q3-2019	B/(W)
Revenue	$788.3	$849.7	(7.2%)
Adjusted Operating Income	$154.8	$199.5	(22.4%)
% Revenue	*19.6%*	*23.5%*	
Adjusted Net Income	$103.6	$144.6	(28.3%)
% Revenue	*13.1%*	*17.0%*	
Adjusted EPS	$0.66	$0.90	(26.7%)



- Revenue decrease YoY of 7.2% composed of:
  - Organic revenue decrease: 7.5%
  - Foreign exchange increased revenue by 0.3%
- Sequential revenue increase of 36.7% from Q2
- Adjusted operating income decreased 22.4% YoY:
  - Lower revenue largely due to end-market contraction caused by COVID-19 pandemic
  - Lower volume leverage; COVID-related spend; unfavorable revenue mix; partially offset by savings from cost reduction programs
  - Increased Megatrend spend and incentive compensation aligned with improved financial performance

* Adjusted EPS impact of organic revenue change at prior year adjusted operating income margin rate

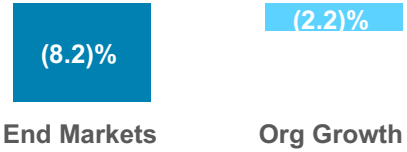
Sensata outgrew contracting end markets by 480 bps in Q3-20

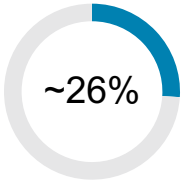
PERCENT OF REVENUES



Industrial & Other

Aerospace





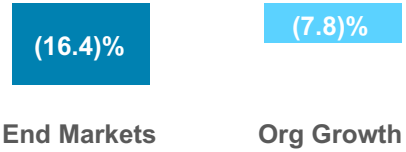
- Industrial outperformance led by strength in medical (ventilators) and factory automation
- Aerospace outperformance led by new defense product launches

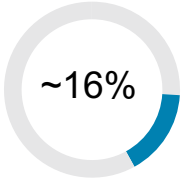


Heavy Vehicle, Off-Road

(860 bps of outgrowth)

- 840 bps outgrowth YTD led by China VI emissions regulations





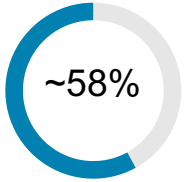


Automotive

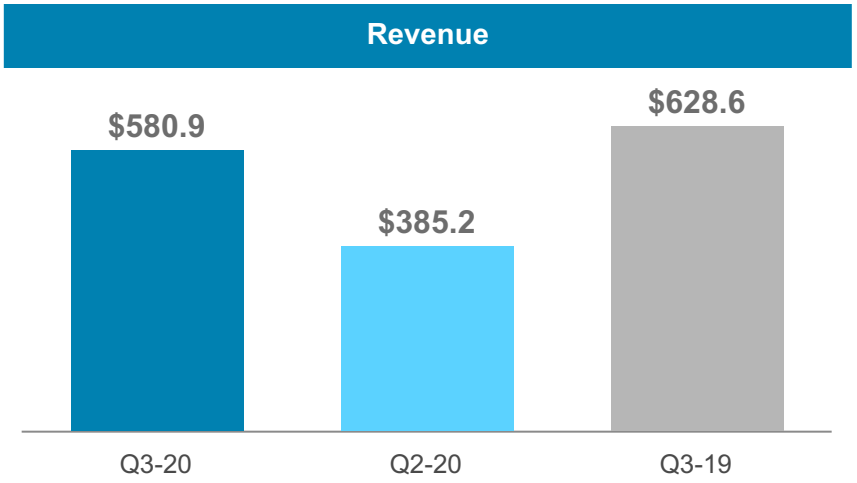
(290 bps of outgrowth)

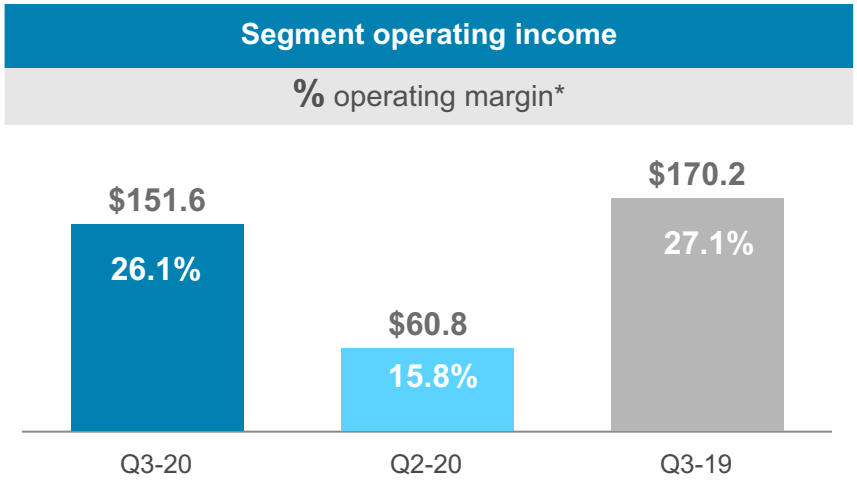
- Outgrowth led by growth in emissions, electrification and safety-related launches
- 610 bps outgrowth YTD
- H1-20 inventory build unwound during third quarter





Q3-2020: Performance Sensing





Q3-20 YoY REVENUE GROWTH	REPORTED	ORGANIC
Automotive	(7.6)%	(7.9)%
Heavy vehicle, off-road	(7.5)%	(7.8)%
Performance Sensing	**(7.6)%**	**(7.9)%**

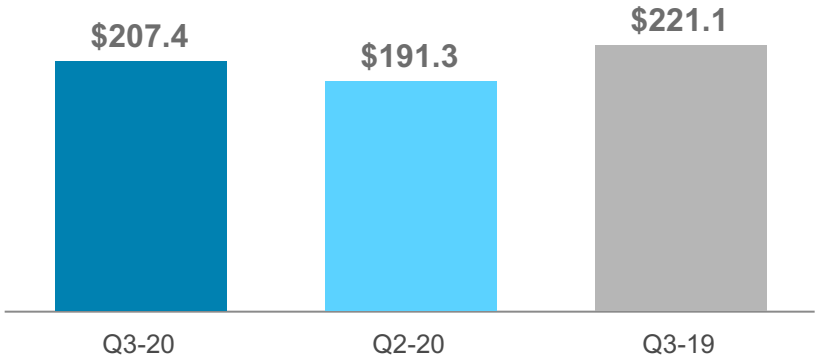
Foreign exchange 0.3% positive impact

- Revenue decline YoY driven by impacts from COVID; substantial QoQ increase as customers' production recovered
- Lower YoY segment income driven by lower revenues and productivity headwinds largely due to impact of COVID-19, unfavorable revenue mix, partially offset restructuring cost savings
- Incremental QoQ margin rate of 46% demonstrates profit potential in market upswing

* % of revenue, Q3-19 adjusted for reclassification of megatrend growth spend to corporate and other

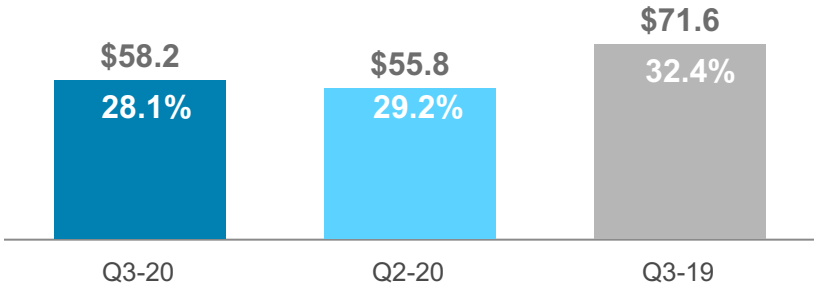
Q3-2020: Sensing Solutions

Revenue



Segment operating income

% operating margin*



Q3-20 YoY REVENUE GROWTH	REPORTED	ORGANIC
Sensing Solutions	(6.2)%	(6.4)%

Foreign exchange 0.2% positive impact

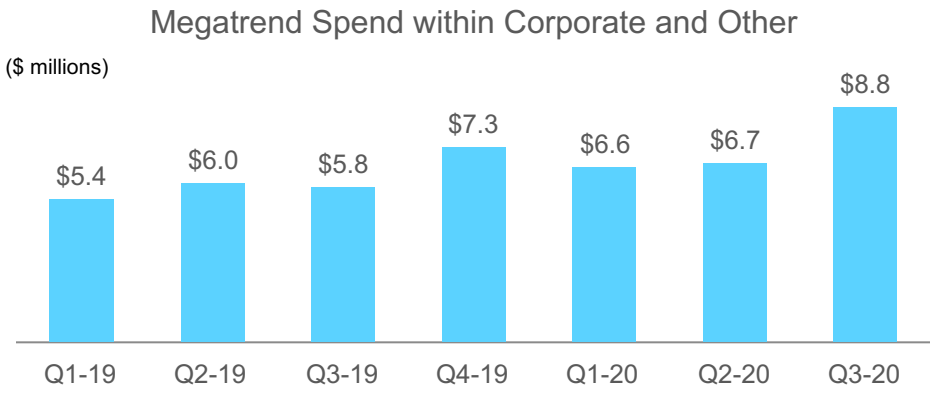
- Revenue decrease YoY largely due to impact of COVID-19; QoQ increase reflects market recovery
- Segment operating income lower YoY largely due to lower revenues and productivity headwinds largely due to impact of COVID-19, unfavorable revenue mix, partially offset by cost reductions from restructuring actions
- Incremental margin rate of 15% due to Q2 temporary cost reductions not repeating and unfavorable revenue mix

* % of revenue, Q3-19 adjusted for reclassification of Megatrend growth spend to corporate and other

Corporate and Other Operating Expenses

$ in millions, except EPS	Q3-2020	Q3-2019	B/(W)
Corporate and Other	$61.0	$53.4	(14.3%)
% Revenue	*7.7%*	*6.3%*	
Adj. Corporate and Other	$53.4	$40.6	(31.4%)
% Revenue	*6.8%*	*4.8%*	

- Adjustments between GAAP and non-GAAP Corporate and Other expenses include restructuring-related and other costs, financing and transaction costs
- Increase due to higher global incentive compensation costs aligned to rapid financial recovery of the business and higher Megatrend investments



- R&D and SG&A spend associated with Electrification and Smart & Connected Megatrend initiatives not included in segment reporting
- Expect ~$33M investment for the full year 2020

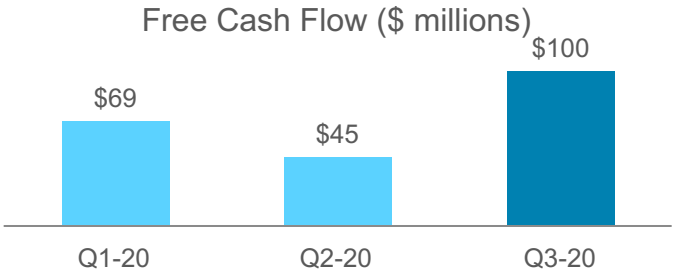
Strong expense controls improve financial results and enable increased investment in our Megatrend growth areas

Q3-2020 Non-GAAP Results

$ and shares outstanding in millions, except EPS	Q3-2020	Q3-2019	B/(W)
Revenue	$788.3	$849.7	(7.2%)
Adj. Gross Profit *(% of revenue)*	$258.8 *32.8%*	$303.0 *35.7%*	(14.6%)
R&D *(% of revenue)*	$33.4 *4.2%*	$38.2 *4.5%*	12.5%
Adj. SG&A *(% of revenue)*	$68.9 *8.7%*	$63.7 *7.5%*	(8.3%)
Adj. Operating Income *(% of revenue)*	$154.8 *19.6%*	$199.5 *23.5%*	(22.4%)
Adj Tax Rate[1]	10.7%	8.3%	(240 bps)
Adj. Net Income *(% of revenue)*	$103.6 *13.1%*	$144.6 *17.0%*	(28.3%)
Adj. EPS	$0.66	$0.90	(26.7%)
Diluted Shares Outstanding	158.0	161.3	3.3

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 7.8% and 6.7% in Q3-20 and Q3-19, respectively.

Strong financial performance leads to liquidity improvements



$750M

10-year unsecured debt issued at historically low interest rate of 3.75%

Repaid $400M Revolver on market strength

$7M

restructuring savings achieved in Q3-20

expect $11-12M savings in Q4-20

3.6x

net leverage ratio

Will evaluate early redemption of $750M 6.25% Notes due in 2026 in Q1-21

$60-65M

restructuring savings expected in 2021

$110M-$120M

expected 2020 CapEx

Strong financial execution to generate capital, protect balance sheet, and improve cost structure enhances Sensata's long-term position

Q4-20 Financial Guidance

$ in millions, except EPS	Q4-20 GUIDANCE	Q4-19	B/(W)
Revenue *organic*	$810 – $850	$846.7	(4%) - 0% *(5%) - (1%)*
Adj. Op Income	$160 – $176	$192.5	(17%) - (9%)
Adj. Net Income	$100 – $114	$141.7	(29%) - (20%)
Adj. EPS	$0.64 – $0.72	$0.89	(28%) - (19%)

COMMENTS

- YoY market contraction expected to be (6-8)%
  - Auto: (4-6)%
  - HVOR: (8-9)%
  - Sensing Solutions: (13-14)%
- FX expected to increase revenue by ~$7.5M at mid-point
  - Adjusted EPS: $0.01 increase from FX at mid-point
- Fill rate of 96% at mid-point

Strong 2020 financial performance despite pandemic and continuing secular drivers provide strong setup for 2021

TARGETED ANNUAL MARKET OUTGROWTH

Automotive
400–600 bps

Heavy vehicle, off-road
600–800 bps

Key Messages – Looking Forward

We are capitalizing on improving end markets

Strong Q3-20 performance driven by strength of organizational model and resiliency of supply chain

We are delivering attractive end-market outgrowth

Continuing to meet long-term outgrowth targets of Auto (400-600 bps) and HVOR (600-800 bps)

We are producing strong liquidity through disciplined management

Free cash flow of $213M year to date; effective working capital management and cost reductions

Megatrend investments for long-term growth reached new stage

First commercial fleet commercial agreement on recurring revenue model

M&A and technology partnerships important drivers in value creation

Technology collaborations and acquisitions expand addressable markets and accelerate Megatrend commercialization

Expect to deliver industry-leading margins for shareholders

While making incremental investments in our growth and our people



Sensata
Technologies

APPENDIX A

OTHER FINANCIAL INFORMATION

Q3 YTD 2020 GAAP Results

$ and shares outstanding in millions, except EPS	Q3 YTD 2020	Q3 YTD 2019	B/(W)
Revenue	$2,139.1	$2,603.9	(17.9%)
Gross Profit	$630.0	$893.0	(29.5%)
(% of revenue)	*29.5%*	*34.3%*	
R&D	$98.1	$110.0	10.8%
(% of revenue)	*4.6%*	*4.2%*	
SG&A	$217.7	$210.7	(3.3%)
(% of revenue)	*10.2%*	*8.1%*	
Amortization of Intangibles	$98.4	$108.1	9.0%
(% of revenue)	*4.6%*	*4.2%*	
Restructuring and Other	$32.2	$28.0	(14.8%)
(% of revenue)	*1.5%*	*1.1%*	
Operating income	$183.6	$436.2	(57.9%)
(% of revenue)	*8.6%*	*16.8%*	
Tax Rate	26.2%	26.0%	(20) bps
Net income	$42.6	$229.2	(81.4%)
(% of revenue)	*2.0%*	*8.8%*	
Diluted EPS	$0.27	$1.41	(80.9%)
Diluted Shares Outstanding	158.0	162.8	4.8

Q3 YTD 2020 Non-GAAP Results

$ and shares outstanding in millions, except EPS	Q3 YTD 2020	Q3 YTD 2019	B/(W)
Revenue	$2,139.1	$2,603.9	(17.9%)
Adj. Gross Profit *(% of revenue)*	$668.1 *31.2%*	$910.5 *35.0%*	(26.6%)
R&D *(% of revenue)*	$98.1 *4.6%*	$110.0 *4.2%*	10.8%
Adj. SG&A *(% of revenue)*	$198.5 *9.3%*	$202.3 *7.8%*	1.9%
Adj. Operating Income *(% of revenue)*	$366.5 *17.1%*	$593.2 *22.8%*	(38.2%)
Adj Tax Rate[1]	12.7%	8.7%	(400 bps)
Adj. Net Income *(% of revenue)*	$214.5 *10.0%*	$434.2 *16.7%*	(50.6%)
Adj. EPS	$1.36	$2.67	(49.1%)
Diluted Shares Outstanding	158.0	162.8	4.8

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 8.6% and 7.0% in Q3 YTD 2020 and Q3 YTD 2019, respectively.

Q3-2020 Cash Flow Statement

$ in millions	Q3-2020	Q3-2019	B/(W)
Net Income	$76.7	$70.7	8.6 %
Depreciation & Amortization	$61.5	$65.1	(5.5)%
Changes in Working Capital	$35.0	$22.7	54.3 %
Other	($50.2)	$22.9	(319.1)%
Operating Cash Flow	$123.1	$181.4	(32.1)%
Capital Expenditures	($23.2)	($41.7)	44.2 %
Free Cash Flow	$99.8	$139.7	(28.5)%

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

Q3 YTD 2020 Cash Flow Statement

$ in millions	Q3 YTD 2020	Q3 YTD 2019	B/(W)
Net Income	$42.6	$229.2	(81.4)%
Depreciation & Amortization	$192.6	$192.4	0.1 %
Changes in Working Capital	$44.6	($57.1)	178.1 %
Other	$13.5	$69.0	(80.4)%
Operating Cash Flow	$293.3	$433.5	(32.3)%
Capital Expenditures	($79.9)	($123.2)	35.1 %
Free Cash Flow	$213.4	$310.3	(31.2)%

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

Balance Sheet

$ in millions	SEP 30, 2020	SEP 30, 2019
Total Assets	$ 7,559.5	$ 6,843.6
Working Capital	$ 2,087.5	$ 1,329.1
Intangibles, Net & Other Long-Term Assets	$ 4,845.6	$ 4,894.0

$ in millions	SEP 30, 2020	SEP 30, 2019
Cash & Equivalents	$ 1,610.2	$ 721.4
Current Debt	$ 7.0	$ 7.9
Net Cash	$ 1,603.1	$ 713.5



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:

a. 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.

b. 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.

c. 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.

d. 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).

e. 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.

f. Amortization of debt issuance costs.

g. 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

Total Sensata	Period						
	LTM	YTD 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019
Net Income/(Loss)	**$ 96,157**	**$ 42,619**	**$ 76,729**	**$ (42,541)**	**$ 8,431**	**$ 53,538**	**$ 70,675**
Interest expense, net	164,477	124,340	44,129	40,808	39,403	40,137	39,556
Provision for/(benefit from) income taxes	42,166	15,106	15,181	1,441	(1,516)	27,060	28,341
Depreciation expense	125,724	94,216	28,928	30,609	34,679	31,508	29,172
Amortization of intangible assets	133,204	98,397	32,562	32,743	33,092	34,807	35,905
Earnings before interest, taxes, depreciation, and amortization ("EBITDA")	561,728	374,678	197,529	63,060	114,089	187,050	203,649
Non-GAAP adjustments:							
Restructuring related and other	99,352	80,215	(5,050)	42,708	42,557	19,137	15,557
Financing and other transaction costs	28,037	7,195	1,842	3,619	1,734	20,842	8,605
Deferred (gain)/loss on derivative instruments	(6,901)	(4,969)	(5,926)	(4,927)	5,884	(1,932)	(2,440)
Adjusted EBITDA	**$ 682,216**	**$ 457,119**	**$ 188,395**	**$ 104,460**	**$ 164,264**	**$ 225,097**	**$ 225,371**

1 – Last twelve months (“LTM”)

Other GAAP to non-GAAP Reconciliations – Q3-2020

$ in thousands	Q3-2020										
Total Sensata	**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)	**$ (530,255)**	**$ 258,058**	**$ (75,747)**	**$ (32,562)**	**$ 10,519**	**$ 126,845**	**$ (44,129)**	**$ 9,194**	**$ 91,910**	**$ (15,181)**	**$ 76,729**
Non-GAAP adjustments:											
Restructuring related and other	—	—	5,530	—	(11,085)	(5,555)	—	505	(5,050)	10,042	4,992
Financing and transaction costs	—	—	1,276	—	566	1,842	—	—	1,842	—	1,842
Deferred loss/(gain) on commodity and other derivative instruments	212	212	—	—	—	212	—	(6,138)	(5,926)	—	(5,926)
Step-up depreciation and amortization	534	534	—	30,933	—	31,467	—	—	31,467	—	31,467
Amortization of debt issuance costs	—	—	—	—	—	—	1,763	—	1,763	—	1,763
Deferred income tax and other tax related	—	—	—	—	—	—	—	—	—	(7,272)	(7,272)
Total adjustments	746	746	6,806	30,933	(10,519)	27,966	1,763	(5,633)	24,096	2,770	26,866
Adjusted (non-GAAP)	**$ (529,509)**	**$ 258,804**	**$ (68,941)**	**$ (1,629)**	**$ —**	**$ 154,811**	**$ (42,366)**	**$ 3,561**	**$ 116,006**	**$ (12,411)**	**$ 103,595**

$ in thousands	Q3-2019										
Total Sensata	**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)	**$ (554,910)**	**$ 294,805**	**$ (68,158)**	**$ (35,905)**	**$ (6,421)**	**$ 146,132**	**$ (39,556)**	**$ (7,560)**	**$ 99,016**	**$ (28,341)**	**$ 70,675**
Non-GAAP adjustments:											
Restructuring related and other	8,129	8,129	1,671	—	5,757	15,557	—	—	15,557	(700)	14,857
Financing and transaction costs	—	—	2,809	—	664	3,473	—	5,132	8,605	—	8,605
Deferred gain on commodity and other derivative instruments	(654)	(654)	—	—	—	(654)	—	(1,786)	(2,440)	—	(2,440)
Step-up depreciation and amortization	751	751	—	34,215	—	34,966	—	—	34,966	—	34,966
Amortization of debt issuance costs	—	—	—	—	—	—	1,855	—	1,855	—	1,855
Deferred income tax and other tax related	—	—	—	—	—	—	—	—	—	16,040	16,040
Total adjustments	8,226	8,226	4,480	34,215	6,421	53,342	1,855	3,346	58,543	15,340	73,883
Adjusted (non-GAAP)	**$ (546,684)**	**$ 303,031**	**$ (63,678)**	**$ (1,690)**	**$ —**	**$ 199,474**	**$ (37,701)**	**$ (4,214)**	**$ 157,559**	**$ (13,001)**	**$ 144,558**

Other GAAP to non-GAAP Reconciliations – Q3 YTD 2020

$ in thousands

Total Sensata	Q3 YTD 2020 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)	**$ (1,509,104)**	**$ 629,983**	**$ (217,698)**	**$ (98,397)**	**$ (32,197)**	**$ 183,576**	**$ (124,340)**	**$ (1,511)**	**$ 57,725**	**$ (15,106)**	**$ 42,619**
Non-GAAP adjustments:											
Restructuring related and other	34,811	34,811	15,184	—	29,046	79,041	—	6,074	85,115	(8,337)	76,778
Financing and transaction costs	—	—	4,044	—	3,151	7,195	—	—	7,195	—	7,195
Deferred loss/(gain) on commodity and other derivative instruments	1,021	1,021	—	—	—	1,021	—	(5,990)	(4,969)	—	(4,969)
Step-up depreciation and amortization	2,239	2,239	—	93,396	—	95,635	—	—	95,635	—	95,635
Amortization of debt issuance costs	—	—	—	—	—	—	5,026	—	5,026	—	5,026
Deferred income tax and other tax related	—	—	—	—	—	—	—	—	—	(7,803)	(7,803)
Total adjustments	38,071	38,071	19,228	93,396	32,197	182,892	5,026	84	188,002	(16,140)	171,862
Adjusted (non-GAAP)	**$ (1,471,033)**	**$ 668,054**	**$ (198,470)**	**$ (5,001)**	**$ —**	**$ 366,468**	**$ (119,314)**	**$ (1,427)**	**$ 245,727**	**$ (31,246)**	**$ 214,481**

$ in thousands

Total Sensata	Q3 YTD 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)	**$ (1,710,951)**	**$ 892,989**	**$ (210,733)**	**$ (108,079)**	**$ (28,040)**	**$ 436,167**	**$ (118,417)**	**$ (7,925)**	**$ 309,825**	**$ (80,649)**	**$ 229,176**
Non-GAAP adjustments:											
Restructuring related and other	16,515	16,515	5,121	—	23,280	44,916	—	—	44,916	(1,500)	43,416
Financing and transaction costs	—	—	3,309	—	4,760	8,069	—	5,940	14,009	—	14,009
Deferred gain on commodity and other derivative instruments	(1,753)	(1,753)	—	—	—	(1,753)	—	(2,807)	(4,560)	—	(4,560)
Step-up depreciation and amortization	2,776	2,776	—	102,988	—	105,764	—	—	105,764	—	105,764
Amortization of debt issuance costs	—	—	—	—	—	—	5,573	—	5,573	—	5,573
Deferred income tax and other tax related	—	—	—	—	—	—	—	—	—	40,839	40,839
Total adjustments	17,538	17,538	8,430	102,988	28,040	156,996	5,573	3,133	165,702	39,339	205,041
Adjusted (non-GAAP)	**$ (1,693,413)**	**$ 910,527**	**$ (202,303)**	**$ (5,091)**	**$ —**	**$ 593,163**	**$ (112,844)**	**$ (4,792)**	**$ 475,527**	**$ (41,310)**	**$ 434,217**

Organic Revenue Growth

	Q3-2020				
	Reported % Change (GAAP)	Less: FX Impact	Constant Currency % Change (non-GAAP)	Less: Acquisition & Divestitures, net	Organic Growth/(Decline) (non-GAAP)
Performance Sensing	**(7.6%)**	0.3%	**(7.9%)**	—%	**(7.9%)**
Sensing Solutions	**(6.2%)**	0.2%	**(6.4%)**	—%	**(6.4%)**
Sensata Total	**(7.2%)**	0.3%	**(7.5%)**	—%	**(7.5%)**

	Q3 YTD 2020				
	Reported % Change (GAAP)	Less: FX Impact	Constant Currency % Change (non-GAAP)	Less: Acquisition & Divestitures, net	Organic Growth/(Decline) (non-GAAP)
Performance Sensing	**(19.8%)**	(0.5%)	**(19.3%)**	—%	**(19.3%)**
Sensing Solutions	**(12.5%)**	(0.3%)	**(12.2%)**	—%	**(12.2%)**
Sensata Total	**(17.9%)**	(0.5%)	**(17.4%)**	—%	**(17.4%)**

Free Cash Flow

$ in thousands	Q3			Q3 YTD		
Total Sensata	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Net cash provided by operating activities	**$ 123,066**	**$ 181,361**	**(32.1%)**	**$ 293,338**	**$ 433,527**	**(32.3%)**
Additions to property, plant and equipment and capitalized software	(23,242)	(41,657)	44.2%	(79,939)	(123,206)	35.1%
Free cash flow	**$ 99,824**	**$ 139,704**	**(28.5%)**	**$ 213,399**	**$ 310,321**	**(31.2%)**

Net Debt and Net Leverage Ratio

$ in thousands

Total Sensata	As of 9/30/2020	6/30/2020	3/31/2020	12/31/2019
Current portion of long-term debt, finance lease and other financing obligations	$ 7,049	$ 407,042	$ 7,095	$ 6,918
Finance lease and other financing obligations, less current portion	28,360	28,243	28,280	28,810
Long-term debt, net	3,963,076	3,220,833	3,220,359	3,219,885
Total debt, finance lease and other financing obligations	**3,998,485**	**3,656,118**	**3,255,734**	**3,255,613**
Less: Discount	(10,143)	(10,681)	(11,220)	(11,758)
Less: Deferred financing costs	(29,404)	(22,266)	(23,359)	(24,452)
Total gross indebtedness	4,038,032	3,689,065	3,290,313	3,291,823
Less: Cash and cash equivalents	1,610,191	1,242,949	802,971	774,119
Net debt	**$ 2,427,841**	**$ 2,446,116**	**$ 2,487,342**	**$ 2,517,704**
Adjusted EBITDA (LTM)	$ 682,216	$ 719,192	$ 845,933	$ 900,137
Net leverage ratio	**3.6**	**3.4**	**2.9**	**2.8**

Adjusted Taxes and Adjusted Tax Rate

$ in thousands	Q3		Q3 YTD	
Total Sensata	**2020**	**2019**	**2020**	**2019**
Provision for income taxes	**$ 15,181**	**$ 28,341**	**$ 15,106**	**$ 80,649**
Non-GAAP adjustments:				
Deferred income tax and other tax (benefit)/expense	(7,272)	16,040	(7,803)	40,839
Current tax effect of non-GAAP adjustments	10,042	(700)	(8,337)	(1,500)
Adjusted taxes	**$ 12,411**	**$ 13,001**	**$ 31,246**	**$ 41,310**
Adjusted income before taxes	$ 116,006	$ 157,559	$ 245,727	$ 475,527
Adjusted tax rate	**10.7 %**	**8.3 %**	**12.7 %**	**8.7 %**