

Sensata Acquiring Xirgo Technologies

February 12, 2021

Forward-Looking Statements

Safe Harbor Statement

This presentation 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 presentation, 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.

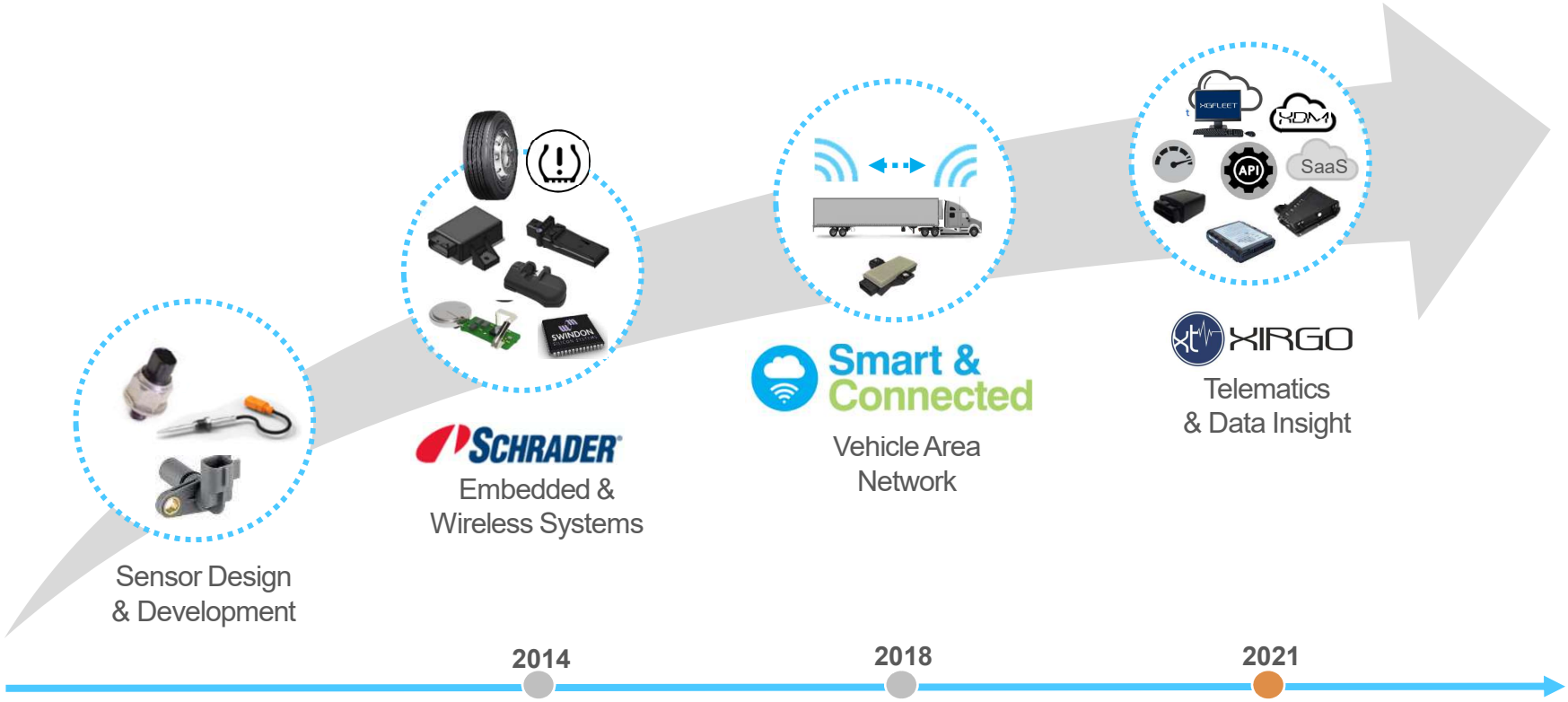
Sensata acquiring Xirgo Technologies for $400M



- Leading telematics and data insight provider across transportation and logistics verticals
- 2021E full year revenue expected to exceed $100M and grow 20%+ per year over the next several years driven by substantial new business wins
- ~50% gross margins and ~25% EBITDA margins with low capex
- 160+ employees; 75+ engineers
- Locations in California, Minnesota, Lithuania

- Propels Sensata's Smart & Connected initiative going after $6B fleet and $1B OEM market into light-duty vehicles, cargo, and containers; expanding the addressable market to $15B
- Brings complementary capabilities that meaningfully extend Sensata's initial full-stack solution for S&C to serve fleet manager needs
- Moves Sensata beyond vehicle OEM customer base to engage with broader fleet ecosystem

Xirgo establishes the foundation for the next phase towards becoming a data insight provider for fleet managers



Enables multiple long-term growth vectors

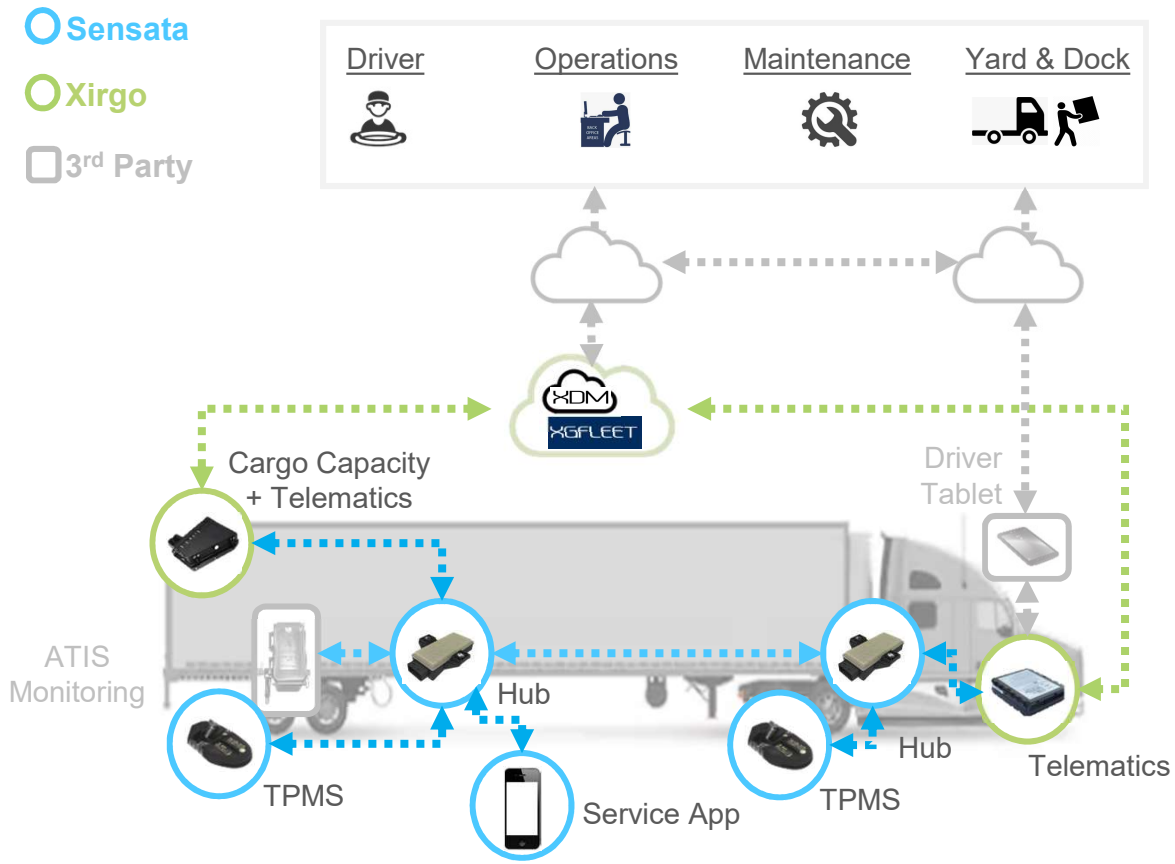
- Migrate to higher quality, recurring SaaS/DaaS-based revenue model over time
- Many additional high-value sensing applications and sources of data insight can be sold into customer base and partner ecosystem

Xirgo offers a broad array of complementary capabilities that meaningfully extend Sensata's initial full-stack solution for S&C

	Sensata	Xirgo		
Data Insight Services	Full-Stack Launch in Q4 '20	SaaS Software-as-a-Service	Data-as-a-Service	Parameter ID Licensing for on board diagnostics
Cloud Platform		Cloud Applications & Middleware	Device Management	Software Development and Firmware
Telematics & Asset Tracking Devices		Vehicle Telematics	Asset Tracking	Container Control
Vehicle Area Network	Smart & Connected	n.a.		
Sensing		Trailer Cargo Capacity	Dashcam Video	Pallet sensors

An example of the combined portfolio illustrates a compelling offering to address fleet ecosystem needs

Illustrative Heavy-Duty Vehicle Example of Sensata + Xirgo



- Sensing portfolio collects high value data (e.g. cargo capacity, TPMS)
- Vehicle area network enables truck-to-trailer link and 3rd party system integration (e.g. ATIS)
- Telematics devices collect vehicle data and transmit/receive to/from the cloud and/or in-cab displays
- Cloud platform remotely manages devices while processing and distributing data via APIs to 3rd party solution providers
- Fleet managers receive the right actionable data in the right place (e.g. web portal, email notifications, etc.)

Note: ATIS = automatic tire inflation system; TPMS = tire pressure monitoring sensors

Xirgo expands Sensata's Smart & Connected addressable market to $15B

Total available market in 2030 for NA/EU

Cargo & Containers







$0B

$5B

Before

+ Xirgo

Heavy-Duty Vehicle

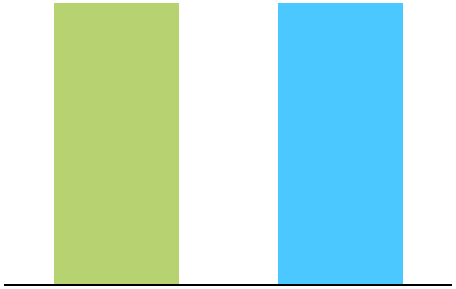


Smart & Connected



$7B

$7B



Before*

+ Xirgo

Light-Duty Vehicle





$0B

$3B

Before

+ Xirgo

*Includes $1B OEM and $6B Fleet Smart & Connected addressable markets

Xirgo brings a customer base of leading channel partners and fleet managers to complement Sensata's Tier-1 and OEM heritage

Tier-1s → OEMs → Channel Partners → Fleet Managers

Sensata Customers

Cummins, Thermo King, Knorr Bremse, Carrier, Haldex, Allison Transmission, Hendrickson, Bosch, Delphi, Denso, Volvo, Freightliner, DAF, Kenworth, Peterbilt, MAN, Western Star, Scania, Krone, Iveco, International, Isuzu Trucks, Detroit, GM, Ford, BMW, Toyota, Volkswagen, FCA (Fiat Chrysler Automobiles), Tesla

Xirgo Customers

AT&T, Verizon, CalLPass, agilis systems, Spireon, One Step GPS, amazon, FedEx, Walmart, Schneider, Progressive, Maersk

Deal summary

Transaction Overview

- Sensata to acquire 100% of the shares from private equity firm HKW and other shareholders
- $400M purchase price
- Using available cash on hand
- Represents 16.0x 2021E EBITDA
- Accretive $0.08 to $0.10 to Sensata's adjusted earnings per share for 2021
- Targeting mid-March closing, pending regulatory approval and customary closing conditions



- Acquisition strengthens Sensata's position as a data insight provider across transportation and logistics end-markets
- Acquisition will significantly accelerate Sensata's growth in Smart & Connected and IoT