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PRESENTATION

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Hello, I'm Jacob Sayer, Vice President of Finance and Head of Sensata's Investor Relations. I'd like to welcome you today to our teach-In on Sensata's efforts in electrification. As a mega trend impacting many, if not all of our customers, the trend towards more electrified solutions is of critical importance to Sensata as we help our customers solve their mission-critical, hard-to-do sensing and electrical protection engineering challenges. Today's teach-in will cover some of the market drivers pushing electrification forward, the large and fast-growing size of the addressable markets, the components, systems and energy storage solutions that Sensata offers and we'll cover several use cases where you'll find Sensata's products, solving our customers' electrification challenges.

This webcast and the associated audio call are being recorded and a replay will be available after the conclusion of today's event. We'll take questions from the sell-side analysts on the audio call after the conclusion of our prepared remarks.

As we begin, I would like to reference Sensata's safe harbor statement. During this webcast, we will make forward-looking statements regarding future events and the financial performance of the company that involve certain risks and uncertainties. The company's actual results may differ materially from the projections described today. Factors that might cause such differences include, but are not limited to, those discussed in our 10-Q and 10-K as well as other subsequent filings with the SEC.

Joining me on today's webcast are Jeff Cote, Sensata's CEO and President; Juan Picon, Executive Vice President and Head of Sensata's Automotive business; and Vineet Nargolwala, Executive Vice President and Head of Sensata's Sensing Solutions and Heavy Vehicle off-road businesses. Now I'd like to turn the call over to Sensata's CEO and President, Jeff Cote.

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Thank you, Jacob, and welcome, everyone, to Sensata's teach-in focused on electrification. We are here to talk about our rapidly expanding position in this fast-growing area, a trend that we are very excited about because it represents a major driver of our long-term growth.

First, a quick introduction to our company for those who may be new to our story. Sensata is a global industrial technology company with 100-plus years of design and innovation expertise in mission-critical, sensor-rich solutions. We have a strong legacy of designing and manufacturing mission-critical sensors and electrical protection, helping our customers solve their most difficult product and solution development challenges.

More and more, we are extending beyond components into subsystems and software to deliver valuable insight for our customers. We focus on high-value applications in high-growth markets, and we have a long history of continuous improvement that allows us to generate differentiated margins. We serve a variety of customers in automotive, heavy vehicle off-road, aerospace and industrial markets, such as smart buildings and factories, clean energy and other diversified industrials.

We benefit from several trends such as requirements for safer and more energy-efficient systems. The electrification of equipment to reduce CO2 emissions and the desire for more data and insights, which also improves safety and efficiency of high-value equipment. These trends drive long-term secular growth for Sensata. As the world seeks to combat climate change by reducing CO2 emissions, electrification applications are expanding exponentially across the end markets and industries that Sensata serves. This represents an enormous opportunity for us as a company. The

combination of reduced battery costs, consumer preference for green solutions and broad-based global government regulations, incentives and investments in new infrastructure is creating large and fast-growing addressable markets for Sensata, expected to be $15 million by 2030.

Sensata is uniquely positioned to assist our customers as they transform their businesses to meet these changing market dynamics. Our capabilities range from component-level products for customers able to invest in their own product development to subsystems, more complete turnkey solutions for those looking for partners to assist them in this process.

As a result, we expect our existing $260 million in revenue in the area of electrification to grow faster than the market at over 50% annually as we improve our market share and grow our electrification business to $2 billion by 2026 through both organic means and through targeted acquisitions.

Now let's look a bit more closely at what's driving the shift to electrification and accelerating market growth, it starts with concerns over greenhouse gas emissions, energy generation, industrial production and transportation generate over half the greenhouse gas emissions and among the leading causes of climate change according to the EPA. In the United States, transportation became the leading source of greenhouse gas emissions in 2017. Technologies have been advancing and battery cell and pack costs have been declining rapidly and this is expected to continue enabling the shift to electrification. The total cost of ownership of a battery electric vehicle is already equivalent to the cost of owning an internal combustion engine vehicle over its lifetime. The cost is expected to further decline in the coming years as volumes grow.

These trends also enable the electrification of other industries including heavy vehicles, specialty transportation and the grid modernization required to support this trend. The shift to electrification is being driven by increased regulation around the globe as governments seek to lower emissions and incentivize consumers to shift to cleaner, greener forms of energy. Most recently, the EPA raised the fuel economy average for light vehicle fleet in the United States to 55 miles per gallon on average by 2026, up from 43 miles per gallon previously.

Additionally, many smaller jurisdictions, including cities across Europe, are considering laws to remove internal combustion vehicles from their streets to reduce local pollution. Further, global industrial governing bodies are looking to regulate their members to lower emissions, including governing aircraft and marine vessels. And finally, electrification adoption is accelerating because necessary supporting infrastructure is being addressed through private and public investment.

Electrify America, which is funded by Volkswagen is investing $2 billion in the United States. Additionally, the recently passed United States Infrastructure Bill contains another $7.5 billion in charging station investments to ease the transition to greener solutions. Fundamentally, the industry Sensata serves will see more change in the next 10 years as a result of electrification than they have seen in the past 40 with over half the bus fleets, 34% of light vehicles and 15% of heavy trucks electrifying by 2030.

This wasn't always expected to be the case. Just a few years ago, the IHS forecast for battery electric vehicle penetration was less than 2% long term. These expectations have grown every year. And even with battery electric vehicles representing just 6% of light vehicles last year, current expectations are for 21% of vehicles produced to be full battery electric by 2026, 34% by 2030 and 46% by 2034. Also key to improving the environment and reducing greenhouse gases is how we generate all the electricity, these electric cars, buses, trucks and other equipment will use.

Thankfully, since 2015, most new power generation being installed has been from renewable sources. And as of 2019, 70% of new power generation installed was using renewable sources. This creates a further need for grid modernization and distributed energy storage in order to bridge the time periods between when electricity is being generated by these renewable sources to when it's being used.

Sensata has been preparing actively for this transformation. We have assembled an impressive collection of capabilities to serve the electrification needs of our customers through both increased investments in organic efforts as well as through acquisitions. Our strategy is to offer a broad range of components as well as subsystems or full turnkey solutions depending on customer need. Over the past 4 years, we have made strategic investments in core capabilities, including the acquisitions of GIGAVAC, Lithium Balance, Spear Power Systems, Sendyne and our joint venture with Churod Electronics. As a result, we now offer components to complete turnkey solutions for stationary and e-mobility energy storage applications. We will continue to expand our capabilities through bolt-on acquisitions and joint ventures to expand our product portfolio and address specific market sectors.

Now I want to take a closer look at the size and growth potential of the markets we're talking about in the area of electrification. Our addressable market for components is nearly $1.2 billion today, growing to $5 billion by 2030. Our addressable market for battery management subsystems and high-voltage charging systems is nearly $1 billion today, growing to $2 billion by 2030. and our addressable market for full energy storage solutions is $1.5 billion today, growing to $8 billion by 2030. In total, our electrification addressable market is estimated at $3.6 billion today, growing at over 17% per year to $15 billion by 2030.

Sensata wins in electrification due to our long-standing customer relationships, our unique technologies, products and solutions, engineering capabilities, manufacturing know-how, global scale and supply chain. Moreover, we have demonstrated our ability to succeed already with over 40% of our new business wins in the past 2 years in the area of electrification and a pipeline of future potential business wins representing $1 billion in annual revenue.

Now I'd like to introduce Juan Picon, Executive Vice President at Sensata and Head of our Global Automotive business to discuss electrification products and capabilities in more detail. Juan?

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

Thank you, Jeff. Sensata has long been a leader in sensor-rich areas where customers need insights into the functioning of their systems and electrical protection for a wide range of devices and systems. Jeff has described many of the drivers for the growth in electrification and the market opportunities in front of us. I will describe the challenges our customers face, the unique advantages that Sensata brings and then I'll describe the product set we offer customers to help them solve their mission-critical electrification design challenges. These products include components, battery management and power distribution subsystems as well as full energy storage solutions. As customers seek to address the electrification trends impacting our businesses, they have demanding requirements that are mission-critical and hard-to-do.

For instance, high-voltage designs are required to increase operating time and reduce charging time. This results in very significant safety needs and unique design challenges. These designs need to be upgraded quickly to improve performance, quality and manufacturability. These are reasons why customers want to work with trusted partners. These partners need to have deep electrical systems design expertise to help them create safe and effective solutions. They also need to be able to provide robust global high-quality manufacturing support.

As Jeff mentioned, Sensata wins in electrification due to our long-standing customer relationships, our unique technologies, products and solutions, engineering capabilities, manufacturing know-how, global scale and supply chain. Therefore, Sensata is uniquely positioned to help our customers make this transition. As proof points, I would like to mention that we have assembled key high-voltage intellectual property and engineering expertise. We have decades of application knowledge. Our product designs are modular. They can be easily configured to customers' requirements and have road maps to enable continual improvement for our designs as well as for customers' future products. Sensata has a global network of high-quality manufacturing sites in low-cost regions with the ability to scale quickly and serve customers globally from multiple locations. Finally, our multi-decade customer relationships have proven Sensata to be a trusted partner time and again.

Now let's take a closer look at our products in this area. We'll begin with our propulsion agnostic components. These are used in all vehicles, whether internal combustion engine or battery electric. We have 3 types of products here. First are the thermal management pressure sensors. We provide pressure-only sensors to optimize the thermal system performance and ensure it is operating safely. For the sake of expediency, many first-generation EVs carry over the traditional thermal system with the same pressure sensor.

Second are the tire pression sensors. We are building on our industry-leading tire pressure monitoring systems to serve the unique needs of electric vehicles. The value proposition of tire pressure sensors is even stronger in battery electric vehicles, given the range implications. And third are the brake pressure sensors. These are currently using pneumatic braking systems that carry over into the first generation of battery electric vehicles. The total value of these propulsion-agnostic components can be as high as $35 and the total potential value climbs to $100 on a large heavy truck.

We also offer a portfolio of high-voltage components to meet increasing electrification requirements. Our solutions are aligned to mission-critical challenging applications in the EVs, where we bring differentiated solutions. For instance, contactors and fuses are critical to the safe operation of the vehicle. With our acquisition of GIGAVAC and the recent joint venture with Churod, our products meet the current and future electrical safety

demands of EV customers, both in light vehicles as well as heavy commercial vehicles. Our recent acquisition of Sendyne extends our current sensing and isolation monitoring device portfolio to address the needs of e-mobility and other high-voltage industrial customers. PyroTactors are another class of high-voltage safety-oriented components that quickly disconnect the battery pack from vehicle systems or the chassis in the event of an accident or other dangerous situations. Finally, the e-motor position sensors are engineered for the high precision requirements of switching between propulsion and power generation.

As we move into the electric motor itself, new sensing opportunities are created that improve the performance of next-generation electric motors. Pressure, temperature and rotor position sensors inside the motor help modulate performance, increase in safety and improving operating efficiency, which also increases vehicle range. The total value of these EV specific components can be as high as $430 on an EV and the opportunity value of these components climbs to many thousands of dollars on a large electrified heavy truck. As we contemplate future EV designs, several systems initially used in internal combustion engine vehicles are being upgraded for greater efficiency in next-generation EVs. Sensata is helping drive these upgrades through enhanced sensor packages that enable better performance.

Let me mention 3 upgrades. First is the pressure and temperature sensors for next-generation thermal management systems that utilize heat pump architectures to maximize the system efficiency and address the thermal demand of the cabin, electrical subsystems and the battery. Second, with our tire management systems in addition to pressure we are also capable to acquire information and insights from the tires such as lining temperature, tread depth and vehicle load, which is critical to help drive increased safety, efficiency and range of electric vehicles. And third, as the industry leader in pressure sensors used in braking systems today, we have a portfolio of pressure and force sensors used in electromechanical breaking that meets the needs of future EVs.

Electromechanical breaking for EVs is superior to traditional pneumatic systems, improving safety, breaking performance and vehicle range. The total value of these upgraded EV-specific components can be as high as $100 on an EV or an additional $65 when compared to the total value of the initial carryover components.

Beyond passenger vehicles, there is a significant growth opportunity for more ruggedized versions of our components in heavy commercial electric vehicles and industrial applications. Heavy commercial and industrial vehicles encounter complex requirements on their electrification path that are often different than those of passenger vehicles frequently requiring not just components, but also more integrated systems and solutions. Because these customers produce lower volumes than the auto manufacturers, they often cannot support the in-house development of electrical subsystems, and these OEMs lack tier support and other resources to design their own electric systems.

For instance, heavy vehicles and motorcycle OEMs are using battery management subsystems to create their charging and energy storage solutions. Our battery management subsystems are ideal for a full range of applications that require flexibility and customization of different charging profiles. These robust systems are certified solutions with built-in functional safety and quality with a customizable software application layer. Many electrification applications require the conversion of power from direct current to alternating current in order to power devices directly from batteries. This is an important requirement to thousands of applications around the world, including energy backup, grid tide and off-grid power, marine and military users, renewable energy, RVs and work trucks. Customers serving these markets rely on Sensata's pure sign and older power conversion inverters to safely maintain steady and reliable power.

Sensata's high-voltage distribution units are system-level solutions that enable customers to electrify their applications. These solutions might take the form of power distribution units, DC charging units or battery disconnect units, depending on the specific application. Thanks to our Lithium Balance acquisition, Sensata can now combine the battery management system or control system with various components such as contactors, fuses and current sensors to form a complete charging solution. Our flexible design approach promotes customized solutions even at low volumes. Heavy vehicles and other industrial OEMs are seeking ever increasing amounts of energy to power their solutions. Sensata pairs, operates and controls all components in the distribution unit while optimizing the layout to minimize weight and volume and meet customer power requirements.

For specialty energy storage applications on land, sea and in the air, Sensata offers complete energy storage solutions that combine our high-voltage distribution units, battery management systems and energy management software with third-party lithium-ion battery packs to safely store, scale and manage large amounts of energy. These solutions are used in material handling and other industrial applications, marine electrification, aviation

and aerospace and grid decentralization, including stationary commercial and industrial energy storage. Sensata's turnkey energy storage solutions offer high energy density, modular architectures, lightweight and extreme safety and reliability.

In conclusion, Sensata's unique advantages help our customers address their electrification needs and solve their mission-critical design challenges. For those customers, who are looking for cutting-edge components, we are leading them into the future. For those customers who need a design partner, we also offer the capability to design battery management subsystems or high-voltage power distribution units. And finally, we can also combine all these components and subsystems into highly robust battery energy storage solutions for specialty transportation or stationary terrestrial energy storage. The market opportunity aligned with our capabilities is tremendously exciting. And it provides us line of sight and confidence in the growth and business size that Jeff discussed.

Now let me introduce Vineet Nargolwala, Executive Vice President and Head of our Sensing Solutions and Heavy Vehicle off-road businesses, who will discuss our content per vehicle in automotive EVs and several other electrification case studies where we win.

Vineet A. Nargolwala - *Sensata Technologies Holding plc - EVP of Sensing Solutions*

Thank you, Juan, and I'm pleased to be here to be part of the teach-in. What I'm going to talk about is connecting the products and solutions Juan described to the problems we are solving for our customers in various end markets from automotive to aerospace. The starting point is that the rising wave of electrification in vehicles is being matched by equally strong disruption on the infrastructure side. This is creating significant opportunities for new products and solutions as we migrate away from fossil fuels and increase the adoption of all forms of cleaner energy. Indeed, the desire to electrify and decarbonize is impacting all industrial and mobility markets from passenger cars to heavy trucks to industrial infrastructure and the power grid.

Let's first look at the electrification opportunity in front of our automotive business. As a result of the products that Juan described, we've built a significant opportunity pipeline and have been awarded a record number of design wins. This is proof that our strategy is working, and we are on a path to double our content on an EV compared to that of an internal combustion vehicle within 5 years. Already, EVs represent a higher content opportunity for Sensata. Over the past 2 years, over 40% of our automotive new business wins have been for future electrified vehicles. Not only do we see higher value of our solutions for hybrid and electric drivetrains, but we also get significant additional content as EVs become more sophisticated and other applications are upgraded in future designs.

Leading global OEMs depend on Sensata for sensing and electrical protection. We have been awarded design wins with all the OEMs shown here. Both established players and new entrants seek out Sensata as their partner, as the tidal wave of electrification in passenger cars provides opportunities for many successful stories.

Our customers are trying to balance the need to both optimize their internal combustion vehicles and launch new EVs, and Sensata is here for them. The next few years will bring a tipping point with a decline in the production of internal combustion vehicles offset by growth in production of hybrid and fully electric vehicles. Sensata's robust and growing portfolio of components for EVs positions us well to navigate this transition for our customers. The combination of rapid growth in production of EVs and the increasing content will drive approximately 50% annual growth in automotive electrification revenues for Sensata over the next 5 years.

Moving to heavy and off-road vehicles. The opportunity for Sensata with the transition to electrification is immense. The applications at a component level are like that in passenger cars, and in addition, heavy vehicles operate at a megawatt power level, requiring much more robust solutions with higher overall value. While the electrification of heavy vehicles will happen at a slower pace compared to light vehicles and other drivetrain options such as fuel cells will also play a role. Sensata's content opportunity in electrified heavy vehicles can be 10x as high as traditional diesel platforms equating to thousands of dollars per truck. This is especially true when we add in the subsystem level opportunities that Juan discussed.

Next, let me talk about DC fast charging. This is a fast-growing segment and one that is critical to support the massive growth in EVs. Typical requirements call for 50-kilowatt to 1-megawatt fast charging at high currents to shortened charge times. To meet this need, we provide paired contactor and fuse solutions that enable less than 3-millisecond disconnect and seamless overcurrent and short circuit protection to protect people,

their vehicles and charging systems from overloading. This enables DC fast charging to be safer and more widespread enabling the growth of EVs. Our content opportunity in DC fast chargers can be as high as $400 per charging station.

Another segment we are excited about is marine. This segment is subject to some of the same stringent emissions requirements as passenger cars and heavy trucks, but with added challenges to comply. Energy storage in this environment is safety-critical because a fire on board a vessel whether at sea or in port can be catastrophic. In addition, significant space and weight constraints require high energy density levels. Solutions here much withstand moisture, salt, oil and high vibration levels over the vessel's lifetime. We offer a comprehensive solution, including energy storage, battery management software and high-voltage distribution units. And the recent acquisition of Spear Power adds innovative energy storage solutions that have been successfully tested in the field. Sensata is now engaged in several major programs to upgrade marine vessels with battery electric power and the opportunity can be as high as $5 million per vessel.

Electrification of the material handling sector is another expanding opportunity for Sensata, one that has a clear return on investment for our customers. In this segment, many vehicles are already electrified using lead acid batteries, but the adoption of lithium-ion batteries is increasing rapidly due to the many advantages they offer. These include lower charging costs, no warmup or cool down periods between uses, longer cycle life, no maintenance needs and less carbon emissions during production. Again, we offer a comprehensive suite of solutions, including robust battery management, current sensing, and contactors to monitor and maintain the health of the battery pack. For a forklift utilizing these systems, the revenue opportunity could be as high as $300 per unit.

We're also excited about opportunities in the commercial and industrial stationary storage segment that leverages our existing customer channels. The sharp rise in energy demand is stressing energy grids globally. We believe the use of distributed energy storage systems behind the meter allows customers to reduce peak demand off the grid as well as the energy cost. This peak power, which today is served mostly by fossil fuel power plants, will be served in the future by local energy storage systems.

Additionally, as industrial businesses start using renewable energy, energy storage can help manage the time shift between generation and use. This helps with energy resiliency and provide significant reduction in greenhouse gas emissions particularly when paired with on-site solar power generation. We offer a comprehensive portfolio with modular storage solutions, prognostic software and performance data analytics to track energy usage.

Stationary energy storage solutions for medium- to large-scale commercial and industrial applications could generate up to $1 million in revenue per site for Sensata. Electrification is even disrupting the normally slow-to-evolve aerospace industry.

Urban air mobility is an exciting and fast-growing segment, and we are working with key OEMs to develop electrified vertical takeoff and landing vehicles. We have customized our contactors and fuses to meet the small size and low weight requirements of these new vehicles offering a high degree of safety. In aerospace applications, safe and efficient energy solutions are of paramount importance for critical onboard tasks. This is why Blue Origin turned to Sensata's Spear Power to design and develop lithium-ion battery energy storage systems for its next-generation space vehicles, given our extremely robust, energy dense and high safety conscious designs.

In summary, the electrification market for Sensata is large and fast growing, expanding to $15 billion by 2030. Sensata is well positioned as a trusted design partner to OEMs transitioning from fossil fuel to battery electric solutions. And while we see different competitors in different applications and markets, not many can match the mission-critical, hard-to-do nature of what we are solving for with our customers. We have a broad portfolio of components that we have grown organically and through strategic acquisitions that help our customers address their design challenges. We can combine those components into subsystems and full battery energy storage solutions when customers are looking for a turnkey partner. And we bring all the traditional advantages of Sensata to bear on behalf of customers, including deep design and engineering talent, high-volume, high-quality and low-cost manufacturing and long-standing customer relationships with a history of delivering on our promises.

Now I'd like to turn the presentation back over to Jeff for some concluding thoughts.

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Thank you, Vineet. In closing, Sensata addresses electrification trends holistically across all of our markets as these trends are impacting our customers globally. This is expected to be a very fast-growing area for our business. As I said earlier in my remarks, given market growth, new business wins that have accumulated to date, the proposals currently in the pipeline and through further acquisition, we expect our existing $260 million in electrification revenue in 2021 to grow over 50% annually to $2 billion by 2026. Thank you for your attention today. Now please give us a moment to come back together to address your questions.

QUESTIONS AND ANSWERS

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

The first question, I'll pose comes from Jim Suva from Citibank. He writes, this new area seems very attractive and high growth that can be sustainable. Can you talk about the margin profile in that it will be lower than company average during the low volume period at the beginning and then increase over time as EVs and EV autos are produced? Or is it above corporate average margins today and in the long run?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Sure. So I'll take that one, Jim. I appreciate the question. So we've talked about the fact that not only with our electrification products but with all new products that we start as an organization when we're developing new products, they tend to run at slightly lower margin than our overall business. But we do have very specific product innovation and cost roadmaps as well as an expectation that scale will drive those margins to higher levels. So if you recall, we start with targeting the differentiated and the hard-to-do mission-critical applications. And you combine that with the road maps that we put in place, and we're very confident in the long-term margin profile of this very important growth area for us as a company.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Great. The next question comes from Luke Junk with RW Baird. Any color on bridging from the $260 million in electrification revenue in 2021 to $2 billion in 2026, that would be helpful. Specifically, the contributions you're attributing from organic growth versus acquired sales.

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes. I'll address that one as well, Luke. So in our guidance for 2022, we talked about an expectation of 50% growth in our holistic electrification business across the company. So $260 million today growing at 50% in 2022. We would expect that growth rate to continue to $2 billion. But about 3/4 of that will come from organic means, about $1 billion of it from the automotive business, and we can go into more detail if you desire to do so; another $500 million from the rest of our businesses outside of automotive, and we do have an expectation that our very focused M&A-related activity will add another $400 million to $500 million over that period of time. So that's how we get to -- bridge to the $2 billion opportunity set for the company by 2026.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Okay. The next question comes from Joe Giordano with Cowen and Company. Can you describe the exposure profile that you have to high-end EVs versus lower range or cheaper platforms? Maybe that's for you, Juan.

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

So right now, we are -- within the portfolio that we have in electrification, we are addressing a wide range of vehicles that go from the low -- from low-range to high-range type of vehicles. We don't believe that it is a negative impact to the organization the way that growth is distributed. We can tell you that with some of our customers, we are actually in the biggest volumes of platforms that they have. And that actually contributes to the growth that we're going to be delivering over the next 5 years.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Joe also asked, does the incumbency on an internal combustion engine platform for thermal, tire and pressure management help us win business in EVs?

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

So I mean, there's a range of technology that is where we -- we have agnostic technology that goes across all the different type of platforms and definitely help us because we are experts in those technologies, and it's something that we have very good, differentiated technology that allows us to actually compete and win against our competitors. When we add that to the rest of the portfolio and especially the electrical vehicle portfolio, what we have is actually a very significant growth in these future EV platforms that we're talking about. So that allows us to go from $150 million that we had last year to over $1.1 billion that we're going to have in the electrification world within -- by 2026.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

And finally, Joe asked if you could -- if we would review some of the competitors that we see. And maybe the best way to break this up would be in the component level in terms of contactors. And then in the -- Vineet, in the subsystem and system level, what new competitors we see there?

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

Sure. So for us, we see some new competitors because some of these product categories they are new to us. And as we grow, we are seeing competitors on the -- when we talk about, for example, the contactors, we've seen competitors like Hongfa, Panasonic. They are competitors that we never really experienced in that, that well, but I will tell you that we've been in the automotive industry for a long time. The competitive pressures are very similar, and from that perspective, we believe that we're in a very good position to win independently of the fact that these might be new competitors for us within this space.

Vineet A. Nargolwala - *Sensata Technologies Holding plc - EVP of Sensing Solutions*

And Joe, I will add that when you go from components to subsystems and systems, we are finding that because of all the content we can bring, we're easily able to add elements like battery management system or a charging control board and logic and algorithms to help the power distribution unit or the charge box work really well together. And there, we, again, focus on very hard, mission-critical, harsh environment-type applications, which really allow us to differentiate ourselves versus a really fragmented competition base. So everybody from the battery providers who are providing BMS systems to legacy automotive Tier 1s who are also providing power distribution units. So it's a fragmented base, but because of our position from -- strong position from a component standpoint, we're really able to bring it all together and serve our customers.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

The next question comes from Steven Fox from Fox Advisors, and Vineet, I think this is for you as well. He's asking about the energy storage systems for full energy storage solutions driving a very significant increase in SAM from where we are today until 2030, up to $8 billion in 2030. He is asking what are the top 2 or 3 growth drivers that's driving that SAM upward? And why do we feel like we have a right to play in this market?

Vineet A. Nargolwala - *Sensata Technologies Holding plc - EVP of Sensing Solutions*

So Steven, thank you for the question. And we are really excited about the growth in the energy storage space, and particularly our ability to play and to win. Now I will tell you that our starting point continues to be our component layer. And as we serve customers with that, we are finding that in certain markets, so let's take a DC fast charging, for example. As we are serving that market actively with components today and we see customers starting to add small storage systems. So if you have multiple cars showing up to a charging bank, the load on the grid doesn't become exorbitant. We see our ability to provide components and storage there as a really strong differentiator.

When you look at industrial commercial applications and you look at the need for distributed energy storage to bridge the divide between ever-increasing demand and continued restrictions on the supply side, we believe that energy storage is going to play a really important role in bridging the divide and also helping with peak shaving. And so we feel that our ability and our position there, with the channels we serve today, the customers we serve today, is really strong, and there's some natural pull for us as we go in with our electrification components to also provide the storage systems. I can repeat this example in other markets such as marine, industrial mobility where we are already serving them really well with components. And now we're adding storage systems to complement that to provide full turnkey solutions to our customers.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

So Steve is also interested in a slightly different topic. It's a little outside of the realm of our teach-in today, but we also announced the acquisition of Elastic M2M earlier today. Jeff, maybe you'd like to comment a little bit on the color and strategic rationale for that transaction?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes, I'd be glad to. I appreciate the question. We've been very clear that our M&A focus is on our 2 growth mega trends around Insights and Electrification. This was a really nice addition to the Insights business that we're building, starting with Xirgo as a platform, the addition of SmartWitness as a high-value component sensor layer, and then with M2M, which brings software and analytics-related expertise to the family. So we're really excited to have that group join us. Our customers are calling for it so that we can offer that full stack solution if they want it. That does not mean that we still don't have opportunities to go to market through other channels through fleet management software companies and so forth. But there are certain customers that would like that capability within the organization. And therefore, M2M brings a really nice niche capability there for us to build the product portfolio.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Great. So next question comes from the line of Shreyas Patel from Wolfe Research. The first question is sort of clarifying in nature. Juan, during your presentation, you mentioned around $430 of content from components that would go into electrification. It might have been a little unclear on our -- in our presentation that, that was the whole vehicle...

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

That's correct.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Rather than just inside the electric motor itself. Is that correct? And then second, Vineet, you touched on it a little bit as well in terms of DC fast charging. Could you expand on our market position in that area, maybe some key customers and competitors that we see?

Vineet A. Nargolwala - *Sensata Technologies Holding plc - EVP of Sensing Solutions*

Sure. So Shreyas, thank you for the question. We are really well positioned in the DC fast charging space and partnered with the leading OEMs, whether in North America or in Europe, as they build out their portfolio and really respond to the spike in demand for charging stations to complement the growth that is happening from an electric vehicle standpoint. So I won't really name names today, but we are partnered with the folks that are benefiting from the Electrify America program as well as those who stand to benefit from the recent Infrastructure Bill and the outlay there to support the build-out of the charging stations. And a similar story in Europe as well, a little bit more fragmented there, but we are partnered with all the leading energy players and the DC fast charging manufacturers who are building out the charging networks in Europe.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

So next question comes from Chris Snyder with UBS, who asks why is the battery electric content per vehicle inflecting so suddenly from 2022 and beyond? Is that due to a lag from the GIGAVAC acquisition awards and revenue? Jeff, it's probably for you.

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes, I'd be glad to address that. So this is a very rapid growing area for us. And as I've mentioned in my prepared comments, it's an area that we've been building capability for the last 4 or 5 years. But just think about it, a couple of years ago, only 2% of the fleet was electrified. Last year, 6% of the fleet was electrifying. By 2026, 21% of the fleet will be electrified. So it's moving very rapidly and we're gaining momentum on this as we go. Remember, over the last 3 years, we've had $550 million of NBO wins in the area of electrification. So although our revenue today is only $260 million, we already have a very big chunk of our goal in one business, and we have over $1 billion of NBO opportunity in 2022. So you can tell, based upon the trend that we've seen, revenue, but also our NBO growth that this is accelerating quite quickly.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

So Chris also asked about the $2 billion in total electrification revenue by 2026. He asked how much of that comes from the existing business versus from M&A? And can we provide any other color with regard to the end markets, where the growth will be -- we're experiencing that kind of growth?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Sure. Yes. So about 3/4 of the $2 billion, we believe, will come from organic effort. And as I just walked through the math, the $260 million current business, the $550 million of one business and then additional opportunities that we'll win over the next couple of years will drive that $1.5 billion of opportunity for us. The other $0.5 billion that we're targeting will come from M&A. We've been, again, very clear that our 2 focus areas for M&A will be around Electrification and will be around Insights. We have a very good pipeline of opportunity across components, subsystems and full turnkey. We have some good examples of M&A-related activity that we've completed over the last several years in all 3 of those categories. And we're very excited about the opportunity that, that will represent to amplify the growth opportunity that we see as a company.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

So the next question comes from Manmohanpreet Singh from JPMorgan, who asked what are the risks associated with the electrification business, maybe in terms of additional new variety of materials that need to be procured, and what are the steps you're taking to mitigate any risk there?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes. So I'll perhaps address some of the risk from a supply chain standpoint and then maybe Juan can touch on some of the risks associated with how we go to market because there are new customers that we're engaging with in this area that are disruptors in the industry. From a supply chain standpoint, again, we've been preparing for this. Some of our growth that we're seeing is from acquired businesses. So they had a supply

chain in place. I think you can imagine that Sensata's core -- one of Sensata's core capabilities is around our operational excellence. So we've been really pouring through that supply chain to make sure that it's very resilient. The last 18 months has really tested many of those suppliers to make sure that they're able to deliver to very tumultuous situations, and we'll continue to work to make sure that those suppliers can go along with Sensata to make sure we're a reliable provider to our customers.

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

Yes, absolutely. Something that is very interesting is that for the first time in a long time in this industry, we are seeing newcomers getting into the space of electrification. That is a great opportunity, obviously, just to keep diversifying the portfolios and the offerings that the market is going to see. The risk is that when you have those opportunities and these projections of volumes over the next 5 or 10 years, it is still too early to identify the winners and losers within this space. So there's going to be a some sort of rationale that we need to apply to the volume projections that we have.

But overall, we believe that the space is growing so fast and it's going to be so big that it's going to give a lot of space for existing OEMs that are moving into the electrification space as well as the new OEMs. We're just going to make sure that because of -- this is a game of volumes, and it has like very -- it's a very capital-intensive industry, those new OEMs can actually withstand the time to be able just to be profitable and be very successful over the next 5, 10 and -- years and beyond. So we're just watching this very carefully, but it's one of the things that, I would say, adds a little bit of risk to the EV growth in the years to come.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

So MP is also asking about our go-to-market strategy in electrification, whether this introduces another layer in terms of needing to add channel partners or if our direct to sale to OEM is still the way that we'll be going.

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes. So it depends on the market, right? So if you're talking about the automotive market or the heavy vehicle market or even the aerospace market, it's largely a B2B type of play. And the interaction, the sales model is not very different. It's still highly engineering focused. It still is a situation where incumbency does matter, their experience base in terms of working with us because they're building very difficult equipment, and they need a partner that can design and engineer along with them. So the sales model is very similar in terms of the OEM market.

The development cycles tend to be a little shorter. In the EV world, they tend to be quicker paced in terms of how our customers need to react. That's really market-driven. Once you extend into the industrial world, it tends to be much broader. It can be OEMs. It can be through integrators and other players in the market. So -- but our core industrial business already has those channels to market. So that's not something new to us, but it is different than the typical model you would see in the automotive and heavy vehicle space.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

The next question comes from David Kelley from Jefferies, who asked whether the $1 billion in revenue that we're expecting in 5 years for the automotive end market, if that's all from components? Or is there a similar subsystem or system-level opportunity, for example, in battery management opportunities that we'll be able to go after similar to the heavy vehicle area?

Juan E. Picon - *Sensata Technologies Holding plc - EVP of Performance Sensing Automotive*

Yes. So most of it is from components and organic for us. There's some opportunities that we're looking at from a subsystem perspective, which will give us an addition to our portfolio, but most of it is going to be component-driven.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

So the next question comes from Michael Filatov of Berenberg. Will there be more incremental annual organic megatrend investment needed on top of the $60 million to $70 million targeted for 2022 to achieve the $2 billion in revenue?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes. So Michael, that's a great question. And I know that we did make a decision during 2022 to invest a bit more incrementally. What we've always said and what we believe is that it will be opportunity-based. And as we see opportunities, we will invest. But we do believe that we need to maintain a differentiated margin profile. So we guided to almost 21% operating income margins. We believe that strongly represents a differentiated portfolio. And we'll be very careful to make sure that the investments that we make are justified based upon the opportunity that we see. But for right now, we're sticking with the range of investment that we've talked about, and we'll continue to give you updates on our commercial success but also investments that we would plan to make. Appreciate the question.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

The next question comes from Mark Delaney from Goldman Sachs, who asked about the time frame necessary to get to the doubling of content within EV from a premium position today. Is the reason it's taking 5 years -- what is the reason it's taking 5 years when there are a lot of other content opportunities that the company has spoken to? Do we need that time to bring products to market in order to get to that higher content level?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

I presume that's speaking to the automotive business. But obviously, there's a very big content opportunity for more than doubling, in many cases 5 or 10x the opportunity than the other. So why don't I address the point on automotive and then Vineet can maybe hit on the opportunity outside of automotive. So we've identified very clearly, we've got a demonstrated 20% uplift from a combustion engine to a battery electric vehicle today. And based upon the new business wins that we've achieved and the ones that we have in the pipeline, we're very confident over that period of time that we'll be able to achieve that doubling of content per vehicle.

And it's a core element of the size of business that we're projecting going forward into 2026. But as you know, in a long-cycle business, these are awards that happen that we sometimes don't see revenue for 3 to 5 years. So it's locked in. We understand what the opportunity is. We're designing the products for those applications. And as those new models come out and as those new models ramp, we remain very confident in our ability to double content.

Vineet A. Nargolwala - *Sensata Technologies Holding plc - EVP of Sensing Solutions*

Yes, Mark. And I would add from a heavy vehicle standpoint, we're really pleased to see our OEMs engaging with us on their next-generation platforms, which are all battery electric. And we see limited volume production runs starting in the mid-, call it, 2025, 2026 time frame, with really some significant volumes towards the end of the decade. When we look at aerospace and urban air mobility, that's a fast-emerging segment. And obviously, a lot of promise there, but it's again towards the end of the decade, but we'll see some limited production runs starting around 2027 time frame. And then from our industrial business and a DC fast charging standpoint, specifically, we're seeing some really tremendous growth and a big take rate as the infrastructure keeps pace with the electric vehicle penetration and growth as well. So more to come on this, but in terms of the production rates, we're seeing some really good growth in all of our other segments as well.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

The next question actually comes from one of our investors, Pawel Kaczmarek with Select Equity, who asked, given the strong growth in electrified revenue over the next 5 years, what's the impact on our company-wide outgrowth targets? Will they change?

Jeffrey J. Cote - *Sensata Technologies Holding plc - President, CEO & Director*

Yes. It's a great question. And the math would suggest that over a period of time, given the opportunity that we're going to see in the area of Electrification, and not even to mention the opportunity in the Insights side, we would expect that, that will drive a higher level of outgrowth to market than we're experiencing today. You know that recently, we guided to a 400 to 600 basis points across the company. Historically, we have guided within each of the end markets that we serve. We felt as though it was more appropriate to think about it as a total company level outgrowth. And so we're right now giving guidance on 2022 where we said was going to be the high end of that 400 to 600 basis point range. And then beyond that, we'll give more insight as we win the business that we need in order to drive to this outcome for us as an organization. Appreciate the question.

Jacob A. Sayer - *Sensata Technologies Holding plc - VP of Finance & CFO of Performance Sensing Gbu*

Thank you. We're just about up on the hour here. So I think we'll conclude the Q&A portion of our presentation. I wanted to thank everyone for tuning in again this afternoon to join us for this electrification teach-in. We appreciate your interest in the electrification growth vector and in Sensata as a whole. This concludes today's webcast. Thank you very much for joining us.