


# SENSATA SECOND QUARTER 2022 EARNINGS PRESENTATION

July 26, 2022

# Forward-Looking Statements and Non-GAAP Measures

## Safe Harbor Statement

This presentation includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by terminology such as "may," "will," "could," "should," "expect," "anticipate," "believe," "estimate," "predict," "project," "forecast," "continue," "intend," "plan," "potential," "opportunity," "guidance," and similar terms or phrases. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives, business and market outlook, megatrends, priorities, growth, shareholder value, capital expenditures, cash flows, demand for products and services, share repurchases, and Sensata's strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. These statements are subject to risks, uncertainties, and other important factors relating to our operations and business environment, and we can give no assurances that these forward-looking statements will prove to be correct.

A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements, including, but not limited to, risks related to public health crises, instability and changes in the global markets, supplier interruption or non-performance, the acquisition or disposition of businesses, adverse conditions or competition in the industries upon which we are dependent, intellectual property, product liability, warranty and recall claims, market acceptance of new product introductions and product innovations, labor disruptions or increased labor costs, and changes in existing environmental or safety laws, regulations, and programs.

Investors and others should carefully consider the foregoing factors and other uncertainties, risks and potential events including, but not limited to, those described in Item 1A: Risk Factors in our most recent Annual Report on Form 10-K and as may be updated from time to time in Item 1A: Risk Factors in our quarterly reports on Form 10-Q or other subsequent filings with the United States ("U.S.") Securities and Exchange Commission (the "SEC"). All such forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update these statements other than as required by law.

## 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.

# Key Performance Highlights

| | |
|---|---|
| **Outgrowth exceeds long-term targets** | • **Strong Q2-22 revenue outgrowth of 650 bps** across all of Sensata exceeded target<br>• Increased investments leading to **new business wins on pace to exceed 2021 record levels;** over half in Megatrend areas<br>• Received **largest new business win** in Sensata's history |
| **Successful M&A supports growth vectors** | • Acquisitions added **280 bps of inorganic Revenue Growth** in Q2-22<br>• Closed **Dynapower** acquisition—a fast-growing leader in power conversion solutions<br>• Divested **Qinex**—a non-core semiconductor test and thermal business |
| **Navigating market disruptions** | • Offsetting component cost inflation through pricing execution<br>• Strong balance sheet, diversified customer base, variable cost structure, differentiated technology and experienced management team allow Sensata to persevere through and emerge stronger following market disruptions |
| **Issued 2021 Sustainability Report** | • **Improving female and racial/ethnic representation** in management roles<br>• Dedicated $3.3M to renewable energy and efficiency capital projects in 2022 |

*Dynapower and Qinex transactions occurred after the end of the quarter.

NEW HIGH VOLTAGE PRODUCT CATEGORY

## High Voltage Junction Boxes

- **Power Distribution Units**
- **DC Charging Units**
- **Battery Disconnect Units**

**Combines technology from across Sensata:**

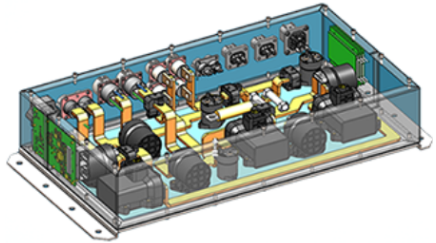
- Multiple Contactors
- Fast disconnect devices
- Current Sensing
- Control Electronics including Battery Management System

# High Voltage: new Electrification product category already producing significant business wins and represents a very large business opportunity

## >$150M

**battery disconnect unit win**

- Largest single design win in Sensata's history
- Unique design solves critical high voltage electrical protection needs for leading NA OEM BEV platforms launching in 2025



## $20M

**megawatt size charging unit win**

- Handling high voltage charging requirements of leading European heavy vehicle OEM

## $11M

**power distribution unit win**

- Solving charging architecture requirements of leading European heavy vehicle OEM

Dollar figures represent expected annual revenue post-launch

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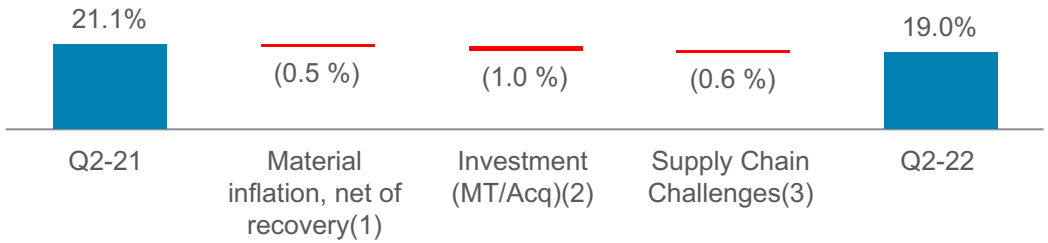
# Q2-22 FINANCIALS AND 2022 FINANCIAL GUIDANCE

# Q2-2022 Financial Summary

| *$ in millions, except EPS* | Q2-2022 | Q2-2021 | B/(W) |
|---|---|---|---|
| Revenue | $1,020.5 | $992.7 | 2.8 % |
| Adjusted Operating Income | $193.8 | $209.3 | (7.4)% |
| *% Revenue* | *19.0%* | *21.1%* | |
| Adjusted Net Income | $129.5 | $151.4 | (14.4)% |
| *% Revenue* | *12.7%* | *15.2%* | |
| Adjusted EPS | $0.83 | $0.95 | (12.6)% |

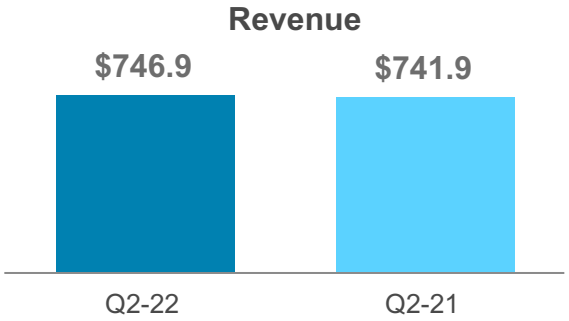
**ADJUSTED OPERATING MARGIN WALK Q2-21 TO Q2-22**

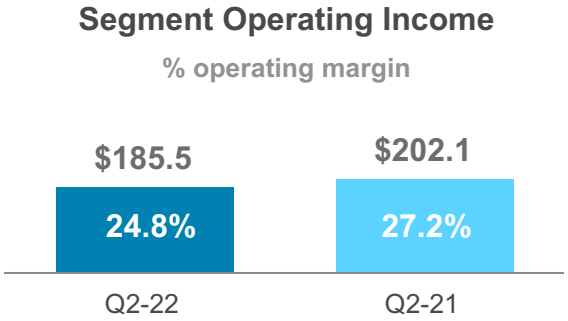



1) Includes inflationary component and logistics costs offset by increased pricing.
2) R&D and Acquisition investments to drive key growth vectors.
3) Includes volumes, productivity, compensation, and FX.

- Revenue growth YoY of 2.8% composed of:
  - Outgrowth of 6.5% offsetting market decline of (0.9%) and Q2-21 inventory build of (3.4%) ($34m) - ($25M Auto | $9M HVOR)
  - Acquisitions increased revenue by 2.8%
  - Foreign exchange decreased revenue by (2.2%)
- Adjusted operating income margin decreased YoY due to:
  - Higher supply chain costs offset by pricing
  - Investments in R&D and acquisitions to power future growth of the business
  - Lower volumes and productivity

# Q2-2022: Performance Sensing



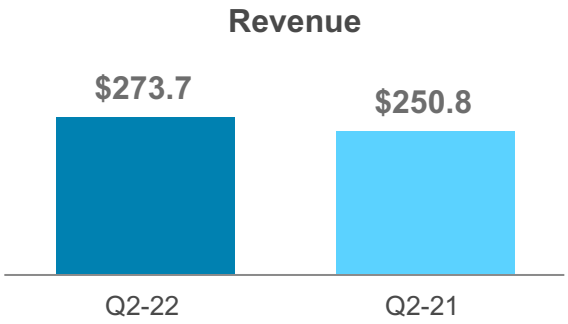



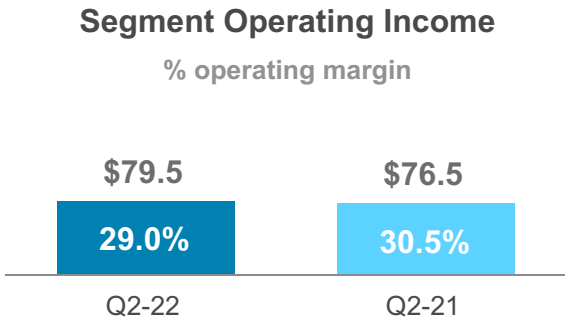

| Q2-22 YoY Revenue Growth | Reported | Organic |
|---|---|---|
| Automotive | (2.3%) | 0.1% |
| Heavy Vehicle, Off-Road | 7.7% | (0.6%) |
| **Performance Sensing** | **0.7%** | **(0.1%)** |

- Foreign exchange (2.2%) negative impact
- Acquisitions 3.0% positive impact

- Automotive revenue decline reflects unfavorable FX, inventory build in Q2-21, timing of product shipments and customer mix partially offset by market growth and pricing
- HVOR revenue growth reflects strong outgrowth, acquisitions, and pricing partially offset by declining market, inventory build in Q2-21, and unfavorable FX
- Segment operating margin declined due to continued supply challenges impacting volume and productivity, higher material and logistics inflation offset by higher pricing, and dilutive impact of acquisitions

# Q2-2022: Sensing Solutions




| Q2-22 YoY Revenue Growth | Reported | Organic |
|---|---|---|
| Industrial & Other | 7.8% | 7.7% |
| Aerospace | 17.6% | 17.7% |
| **Sensing Solutions** | **9.1%** | **9.0%** |

Foreign exchange (1.9%) negative impact

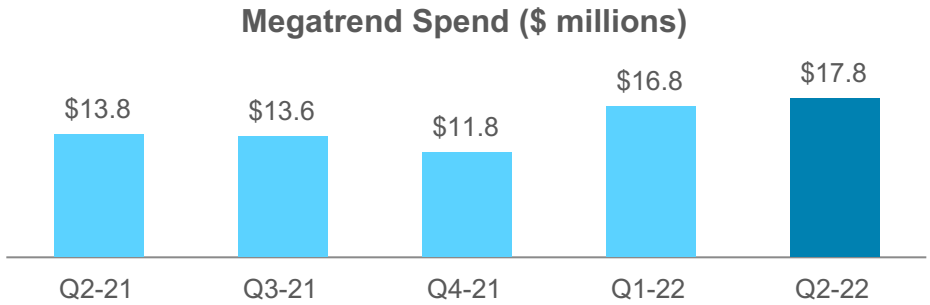
Acquisitions 2.0% positive impact

- Revenue increase YoY reflects new Electrification launches, pricing, and revenue from acquisitions offset by unfavorable FX
- Segment operating margin declined due to dilutive impact of acquisitions, and higher inflationary costs offset by pricing, partially offset by leverage on higher volumes

# Corporate and Other Operating Expenses

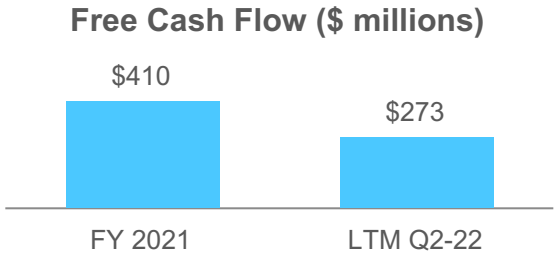
| $ in millions | Q2-2022 | Q2-2021 | B/(W) |
|---|---|---|---|
| Corporate and Other | $76.4 | $74.0 | (3.2%) |
| *% Revenue* | *7.5%* | *7.5%* | |
| Adj. Corporate and Other | $69.4 | $67.7 | (2.6%) |
| *% Revenue* | *6.8%* | *6.8%* | |

- Adj. Corporate and Other increase primarily due to higher Megatrend investments




- **$17.8M** Megatrend spend in Q2-22
- **$65M - $70M** Megatrend spend expected in 2022
- Record new business wins support increased investment

# Sensata's financial position is strong with over $1.5B in cash, a recently expanded credit line of $750M, and no Notes due until Oct '23




## $0.11

**Quarterly Dividend Payment**

on Aug 24 for shareholders of record as of Aug 10, 2022

## $77M

**Share Repurchase**

during Q2-22

## $273M*

LTM free cash flow, 51% conversion; **~75% conversion** rate now expected for full year 2022

## $38M

Q2-22 Capital Expenditures; **$135M–$145M** expected for full year 2022

## 3.0x

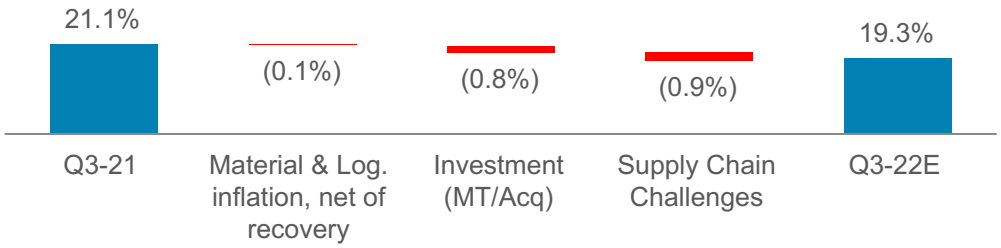
net leverage ratio as of June 30, 2022; expanded credit line to $750M; no Notes due before Oct '23

*Q2-22 free cash flow lowered due to timing of interest and tax payments, increases in inventory to offset supply chain issues and acquisition-related compensation payment.

# Q3-22 Financial Guidance

| *$ in millions, except EPS* | Q3-22 GUIDANCE | Q3-21 | B/(W) |
|---|---|---|---|
| Revenue<br>*organic* | $980 – $1,020 | $951.0 | 3% - 7%<br>*2% - 6%* |
| Adj. Op Income | $187 – $199 | $201.0 | (7%) - (1%) |
| Adj. Net Income | $126 – $138 | $138.6 | (9%) - 0% |
| Adj. EPS | $0.81 – $0.89 | $0.87 | (7%) - 2% |

**ADJUSTED OPERATING MARGIN WALK Q3-21 TO Q3-22E**

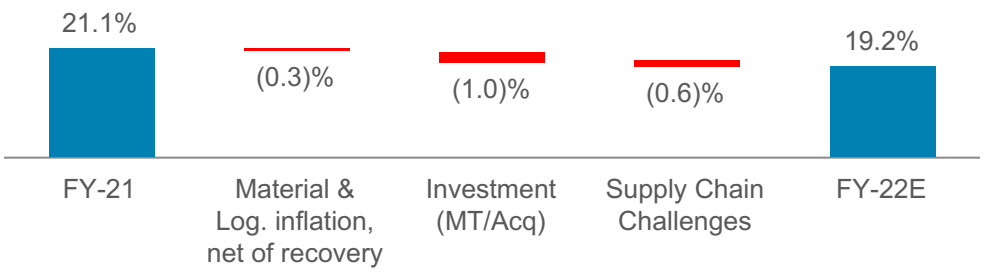



- Q3-22 end-market growth expected to be ~4% YoY
  - Auto: ~13%
  - HVOR: ~(8%)
  - Industrial: ~(4%)
  - Aerospace: ~4%
- Automotive customer inventory build of $70M (7.4%) in Q3-21 not expected to repeat in 2022
- FX expected to decrease revenue by ~($23M) at mid-point
  - Adjusted EPS: ($0.02) decrease from FX at mid-point
- Fill rate of 95% at the mid-point

# Updated FY-22 Financial Guidance

| *$ in millions, except EPS* | FY-22 GUIDANCE | FY-21 | B/(W) |
|---|---|---|---|
| Revenue<br>*organic* | $3,970 – $4,050 | $3,820.8 | 4% - 6%<br>*3% - 5%* |
| Adj. Op Income | $758 – $782 | $806.0 | (6%) - (3%) |
| Adj. Net Income | $514 – $534 | $566.8 | (9%) - (6%) |
| Adj. EPS | $3.30 – $3.42 | $3.56 | (7%) - (4%) |

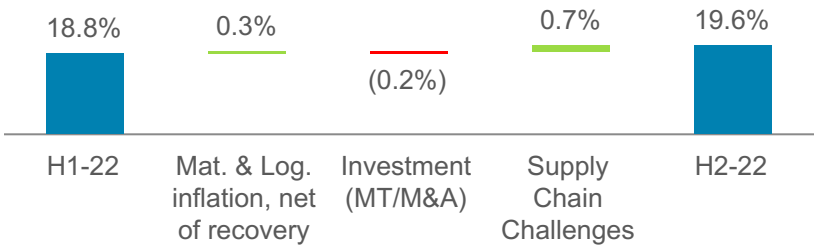
**ADJUSTED OPERATING MARGIN WALK 2021 TO 2022E**



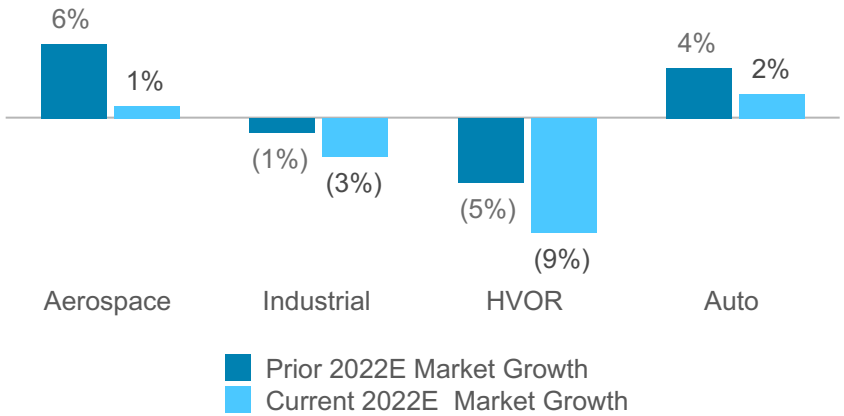

- 2022 end-market growth now expected to be down (1%) overall; macroeconomic factors weighing on production expectations in all markets
- Automotive customer inventory build of $110M (3%) in 2021 not expected to repeat in 2022
- Includes financial impact of Dynapower acquisition and Qinex divestiture
- FX now expected to decrease revenue by ~($76M) at mid-point
  - Adjusted EPS: ($0.11) decrease from FX at mid-point

# Assumptions underlying H2-22 guidance

## ADJUSTED OPERATING MARGIN WALK H1 – H2 2022




## OEM PRODUCTION GROWTH RATE EXPECTATIONS




*ST Automotive production estimates below IHS pessimistic case in NA & EU for 2022

# Key Messages – Looking Forward



## Deliver strong outgrowth to market

Long-term Company outgrowth target of 400-600 bps



## Execute long-term strategy to drive organic revenue growth

Evidenced by accelerating pace of new business wins in growth vector areas



## Reach our ESG Goals

Making substantial progress on GHG emissions intensity, racial and gender diversity goals



## Create additional value through M&A and technology partnerships

Targeting M&A contribution of 400-600 bps inorganic revenue growth



## Foster a culture of innovation

Helping customers solve their mission-critical, hard-to-do engineering challenges



## Generate industry-leading margins

Targeting 21% adj. operating margins while making incremental investments in our growth and our people

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# APPENDIX A

## OTHER FINANCIAL INFORMATION

# Q2-2022 GAAP Results

| *$ and shares outstanding in millions, except EPS* | Q2-2022 | Q2-2021 | B/(W) |
|---|---|---|---|
| Revenue | $1,020.5 | $992.7 | 2.8 % |
| Gross Profit<br>*(% of revenue)* | $333.9<br>*32.7%* | $334.4<br>*33.7%* | (0.1%) |
| R&D<br>*(% of revenue)* | $48.0<br>*4.7%* | $42.9<br>*4.3%* | (11.8%) |
| SG&A<br>*(% of revenue)* | $97.3<br>*9.5%* | $86.8<br>*8.7%* | (12.1%) |
| Amortization of Intangibles<br>*(% of revenue)* | $36.8<br>*3.6%* | $34.9<br>*3.5%* | (5.6%) |
| Restructuring and Other<br>*(% of revenue)* | $12.9<br>*1.3%* | $5.0<br>*0.5%* | (156.5%) |
| Operating Income<br>*(% of revenue)* | $138.9<br>*13.6%* | $164.8<br>*16.6%* | (15.7%) |
| Tax Rate | 36.5% | 6.3% | (3,020) bps |
| Net Income<br>*(% of revenue)* | $34.8<br>*3.4%* | $112.9<br>*11.4%* | (69.1%) |
| Diluted EPS | $0.22 | $0.71 | (69.0%) |
| Diluted Shares Outstanding | 157.0 | 159.3 | 2.4 |

# Q2-2022 Non-GAAP Results

| *$ and shares outstanding in millions, except EPS* | Q2-2022 | Q2-2021 | B/(W) |
|---|---|---|---|
| Revenue | $1,020.5 | $992.7 | 2.8 % |
| Adj. Gross Profit | $335.2 | $337.4 | (0.7%) |
| *(% of revenue)* | *32.8%* | *34.0%* | |
| R&D | $48.0 | $42.9 | (11.8%) |
| *(% of revenue)* | *4.7%* | *4.3%* | |
| Adj. SG&A | $91.6 | $83.6 | (9.6%) |
| *(% of revenue)* | *9.0%* | *8.4%* | |
| Adj. Operating Income | $193.8 | $209.3 | (7.4%) |
| *(% of revenue)* | *19.0%* | *21.1%* | |
| Adj Tax Rate [1] | 10.3% | 8.9% | (140) bps |
| Adj. Net Income | $129.5 | $151.4 | (14.4%) |
| *(% of revenue)* | *12.7%* | *15.2%* | |
| Adj. EPS | $0.83 | $0.95 | (12.6%) |
| Diluted Shares Outstanding | 157.0 | 159.3 | 2.4 |

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 7.9% and 7.0% in Q2-2022 and Q2-2021, respectively.

# Q2-2022 Cash Flow Statement

| *$ in millions* | Q2-2022 | Q2-2021 | B/(W) |
|---|---|---|---|
| Net Income | $34.8 | $112.9 | (69.1%) |
| Depreciation & Amortization | $68.2 | $66.5 | 2.5% |
| Changes in Working Capital | ($40.0) | ($20.8) | (92.5%) |
| Other | $31.6 | $4.8 | NM |
| Operating Cash Flow | $94.5 | $163.4 | (42.2%) |
| Capital Expenditures | ($38.4) | ($36.4) | (5.4%) |
| Free Cash Flow | $56.2 | $127.0 | (55.8%) |

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

# Balance Sheet

| *$ in millions* | JUN 30, 2022 | DEC 31, 2021 |
|---|---|---|
| Total Assets | $8,606.7 | $8,613.8 |
| Working Capital | $2,232.6 | $2,240.7 |
| Intangibles, Net & Other Long-Term Assets | $5,486.9 | $5,536.8 |

| *$ in millions* | JUN 30, 2022 | DEC 31, 2021 |
|---|---|---|
| Cash & Equivalents | $1,558.6 | $1,709.0 |
| Current Debt | $6.6 | $6.8 |
| Net Cash | $1,552.0 | $1,702.1 |




# 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 (or loss), 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 other transaction costs, (3) deferred gain or loss on 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 number of diluted weighted-average ordinary shares outstanding. Refer also to definition of ANI, below.

**Adjusted Operating Income** – represents operating income (or loss), 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 other transaction costs, (3) deferred gain or loss on 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 (or loss), 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, and 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.

b. Financing and other transaction costs – includes losses or gains related to debt financing transactions, investment gains/losses, expense associated with compensation arrangements entered into in conjunction with acquisitions, gain/loss related to changes in fair value of acquisition-related contingent consideration, 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 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 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 valuation allowance in connection with certain acquisitions and tax law changes. Other tax related items include certain adjustments to unrecognized tax positions and withholding tax on repatriation of foreign earnings.

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).

# Non-GAAP Measures – continued

**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 material acquisitions and divestitures for the 12 month period 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.

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

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

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

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

# Adjusted EBITDA

| *$ in thousands* | Period | | | | | |
|---|---|---|---|---|---|---|
| **Total Sensata** | **LTM** | **2Q 2022** | **1Q 2022** | **4Q 2021** | **3Q 2021** | **2Q 2021** |
| **Net income** | **$ 254,213** | **$ 34,841** | **$ 22,441** | **$ 111,972** | **$ 84,959** | **$ 112,916** |
| Interest expense, net | 180,322 | 44,842 | 45,445 | 44,898 | 45,137 | 45,213 |
| Provision for income taxes | 50,026 | 20,020 | 7,588 | 578 | 21,840 | 7,638 |
| Depreciation expense | 125,008 | 31,351 | 31,531 | 30,598 | 31,528 | 31,636 |
| Amortization of intangible assets | 141,380 | 36,805 | 37,367 | 32,637 | 34,571 | 34,857 |
| Earnings before interest, taxes, depreciation, and amortization ("EBITDA") | 750,949 | 167,859 | 144,372 | 220,683 | 218,035 | 232,260 |
| *Non-GAAP adjustments:* | | | | | | |
| Restructuring related and other | 17,746 | 4,330 | 4,149 | 4,927 | 4,340 | 7,011 |
| Financing and other transaction costs | 107,255 | 28,727 | 75,104 | 5,247 | (1,823) | 1,710 |
| Deferred loss/(gain) on derivative instruments | 17,564 | 19,444 | (8,772) | (2,170) | 9,062 | 1,409 |
| **Adjusted EBITDA** | **$ 893,514** | **$ 220,360** | **$ 214,853** | **$ 228,687** | **$ 229,614** | **$ 242,390** |

# Organic Revenue Growth

| | Q2-2022 | | | | |
|---|---|---|---|---|---|
| | Reported % Change (GAAP) | Less: FX Impact | Constant Currency % Change (non-GAAP) | Less: Acquisition & Divestitures, net | Organic Growth (non-GAAP) |
| Performance Sensing | **0.7%** | (2.2%) | **2.9%** | 3.0% | **(0.1%)** |
| Sensing Solutions | **9.1%** | (1.9%) | **11.0%** | 2.0% | **9.0%** |
| Sensata Total | **2.8%** | (2.2%) | **5.0%** | 2.8% | **2.2%** |

| | Q2 YTD 2022 | | | | |
|---|---|---|---|---|---|
| | Reported % Change (GAAP) | Less: FX Impact | Constant Currency % Change (non-GAAP) | Less: Acquisition & Divestitures, net | Organic Growth (non-GAAP) |
| Performance Sensing | **0.6%** | (1.4%) | **2.0%** | 3.9% | **(1.9%)** |
| Sensing Solutions | **11.1%** | (1.2%) | **12.3%** | 2.0% | **10.3%** |
| Sensata Total | **3.2%** | (1.3%) | **4.5%** | 3.4% | **1.1%** |

# Free Cash Flow

| *$ in thousands* | Q2 | | | Q2 YTD | | |
|---|---|---|---|---|---|---|
| **Total Sensata** | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| **Net cash provided by operating activities** | **$ 94,533** | **$ 163,420** | **(42.2%)** | **$ 141,888** | **$ 267,931** | **(47.0%)** |
| Additions to property, plant and equipment and capitalized software | (38,358) | (36,400) | (5.4%) | (74,069) | (63,572) | (16.5%) |
| **Free cash flow** | **$ 56,175** | **$ 127,020** | **(55.8%)** | **$ 67,819** | **$ 204,359** | **(66.8%)** |

# Net Debt and Net Leverage Ratio

*$ in thousands*

| Total Sensata | As of 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 |
|---|---|---|---|---|---|
| Current portion of long-term debt, finance lease and other financing obligations | $ 6,566 | $ 6,694 | $ 6,833 | $ 6,632 | $ 7,281 |
| Finance lease and other financing obligations, less current portion | 25,623 | 26,347 | 26,564 | 27,000 | 27,220 |
| Long-term debt, net | 4,213,512 | 4,215,505 | 4,214,946 | 4,214,388 | 4,213,830 |
| **Total debt, finance lease and other financing obligations** | **4,245,701** | **4,248,546** | **4,248,343** | **4,248,020** | **4,248,331** |
| Less: Discount, net of premium | (4,317) | (4,763) | (5,207) | (5,652) | (6,097) |
| Less: Deferred financing costs | (26,691) | (25,410) | (26,682) | (27,953) | (29,224) |
| Total gross indebtedness | 4,276,709 | 4,278,719 | 4,280,232 | 4,281,625 | 4,283,652 |
| Less: Cash and cash equivalents | 1,558,578 | 1,608,481 | 1,708,955 | 1,958,144 | 1,861,769 |
| **Net debt** | **$ 2,718,131** | **$ 2,670,238** | **$ 2,571,277** | **$ 2,323,481** | **$ 2,421,883** |
| | | | | | |
| Adjusted EBITDA (LTM) | $ 893,514 | $ 915,544 | $ 928,276 | $ 927,616 | $ 886,397 |
| **Net leverage ratio** | **3.0** | **2.9** | **2.8** | **2.5** | **2.7** |

# Adjusted Taxes and Adjusted Tax Rate

| *$ in thousands* | Q2 | | Q2 YTD | |
|---|---|---|---|---|
| **Total Sensata** | **2022** | **2021** | **2022** | **2021** |
| **Provision for income taxes** | **$ 20,020** | **$ 7,638** | **$ 27,608** | **$ 27,919** |
| *Non-GAAP adjustments:* | | | | |
| Deferred income tax and other tax expense | 9,669 | (6,200) | 1,334 | 3,922 |
| Current tax effect of non-GAAP adjustments | (4,499) | (880) | (3,332) | (4,932) |
| **Adjusted taxes** | **$ 14,850** | **$ 14,718** | **$ 29,606** | **$ 28,929** |
| | | | | |
| Adjusted income before taxes | $ 144,397 | $ 166,083 | $ 282,568 | $ 317,897 |
| **Adjusted tax rate** | **10.3 %** | **8.9 %** | **10.5 %** | **9.1 %** |

# Other GAAP to non-GAAP Reconciliations

*$ in thousands (except EPS amounts)*

| Total Sensata | Q2-2022 Operating Income | Q2-2022 Operating Margin | Q2-2022 Net Income | Q2-2022 EPS | Q2-2021 Operating Income | Q2-2021 Operating Margin | Q2-2021 Net Income | Q2-2021 EPS |
|---|---|---|---|---|---|---|---|---|
| **Reported (GAAP)** | **$ 138,943** | **13.6%** | **$ 34,841** | **$ 0.22** | **$ 164,755** | **16.6%** | **$ 112,916** | **$ 0.71** |
| *Non-GAAP adjustments:* | | | | | | | | |
| Restructuring related and other | 3,888 | 0.4% | 4,294 | 0.03 | 5,738 | 0.6% | 6,926 | 0.04 |
| Financing and other transaction costs | 14,434 | 1.4% | 28,277 | 0.18 | 2,544 | 0.3% | 1,267 | 0.01 |
| Step-up depreciation and amortization | 35,318 | 3.5% | 35,318 | 0.22 | 33,684 | 3.4% | 33,684 | 0.21 |
| Deferred loss on derivative instruments | 1,190 | 0.1% | 15,431 | 0.10 | 2,595 | 0.3% | 1,057 | 0.01 |
| Amortization of debt issuance costs | — | —% | 1,717 | 0.01 | — | —% | 1,715 | 0.01 |
| Deferred income tax and other tax related | — | —% | 9,669 | 0.06 | — | —% | (6,200) | (0.04) |
| Total adjustments | 54,830 | 5.4% | 94,706 | 0.60 | 44,561 | 4.5% | 38,449 | 0.24 |
| **Adjusted (non-GAAP)** | **$ 193,773** | **19.0%** | **$ 129,547** | **$ 0.83** | **$ 209,316** | **21.1%** | **$ 151,365** | **$ 0.95** |

*$ in thousands (except EPS amounts)*

| Total Sensata | Q2 YTD 2022 Operating Income | Q2 YTD 2022 Operating Margin | Q2 YTD 2022 Net Income | Q2 YTD 2022 EPS | Q2 YTD 2021 Operating Income | Q2 YTD 2021 Operating Margin | Q2 YTD 2021 Net Income | Q2 YTD 2021 EPS |
|---|---|---|---|---|---|---|---|---|
| **Reported (GAAP)** | **$ 264,873** | **13.3%** | **$ 57,282** | **$ 0.36** | **$ 322,209** | **16.7%** | **$ 166,649** | **$ 1.05** |
| *Non-GAAP adjustments:* | | | | | | | | |
| Restructuring related and other | 8,037 | 0.4% | 8,343 | 0.05 | 10,263 | 0.5% | 14,217 | 0.09 |
| Financing and other transaction costs | 30,259 | 1.5% | 102,837 | 0.65 | 7,115 | 0.4% | 34,072 | 0.21 |
| Step-up depreciation and amortization | 71,263 | 3.6% | 71,263 | 0.45 | 63,380 | 3.3% | 63,380 | 0.40 |
| Deferred loss on derivative instruments | 1,842 | 0.1% | 8,470 | 0.05 | 4,435 | 0.2% | 3,302 | 0.02 |
| Amortization of debt issuance costs | — | —% | 3,433 | 0.02 | — | —% | 3,426 | 0.02 |
| Deferred income tax and other tax related | — | —% | 1,334 | 0.01 | — | —% | 3,922 | 0.02 |
| Total adjustments | 111,401 | 5.6% | 195,680 | 1.24 | 85,193 | 4.4% | 122,319 | 0.77 |
| **Adjusted (non-GAAP)** | **$ 376,274** | **18.8%** | **$ 252,962** | **$ 1.60** | **$ 407,402** | **21.1%** | **$ 288,968** | **$ 1.81** |