


# Sensata Fourth Quarter and Full Year 2022 Earnings Presentation

January 31, 2023

# 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 Q4 and 2022

| | |
|---|---|
| **Strong financial performance** | • **Revenue of $1,015M in Q4-22**; **Record full year revenue of $4,029M** in 2022<br>• **Adj. operating margin of 20.1%** in Q4-22, 70 bps improvement from Q3 |
| **Continued strong outgrowth** | • **Full year 2022 outgrowth of 820 bps;** third consecutive year above the Company's target range |
| **Successful strategic positioning** | • Investments and acquisitions to date have successfully positioned Sensata to excel in Electrification and Insights<br>• Company achieved **record new business wins of >$1B during 2022; ~70% in Electrification** |
| **Significant ESG progress** | • **Reduced greenhouse gas intensity by >10% in 2022**, already achieving our 2026 goal<br>• *Newsweek* named Sensata as one of America's Most Responsible Companies for 2023 |



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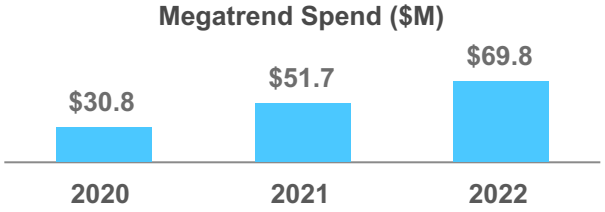
**Acquisitions expanded Sensata's capabilities in Electrification:**

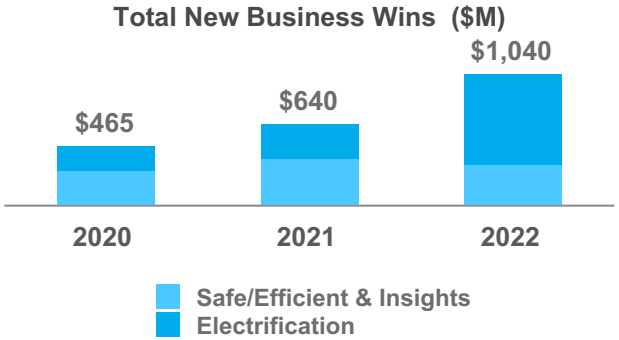
- Contactors
- Fuses
- Battery management
- Energy storage
- Current sensing
- Isolation monitoring
- Industrial-grade inverters, converters, and rectifiers

**and Insights:**

- Fleet communications
- Telematics
- Video
- Data visualization

# Significant investments in growth vectors enabled over $1B in new business wins




- Increased investment in new products and technologies aligned with Megatrends has provided access to new markets, driven growth, and accelerated new business wins

- More than $1B new business wins drives future revenue outgrowth to market
- Sensata is poised to be major participant in the substantial shift to Electrification

**Success enables focus on integrating acquired businesses and strengthening capabilities organically; enables improvements in margins, free cash flow, and returns on invested capital**



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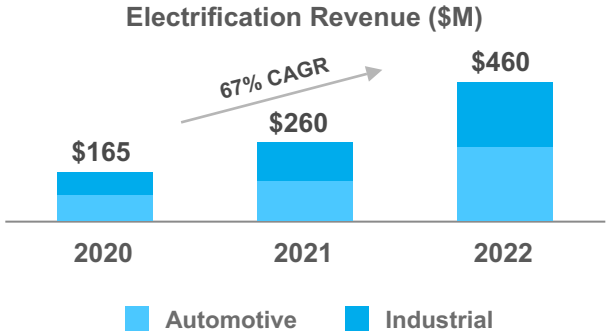
# Sensata is executing on its growth vector strategy

## ELECTRIFICATION PRODUCT CATEGORIES

Components

Power conversion

Energy storage




## $2B

**Electrification revenue expected by 2026**

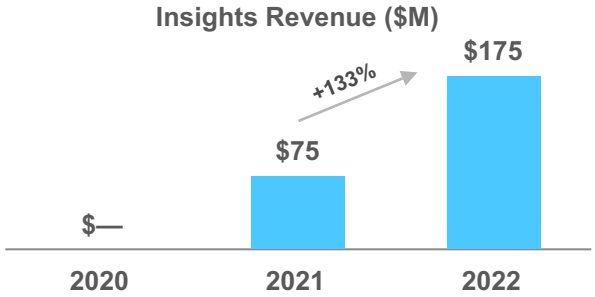
- Existing business, market growth, business wins in hand expected to combine to achieve $2B revenue target
- BEV content remains on track to be 2x that of ICE by 2026

## INSIGHTS OFFERINGS

Location data

Video recording

Decision-making support




## >20%

**Insights revenue growth expected annually**



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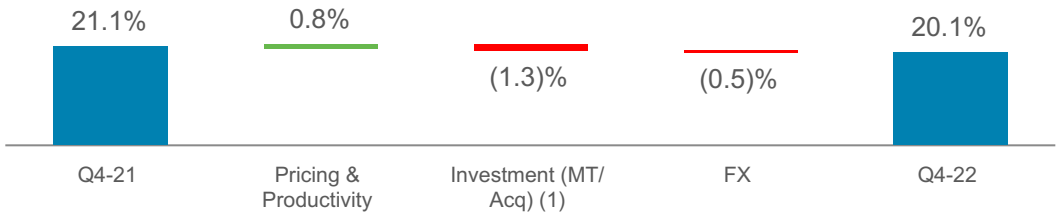
# Q4-2022 FINANCIALS AND Q1-2023 FINANCIAL GUIDE



# Q4-2022 Financial Summary

| *$ in millions, except EPS* | Q4-2022 | Q3-2022 | Q4-2021 | YoY B/(W) |
|---|---|---|---|---|
| Revenue | $1,014.7 | $1,018.3 | $934.6 | 8.6 % |
| Adjusted Operating Income | $204.3 | $197.3 | $197.6 | 3.4 % |
| *% Revenue* | *20.1%* | *19.4%* | *21.1%* | |
| Adjusted Net Income | $146.5 | $131.0 | $139.3 | 5.2 % |
| *% Revenue* | *14.4%* | *12.9%* | *14.9%* | |
| Adjusted EPS | $0.96 | $0.85 | $0.87 | 10.3 % |

## ADJUSTED OPERATING MARGIN WALK Q4-21 TO Q4-22

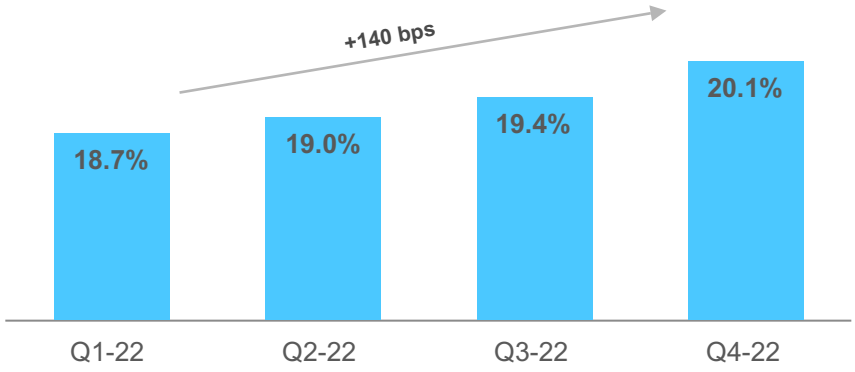



- Revenue growth YoY of 8.6% composed of:
  - Organic revenue increased 10.0%
  - Acquisitions increased revenue by 2.2%, net
  - Foreign exchange decreased revenue by (3.6)%
- Adjusted operating income increased 3.4% YoY due to:
  - Organic revenue growth and favorable pricing
  - Offset by increased Megatrend investments and FX
  - Adj. operating margin increased 70 bps sequentially
- Adjusted EPS grew faster than revenue

1) R&D investments to drive key growth vectors and net impact of acquisitions and divestitures.

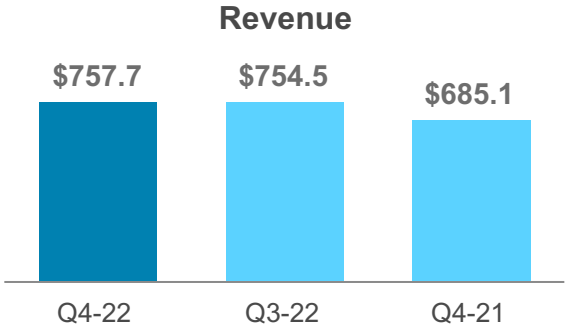
# Adj. Operating Margin steadily improved through 2022

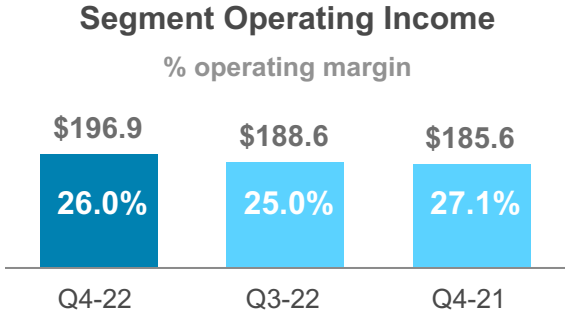
## ADJUSTED OPERATING MARGIN




- Adj. Operating Margin steadily improved during 2022 due to:
  - Improved pricing to offset inflationary material and logistics costs
  - Improved availability of materials reducing variability of production flows
  - Improving margins from acquisitions and new product ramps
  - Cost controls
- While our Q1-23 guide is 19.5%, we expect adj. operating margin to continue to improve through 2023 toward our target of 21%

# Q4-2022: Performance Sensing




| Q4-22 YoY Revenue Growth | Reported | Organic |
|---|---|---|
| Automotive | 13.3% | 18.5% |
| Heavy Vehicle, Off-Road | 4.5% | (0.7)% |
| **Performance Sensing** | **10.6%** | **12.6%** |

Foreign exchange (4.2)% negative impact

Acquisitions 2.2% positive impact

- Automotive revenue increase reflects continued content growth, pricing, and market growth partially offset by unfavorable FX
- HVOR organic revenue decline reflects declining market, partially offset by strong outgrowth
  - Acquisitions partially offset by unfavorable FX enabled HVOR reported growth
- Segment operating margin declined due to dilutive impact of unfavorable FX, acquisitions, and product mix



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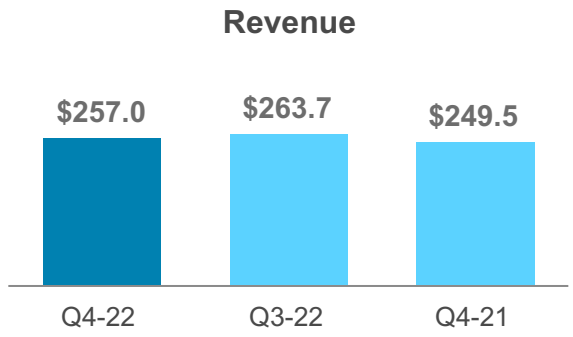
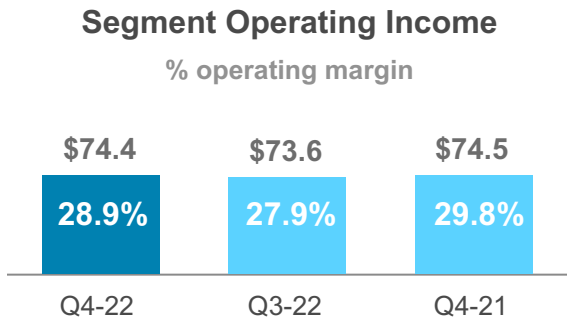
# Q4-2022: Sensing Solutions




| Q4-22 YoY Revenue Growth | Reported | Organic |
|---|---|---|
| Industrial & Other | (0.4)% | (0.5)% |
| Aerospace | 24.0% | 24.1% |
| **Sensing Solutions** | **3.0%** | **2.9%** |

- Industrial revenue decline reflects weakness in HVAC and appliance markets and unfavorable FX partially offset by contribution from Electrification launches, revenue from acquisitions, and pricing
- Aerospace revenue increase reflects growth in content, markets and pricing
- Segment operating margin declined due to the dilutive impact of acquisitions

Foreign exchange (2.1)% negative impact

Acquisitions and divestitures 2.2% net positive impact



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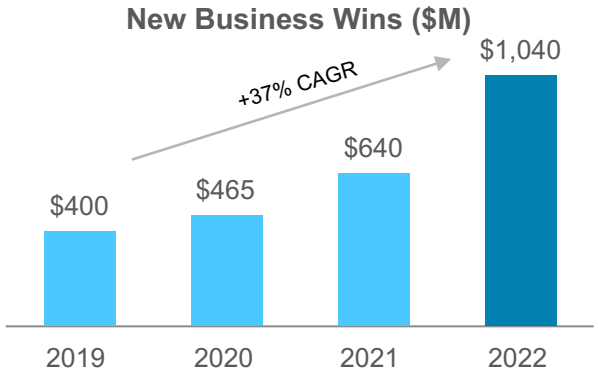
# Corporate and Other Operating Expenses

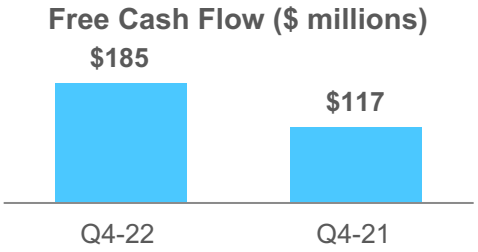
| *$ in millions* | Q4-2022 | Q3-2022 | Q4-2021 | YoY B/(W) |
|---|---|---|---|---|
| Corporate and Other | $65.5 | $76.4 | $72.8 | 9.9 % |
| *% Revenue* | *6.5%* | *7.5%* | *7.8%* | |
| Adj. Corporate and Other | $65.5 | $63.3 | $61.0 | (7.2)% |
| *% Revenue* | *6.5%* | *6.2%* | *6.5%* | |

- Adj. Corporate and Other increase primarily due to higher Megatrend investments, partially offset by lower incentive compensation and favorable FX

- **$17.9M** Megatrend spend in Q4-22; $69.8M for 2022
- **$65M - $70M** Megatrend spend expected in 2023, flat with 2022
- Record new business wins again in 2022 resulting from investments



# Targeting net leverage range of 1.5 - 2.5x within the next 2-3 years; focused on strengthening the balance sheet




## $0.11

**Quarterly Dividend Payment**

on Feb 22 for shareholders of record as of Feb 8, 2023

## $50M

**Share Repurchases during Q4-22**

Pace reduced from Q3-22
Future repurchases will be balanced with other needs

## $311M*

2022 free cash flow, 59% conversion; **~75% conversion** rate expected for 2023

## $150M

2022 Capital Expenditures; **$170M–$180M** expected for 2023

## 3.4x

**net leverage ratio**

as of December 31, 2022;
<3.0x expected by 2023 FYE

*2022 free cash flow lower due to increases in receivables, inventory to offset supply chain issues and acquisition-related compensation payments.



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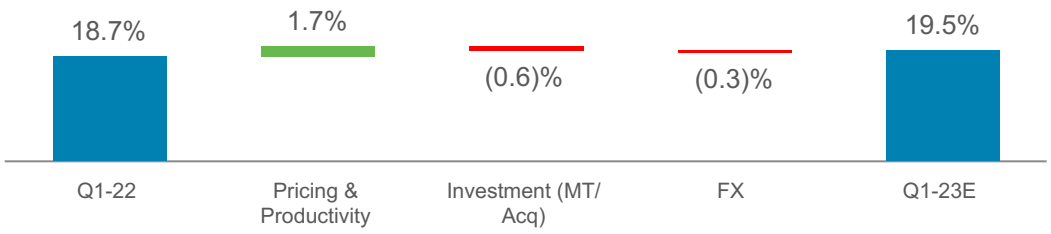
# Q1-23 Financial Guidance

| *$ in millions, except EPS* | Q1-23 GUIDANCE | Q1-22 | B/(W) |
|---|---|---|---|
| Revenue<br>*organic* | $950 – $1,000 | $975.8 | (3%) - 3%<br>*1% - 6%* |
| Adj. Op Income | $182 – $198 | $182.5 | 0% - 8% |
| Adj. Net Income | $125 – $139 | $123.4 | 1% - 13% |
| Adj. EPS | $0.81 – $0.91 | $0.78 | 4% - 17% |

- Q1-23 end-market growth expected to be ~(4%) YoY
  - Auto: ~flat
  - HVOR: ~(10%)
  - Industrial: ~(9%)
  - Aerospace: ~11%
- FX expected to decrease revenue by ~($27M) and decrease Adj. EPS by ($0.05)
- Fill rate of 92% at the mid-point

## ADJUSTED OPERATING MARGIN WALK Q1-22 TO Q1-23




- FX expected to decrease full year revenue by ~($46M) and decrease Adj. EPS by ($0.08)



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# 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

## Improve financial returns

Targeting 21% adj. operating margins;
Expect improvements in free cash flow and return on invested capital

## Foster a culture of innovation

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

## Reach our ESG Goals

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

## Progressing Capital Allocation Priorities

Targeting net leverage ratio of 1.5-2.5x within 2-3 years



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# APPENDIX A: OTHER FINANCIAL INFORMATION



# Q4-2022 GAAP Results

| *$ and shares outstanding in millions, except EPS* | Q4-2022 | Q4-2021 | B/(W) |
|---|---|---|---|
| Revenue | $1,014.7 | $934.6 | 8.6 % |
| Gross Profit<br>*(% of revenue)* | $340.8<br>*33.6%* | $314.7<br>*33.7%* | 8.3 % |
| R&D<br>*(% of revenue)* | $47.4<br>*4.7%* | $40.1<br>*4.3%* | (18.2)% |
| SG&A<br>*(% of revenue)* | $87.6<br>*8.6%* | $87.3<br>*9.3%* | (0.4)% |
| Amortization of Intangibles<br>*(% of revenue)* | $39.3<br>*3.9%* | $32.6<br>*3.5%* | (20.4)% |
| Restructuring and Other<br>*(% of revenue)* | $14.1<br>*1.4%* | $5.0<br>*0.5%* | (183.0)% |
| Operating Income<br>*(% of revenue)* | $152.4<br>*15.0%* | $149.7<br>*16.0%* | 1.8 % |
| Tax Rate | 9.6% | 0.5 % | (910) bps |
| Net Income<br>*(% of revenue)* | $113.2<br>*11.2%* | $112.0<br>*12.0%* | 1.1 % |
| Diluted EPS | $0.74 | $0.70 | 5.7 % |
| Diluted Shares Outstanding | 153.1 | 159.4 | 6.3 |



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# FY 2022 GAAP Results

| *$ and shares outstanding in millions, except EPS* | FY 2022 | FY 2021 | B/(W) |
|---|---|---|---|
| Revenue | $4,029.3 | $3,820.8 | 5.5 % |
| Gross Profit<br>*(% of revenue)* | $1,317.2<br>*32.7%* | $1,278.4<br>*33.5%* | 3.0 % |
| R&D<br>*(% of revenue)* | $189.3<br>*4.7%* | $159.1<br>*4.2%* | (19.0)% |
| SG&A<br>*(% of revenue)* | $370.6<br>*9.2%* | $337.0<br>*8.8%* | (10.0)% |
| Amortization of Intangibles<br>*(% of revenue)* | $153.8<br>*3.8%* | $134.1<br>*3.5%* | (14.7)% |
| Restructuring and Other<br>*(% of revenue)* | $(66.7)<br>*(1.7%)* | $14.9<br>*0.4%* | NM |
| Operating Income<br>*(% of revenue)* | $670.1<br>*16.6%* | $633.2<br>*16.6%* | 5.8 % |
| Tax Rate | 21.7% | 12.2% | (950) bps |
| Net Income<br>*(% of revenue)* | $310.7<br>*7.7%* | $363.6<br>*9.5%* | (14.5)% |
| Diluted EPS | $1.99 | $2.28 | (12.7)% |
| Diluted Shares Outstanding | 155.9 | 159.4 | 3.4 |

# Q4-2022 Non-GAAP Results

| *$ and shares outstanding in millions, except EPS* | Q4-2022 | Q4-2021 | B/(W) |
|---|---|---|---|
| Revenue | $1,014.7 | $934.6 | 8.6 % |
| Adj. Gross Profit | $339.7 | $321.8 | 5.6 % |
| *(% of revenue)* | *33.5%* | *34.4%* | |
| R&D | $47.4 | $40.1 | (18.2)% |
| *(% of revenue)* | *4.7%* | *4.3%* | |
| Adj. SG&A | $86.4 | $82.6 | (4.5)% |
| *(% of revenue)* | *8.5%* | *8.8%* | |
| Adj. Operating Income | $204.3 | $197.6 | 3.4 % |
| *(% of revenue)* | *20.1%* | *21.1%* | |
| Adj Tax Rate [1] | 13.3% | 9.5% | (380) bps |
| Adj. Net Income | $146.5 | $139.3 | 5.2 % |
| *(% of revenue)* | *14.4%* | *14.9%* | |
| Adj. EPS | $0.96 | $0.87 | 10.3 % |
| Diluted Shares Outstanding | 153.1 | 159.4 | 6.3 |

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 10.7% and 7.4% in Q4-2022 and Q4-2021, respectively.



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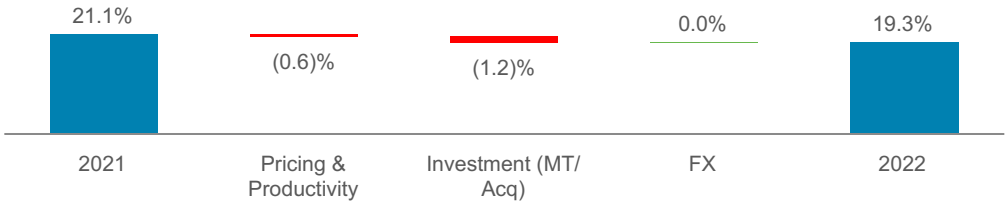
# 2022 Non-GAAP Results

| *$ and shares outstanding in millions, except EPS* | FY 2022 | FY 2021 | B/(W) |
|---|---|---|---|
| Revenue | $4,029.3 | $3,820.8 | 5.5 % |
| Adj. Gross Profit<br>*(% of revenue)* | $1,328.1<br>*33.0%* | $1,294.9<br>*33.9%* | 2.6 % |
| R&D<br>*(% of revenue)* | $189.3<br>*4.7%* | $159.1<br>*4.2%* | (19.0)% |
| Adj. SG&A<br>*(% of revenue)* | $354.2<br>*8.8%* | $321.7<br>*8.4%* | (10.1)% |
| Adj. Operating Income<br>*(% of revenue)* | $777.9<br>*19.3%* | $806.0<br>*21.1%* | (3.5)% |
| Adj Tax Rate [1] | 11.6% | 9.4% | (220) bps |
| Adj. Net Income<br>*(% of revenue)* | $530.5<br>*13.2%* | $566.8<br>*14.8%* | (6.4)% |
| Adj. EPS | $3.40 | $3.56 | (4.5)% |
| Diluted Shares Outstanding | 155.9 | 159.4 | 3.4 |

1 – Adjusted tax rate expressed as a % of adjusted profit before tax. Adjusted tax rate expressed as a % of adjusted EBIT was 9.0% and 7.4% in FY2022 and FY2021, respectively.

## ADJUSTED OPERATING MARGIN WALK 2021 TO 2022



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# Q4-2022 Cash Flow Statement

| *$ in millions* | Q4-2022 | Q4-2021 | B/(W) |
|---|---|---|---|
| Net Income | $113.2 | $112.0 | 1.1 % |
| Depreciation & Amortization | $71.9 | $63.2 | 13.7 % |
| Changes in Working Capital | $40.5 | ($7.4) | NM |
| Other | ($0.7) | ($6.8) | 89.4 % |
| Operating Cash Flow | $224.9 | $160.9 | 39.7 % |
| Capital Expenditures | ($39.6) | ($44.0) | 9.9 % |
| Free Cash Flow | $185.2 | $116.9 | 58.4 % |

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

# Balance Sheet

| *$ in millions* | DEC 31, 2022 | DEC 31, 2021 |
|---|---|---|
| Total Assets | $ 8,756.2 | $ 8,613.8 |
| Working Capital | $ 1,596.1 | $ 2,240.7 |
| Intangibles, Net & Other Long-Term Assets | $ 5,981.2 | $ 5,536.8 |

| *$ in millions* | DEC 31, 2022 | DEC 31, 2021 |
|---|---|---|
| Cash & Equivalents | $ 1,225.5 | $ 1,709.0 |
| Current Debt [(1)] | $ 256.5 | $ 6.8 |
| Net Cash | $ 969.0 | $ 1,702.1 |



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# 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. Restructuring related and other does not, however, include charges related to the integration of acquired businesses, including such charges that are recognized as restructuring and other charges, net in the consolidated statements of operations.

b. Financing and other transaction costs – includes losses or gains related to debt financing transactions, losses or gains related to the divestiture of a business, and costs incurred, including for legal, accounting, and other professional services, that are directly related to an acquisition, divestiture, or equity financing transaction.

c. Deferred loss or gain on 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).



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# 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.



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# Adjusted EBITDA

| *In thousands* | Period | | | | | |
|---|---|---|---|---|---|---|
| **Total Sensata** | **LTM** | **4Q 2022** | **3Q 2022** | **2Q 2022** | **1Q 2022** | **4Q 2021** |
| **Net income** | **$ 310,685** | **$ 113,150** | **$ 140,253** | **$ 34,841** | **$ 22,441** | **$ 111,972** |
| Interest expense, net | 178,819 | 43,676 | 44,856 | 44,842 | 45,445 | 44,898 |
| Provision for income taxes | 86,017 | 11,988 | 46,421 | 20,020 | 7,588 | 578 |
| Depreciation expense | 127,184 | 32,622 | 31,680 | 31,351 | 31,531 | 30,598 |
| Amortization of intangible assets | 153,787 | 39,302 | 40,313 | 36,805 | 37,367 | 32,637 |
| Earnings before interest, taxes, depreciation, and amortization ("EBITDA") | 856,492 | 240,738 | 303,523 | 167,859 | 144,372 | 220,683 |
| *Non-GAAP adjustments:* | | | | | | |
| Restructuring related and other | 38,013 | 13,140 | 16,394 | 4,330 | 4,149 | 4,927 |
| Financing and other transaction costs | 7,504 | 5,053 | (101,380) | 28,727 | 75,104 | 5,247 |
| Deferred loss/(gain) on derivative instruments | 1,877 | (14,466) | 5,671 | 19,444 | (8,772) | (2,170) |
| **Adjusted EBITDA** | **$ 903,886** | **$ 244,465** | **$ 224,208** | **$ 220,360** | **$ 214,853** | **$ 228,687** |



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# Organic Revenue Growth

| | Q4-2022 | | | | |
|---|---|---|---|---|---|
| | Reported % Change (GAAP) | Less: FX Impact | Constant Currency % Change (non-GAAP) | Less: Acquisition & Divestitures, net | Organic Growth (non-GAAP) |
| Performance Sensing | **10.6%** | (4.2%) | **14.8%** | 2.2% | **12.6%** |
| Sensing Solutions | **3.0%** | (2.1%) | **5.1%** | 2.2% | **2.9%** |
| Sensata Total | **8.6%** | (3.6%) | **12.2%** | 2.2% | **10.0%** |

| | FY 2022 | | | | |
|---|---|---|---|---|---|
| | Reported % Change (GAAP) | Less: FX Impact | Constant Currency % Change (non-GAAP) | Less: Acquisition & Divestitures, net | Organic Growth (non-GAAP) |
| Performance Sensing | **4.5%** | (2.7%) | **7.2%** | 3.3% | **3.9%** |
| Sensing Solutions | **8.2%** | (1.7%) | **9.9%** | 2.4% | **7.5%** |
| Sensata Total | **5.5%** | (2.4%) | **7.9%** | 3.1% | **4.8%** |



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# Free Cash Flow

*$ in thousands*

| Total Sensata | Q4 2022 | Q4 2021 | Q4 Change | FY 2022 | FY 2021 | FY Change |
|---|---|---|---|---|---|---|
| **Net cash provided by operating activities** | **$ 224,860** | **$ 160,925** | **39.7%** | **$ 460,593** | **$ 554,151** | **(16.9%)** |
| Additions to property, plant and equipment and capitalized software | (39,640) | (43,993) | 9.9% | (150,064) | (144,403) | (3.9%) |
| **Free cash flow** | **$ 185,220** | **$ 116,932** | **58.4%** | **$ 310,529** | **$ 409,748** | **(24.2%)** |

# Net Debt and Net Leverage Ratio

*$ in thousands*

| Total Sensata | As of 12/31/2022 | 9/30/2022 | 6/30/2022 | 3/31/2022 | 12/31/2021 |
|---|---|---|---|---|---|
| Current portion of long-term debt, finance lease and other financing obligations | $ 256,471 | $ 6,536 | $ 6,566 | $ 6,694 | $ 6,833 |
| Finance lease and other financing obligations, less current portion | 24,742 | 25,180 | 25,623 | 26,347 | 26,564 |
| Long-term debt, net | 3,958,928 | 4,208,670 | 4,213,512 | 4,215,505 | 4,214,946 |
| **Total debt, finance lease and other financing obligations** | **4,240,141** | **4,240,386** | **4,245,701** | **4,248,546** | **4,248,343** |
| Less: Discount, net of premium | (3,360) | (3,740) | (4,317) | (4,763) | (5,207) |
| Less: Deferred financing costs | (29,916) | (30,952) | (26,691) | (25,410) | (26,682) |
| Total gross indebtedness | 4,273,417 | 4,275,078 | 4,276,709 | 4,278,719 | 4,280,232 |
| Less: Cash and cash equivalents | 1,225,518 | 1,103,916 | 1,558,578 | 1,608,481 | 1,708,955 |
| **Net debt** | **$ 3,047,899** | **$ 3,171,162** | **$ 2,718,131** | **$ 2,670,238** | **$ 2,571,277** |
| | | | | | |
| Adjusted EBITDA (LTM) | $ 903,886 | $ 888,108 | $ 893,514 | $ 915,544 | $ 928,276 |
| **Net leverage ratio** | **3.4** | **3.6** | **3.0** | **2.9** | **2.8** |



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# Adjusted Taxes and Adjusted Tax Rate

| *$ in thousands* | Q4 | | FY | |
|---|---|---|---|---|
| **Total Sensata** | **2022** | **2021** | **2022** | **2021** |
| **Provision for income taxes** | **$ 11,988** | **$ 578** | **$ 86,017** | **$ 50,337** |
| *Non-GAAP adjustments:* | | | | |
| Deferred income tax and other tax (benefit)/expense | (10,627) | (10,758) | 17,828 | (4,865) |
| Current tax effect of non-GAAP adjustments | 50 | (3,232) | (1,118) | (3,565) |
| **Adjusted taxes** | **$ 22,565** | **$ 14,568** | **$ 69,307** | **$ 58,767** |
| | | | | |
| Adjusted income before taxes | $ 169,060 | $ 153,876 | $ 599,811 | $ 625,609 |
| **Adjusted tax rate** | **13.3 %** | **9.5 %** | **11.6 %** | **9.4 %** |



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# Adjusted Corporate and Other Expenses

| *In thousands* | Q4 | | FY | |
|---|---|---|---|---|
| **Total Sensata** | **2022** | **2021** | **2022** | **2021** |
| **Corporate and other expenses** | **$ (65,535)** | **$ (72,752)** | **$ (294,429)** | **$ (288,111)** |
| *Non-GAAP adjustments:* | | | | |
| Restructuring related and other | (1,229) | 5,569 | 11,896 | 9,948 |
| Financing and other transaction costs | 4,233 | 4,414 | 15,726 | 11,911 |
| Step-up depreciation and amortization | 286 | 409 | 1,181 | 1,660 |
| Deferred (gain)/loss on derivative instruments | (3,213) | 1,325 | (1,473) | 8,327 |
| Total Adjustments | 77 | 11,717 | 27,330 | 31,846 |
| **Adjusted corporate and other expenses** | **$ (65,458)** | **$ (61,035)** | **$ (267,099)** | **$ (256,265)** |



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# Other GAAP to non-GAAP Reconciliations

*$ in thousands (except EPS amounts)*

| Total Sensata | Q4-2022 Operating Income | Q4-2022 Operating Margin | Q4-2022 Net Income | Q4-2022 EPS | Q4-2021 Operating Income | Q4-2021 Operating Margin | Q4-2021 Net Income | Q4-2021 EPS |
|---|---|---|---|---|---|---|---|---|
| **Reported (GAAP)** | **$ 152,365** | **15.0%** | **$ 113,150** | **$ 0.74** | **$ 149,692** | **16.0%** | **$ 111,972** | **$ 0.70** |
| *Non-GAAP adjustments:* | | | | | | | | |
| Restructuring related and other | 12,041 | 1.2% | 10,205 | 0.07 | 7,876 | 0.8% | 1,760 | 0.01 |
| Financing and other transaction costs | 5,074 | 0.5% | 5,508 | 0.04 | 7,093 | 0.8% | 5,182 | 0.03 |
| Step-up depreciation and amortization | 38,027 | 3.7% | 38,027 | 0.25 | 31,606 | 3.4% | 31,606 | 0.20 |
| Deferred (gain)/loss on derivative instruments | (3,213) | (0.3)% | (11,481) | (0.07) | 1,325 | 0.1% | (2,170) | (0.01) |
| Amortization of debt issuance costs | — | —% | 1,713 | 0.01 | — | —% | 1,716 | 0.01 |
| Deferred income tax and other tax related | — | —% | (10,627) | (0.07) | — | —% | (10,758) | (0.07) |
| Total adjustments | 51,929 | 5.1% | 33,345 | 0.22 | 47,900 | 5.1% | 27,336 | 0.17 |
| **Adjusted (non-GAAP)** | **$ 204,294** | **20.1%** | **$ 146,495** | **$ 0.96** | **$ 197,592** | **21.1%** | **$ 139,308** | **$ 0.87** |

*$ in thousands (except EPS amounts)*

| Total Sensata | FY-2022 Operating Income | FY-2022 Operating Margin | FY-2022 Net Income | FY-2022 EPS | FY-2021 Operating Income | FY-2021 Operating Margin | FY-2021 Net Income | FY-2021 EPS |
|---|---|---|---|---|---|---|---|---|
| **Reported (GAAP)** | **$ 670,139** | **16.6%** | **$ 310,685** | **$ 1.99** | **$ 663,240** | **16.6%** | **$ 363,580** | **$ 2.28** |
| *Non-GAAP adjustments:* | | | | | | | | |
| Restructuring related and other | 36,472 | 0.9% | 34,515 | 0.22 | 23,565 | 0.6% | 21,356 | 0.13 |
| Financing and other transaction costs | (75,550) | (1.9)% | 10,726 | 0.07 | 13,236 | 0.3% | 40,977 | 0.26 |
| Step-up depreciation and amortization | 148,291 | 3.7% | 148,291 | 0.95 | 127,642 | 3.3% | 127,642 | 0.80 |
| Deferred (gain)/loss on derivative instruments | (1,473) | 0.0% | 1,490 | 0.01 | 8,327 | 0.2% | 11,294 | 0.07 |
| Amortization of debt issuance costs | — | —% | 6,969 | 0.04 | — | —% | 6,858 | 0.04 |
| Deferred income tax and other tax related | — | —% | 17,828 | 0.11 | — | —% | (4,865) | (0.03) |
| Total adjustments | 107,740 | 2.7% | 219,819 | 1.41 | 172,770 | 4.5% | 203,262 | 1.28 |
| **Adjusted (non-GAAP)** | **$ 777,879** | **19.3%** | **$ 530,504** | **$ 3.40** | **$ 806,010** | **21.1%** | **$ 566,842** | **$ 3.56** |



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