



1916 • 100 YEARS • 2016

APRIL 26, 2016

# **SENSATA FIRST QUARTER 2016 EARNINGS SUMMARY**

The World Depends on Sensors and Controls

## Forward–looking Statements

In addition to historical facts, this earnings release, including any documents incorporated by reference herein, includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward–looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements also relate to our future prospects, developments, and business strategies. 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,” and similar terms or phrases, or the negative of such terminology, including references to assumptions. However, these terms are not the exclusive means of identifying such statements. Forward–looking statements contained herein, or in other statements made by us, are made based on management’s expectations and beliefs concerning future events impacting us, and are subject to uncertainties and other important factors relating to our operations and business environment, all of which are difficult to predict, and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by forward–looking statements. These forward–looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. Although we believe that our plans, intentions, and expectations reflected in, or suggested by, such forward–looking statements are reasonable, we can give no assurances that any of the events anticipated by these forward–looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

# Q1 2016 Highlights

ON TRACK TO DELIVER IN 2016

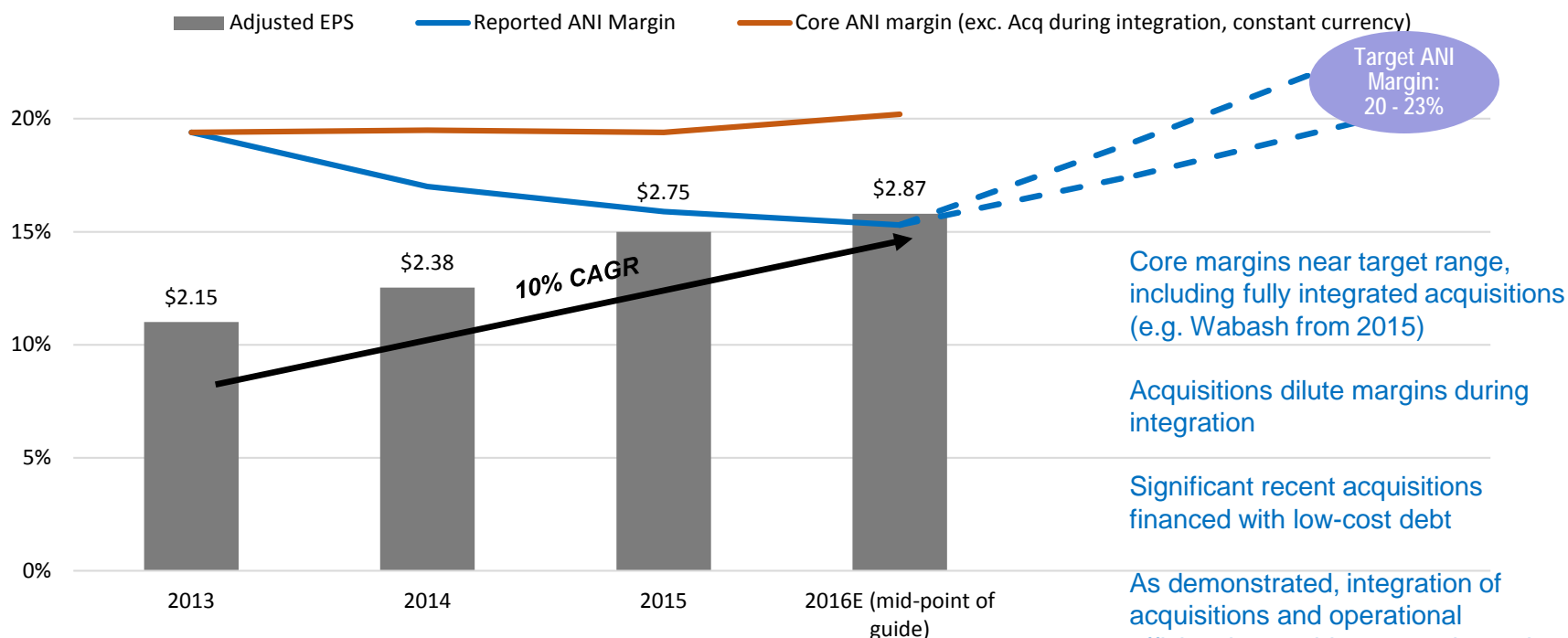
- ✓ **Net Revenue** of \$796.5M, above the midpoint of guidance (increase of 6% y/y) and **Adj. EPS** of \$0.66.  
On track for full year guide
- ✓ On track for planned **margin expansion**
- ✓ **Regulatory journey** a driver of content growth
- ✓ **Early design wins** with CST
- ✓ **Autonomous driving** an exciting area of growth for Sensata
- ✓ **Net leverage ratio** down to 4.5x;  
Paid down a portion of outstanding Revolver in Q1



# Sensata Has Significant EPS Growth Potential

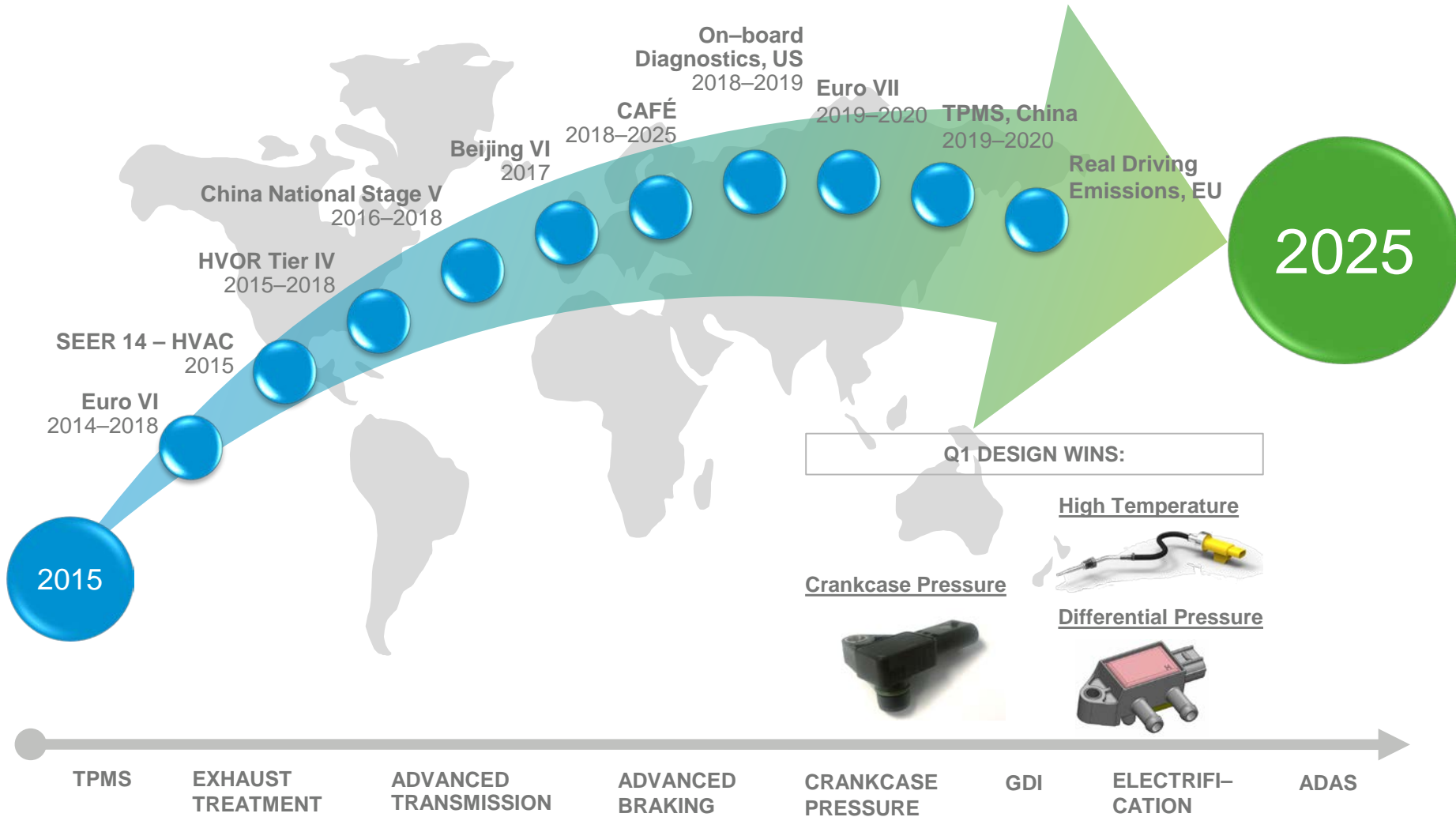
10% ADJ. EPS CAGR SINCE 2013 - ACQUISITIONS INTEGRATION DELIVERS MARGIN GROWTH

## Adjusted EPS and ANI Margin



**Core includes:** Honeywell Onboard - 2013 onward  
 SensorNite - 2013 onward  
 Wabash - 2015 onward

# Regulatory Journey a Driver of Content Growth



# CST Expands Sensor Growth Beyond Auto

## EARLY NEW DESIGN WINS

### EARLY WINS

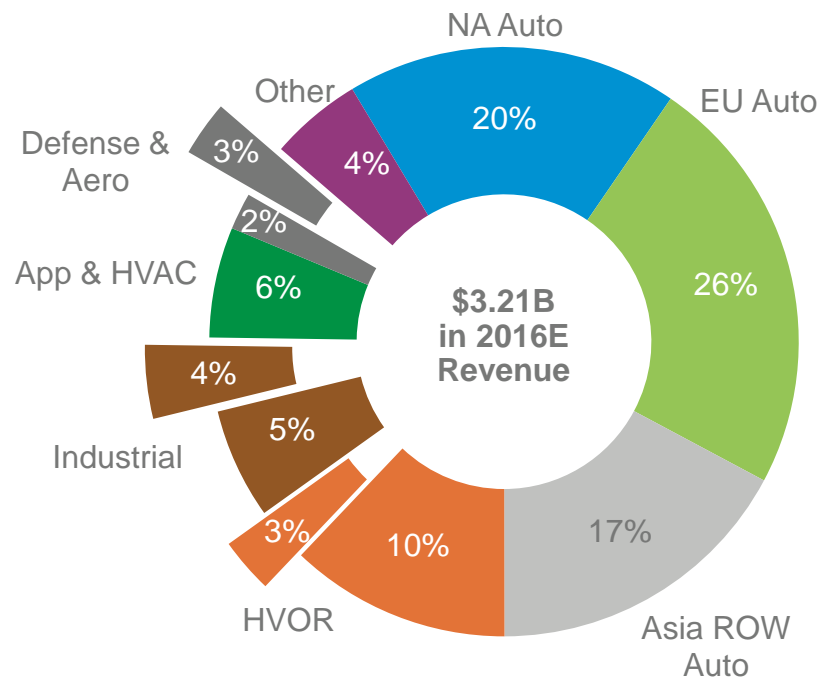
- ✓ **PRESSURE SENSOR WIN**  
with major N. American systems integrator

*Industrial chillers and rooftop HVAC*



- ✓ **LINEAR VARIABLE DIFFERENTIAL TRANSFORMER (LVDT) WIN**  
with worldwide aerospace control systems maker

*Major aircraft autopilot systems*



**CST ADDS**  
**~10%**  
**ADDITIONAL NON-AUTO REVENUE**

# Partnership Brings Sensata Substantial Sensor Growth as ADAS is Adopted

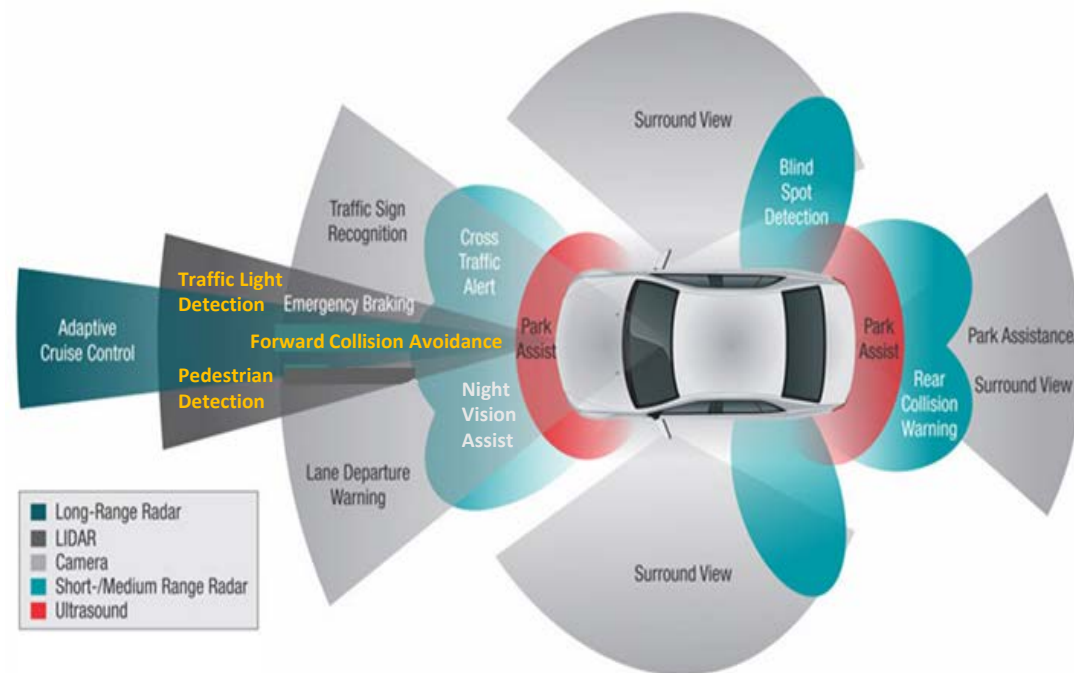
- Potential LiDAR market opportunity of ~\$1B by 2020\*
- Well positioned to win in one of the largest ADAS sensing opportunities
- High performance LiDAR is key to semi and fully autonomous vehicles
- Mission-critical application to enable ADAS

**LOWER COST LEADS TO WIDESPREAD ADOPTION OF AUTONOMOUS VEHICLES**



## SENSATA BRINGS SIGNIFICANT VALUE:

- ✓ New product launch experience
- ✓ Manufacturing expertise
- ✓ Deep customer relationships
- ✓ Global presence



# Q1 2016 Financial Summary

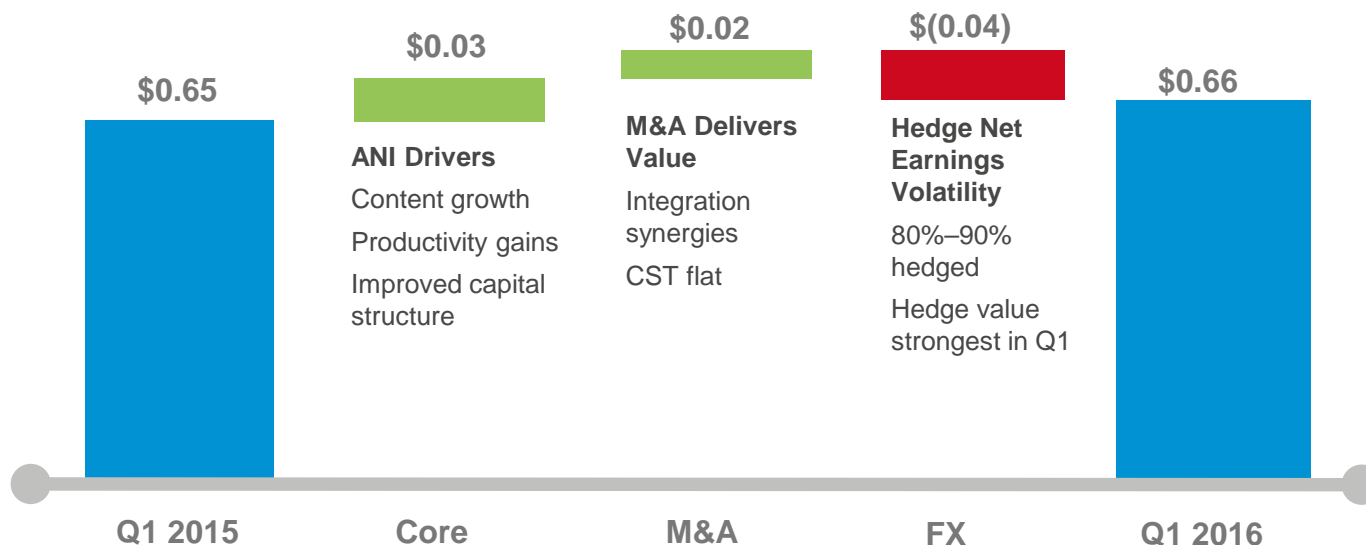
ADJUSTED NET INCOME GROWTH OF 8% ON A CONSTANT CURRENCY BASIS

	Q1 2015	Q1 2016	Reported Growth
Net Revenue	\$750.7M	<b>\$796.5M</b>	+6.1%
Adj. EBITDA	\$173.3M	<b>\$187.7M</b>	+8.3%
Adj. Net Income	\$110.9M	<b>\$113.2M</b>	+2.1%
Adj. EPS	\$0.65	<b>\$0.66</b>	+1.5%
Free Cash Flow	\$65.2M	<b>\$102.0M</b>	+56.3%
RD&E index	7.7%	7.7%	-

↑ 8.9% acquired growth including exited businesses; net revenue declined (0.9)% organically, as expected

↑ Core ANI margin of 18.4% (excluding DeltaTech, Schrader and CST) (19.6% on a constant currency basis)

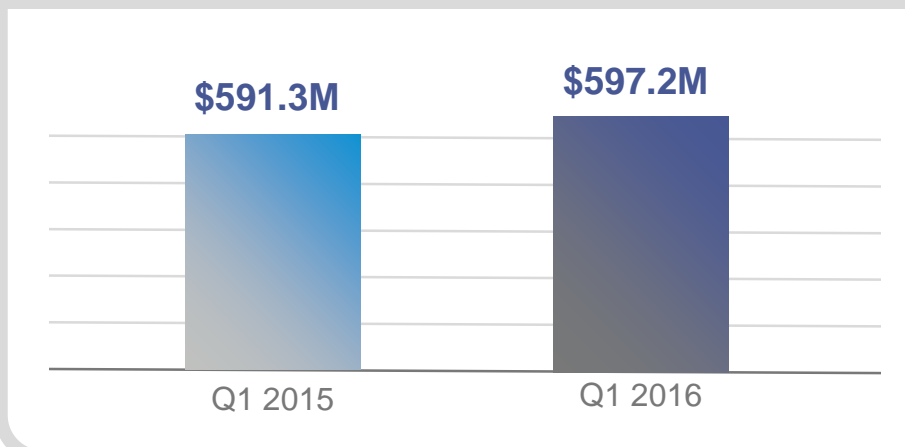
↓ Foreign exchange detrimental impact to net revenue of (1.9)% and Adj. EPS \$(0.04)



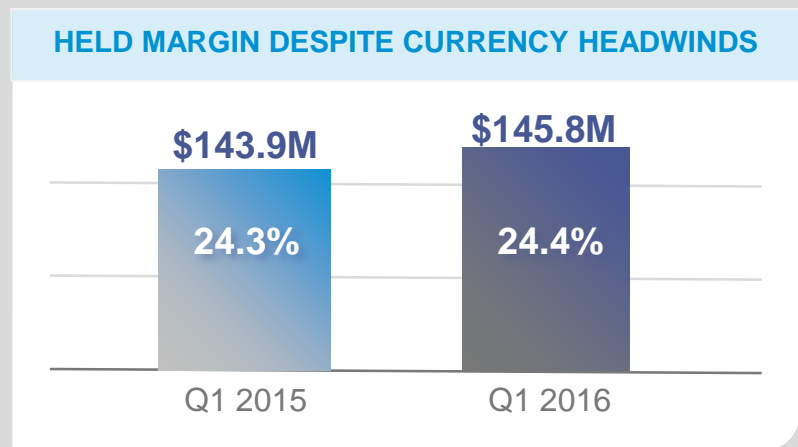


# Q1 2016 Review: Performance Sensing

## NET REVENUE



## PROFIT FROM OPERATIONS



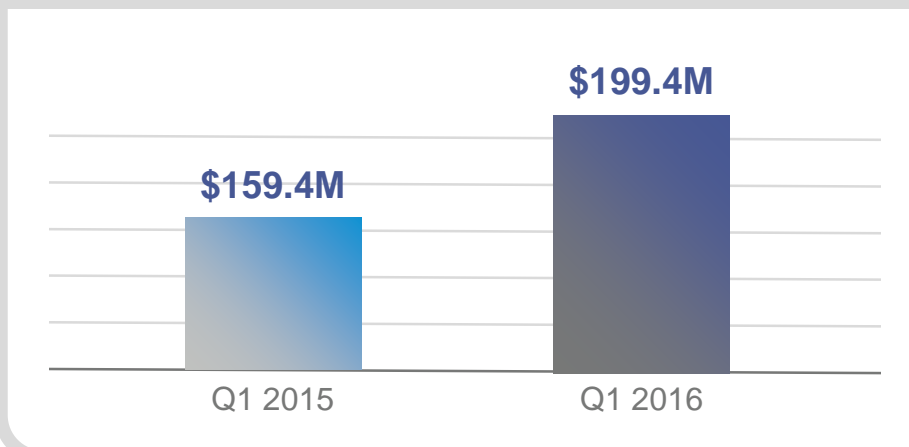
Q1 Growth y/y	% of ST Net Revenue	Reported	Organic
Automotive (inc.TPMS)	61%	(2)%	1%
HVOR	14%	15%	(3)%
<b>Performance Sensing</b>		<b>1%</b>	<b>1%</b>

- ↑ Acquisitions less exited businesses added 2%
- ↓ Foreign exchange (2)% negative impact

- Automotive organic growth driven by increasing content in Europe and China
- HVOR impacted by weakness in North American on-road Class 8 trucks
- Integration of DeltaTech and Schrader improve Performance Sensing PFO, despite currency headwinds

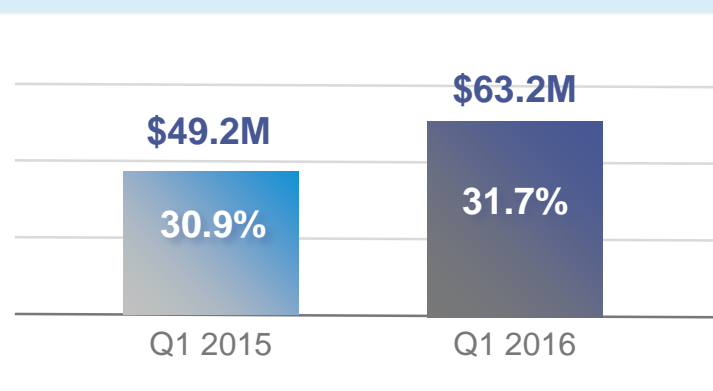
# Q1 2016 Review: Sensing Solutions

## NET REVENUE



## PROFIT FROM OPERATIONS

### SUSTAINED HIGH MARGIN PERFORMANCE





Q1 Growth y/y	% of ST Net Revenue	Reported	Organic
Sensing Solutions	25%	25%	(7)%




- ↑ CST acquisition provided 33% growth
- ↓ Foreign exchange (1)% negative impact

- Continued weakness in certain end-markets
- Margin improvement despite dilution from CST acquired revenue
- China improving sequentially
- Comparisons better in second half 2016

# Q2 2016 Financial Guidance

	Q2 2015	Q2 2016 Guide	Reported	Organic <i>Excludes FX, CST, Exited business</i>
Net Revenue	\$770.4M	\$800 – \$840M	4% – 9%	(2)% – 1%
Adj. Net Income	\$124.6M	\$117 – \$127M	(6)% – 2%	3% – 8%
Adj. EPS	\$0.73	\$0.68 – \$0.74	(7)% – 1%	3% – 7%
Diluted Shares Outstanding	171.7M	171.6M		

 CST acquisition providing ~10% revenue growth  
 FX detrimental impact to revenue (2% – 3%) and earnings (\$0.05 – \$0.06)

 Performance Sensing flat to up 1 percent organically  
 HVOR on-road weaker  
 Sensing Solutions downward trend improving  
 China appears to have bottomed  
 Better second half comparisons

# 2016 Financial Guidance

ON TRACK FOR YEAR

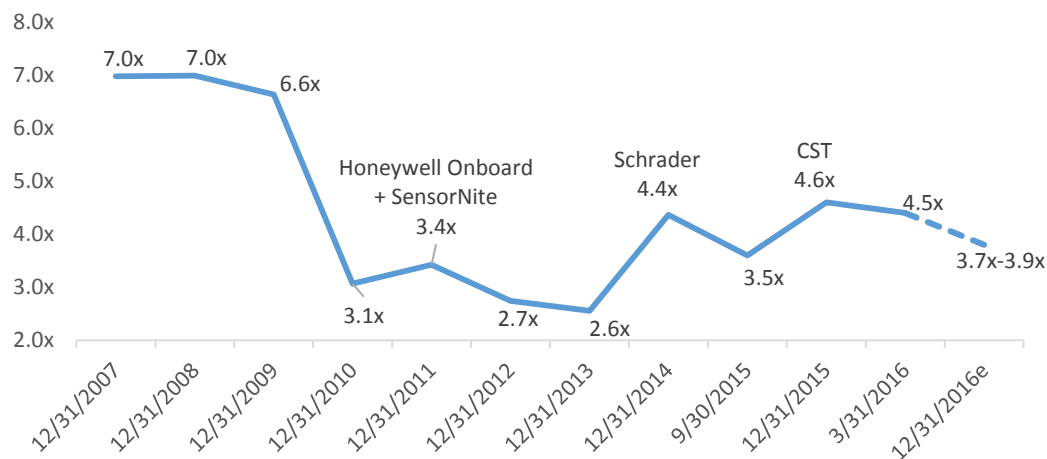
	FY 2015	FY 2016 Guide	Reported	Organic <i>Excludes FX, CST, Exited business</i>
Net Revenue	\$2,975M	\$3,140 – \$3,280M	6% – 10%	0% – 3%
Adj. Net Income	\$472.0M	\$470 – \$515M	0% – 9%	4% – 11%
Adj. EPS	\$2.75	\$2.74 – \$3.00	0% – 9%	4% – 11%
Diluted Shares Outstanding	171.5M	171.7M		

## Long History Of Deleveraging

PROFITABLE, HIGHLY CASH GENERATIVE BUSINESS ALLOWS FOR SIGNIFICANT DELEVERAGING

- Utilized strong free cash flow to reduce debt by \$40M in Q1
- Target net leverage ratio to be below 3x; willing to lever up for accretive acquisitions
- Balance debt repayment with high-returning opportunistic investments

Sensata Net Leverage Ratio



# Sensata Remains Committed to Shareholder Value Creation

- ✓ **Sensata Wins In Sensing**, outperforming markets with leading margins
- ✓ **Acquisitions** diversify end-market exposure and provide earnings leverage
- ✓ Double-digit long-term **revenue and earnings CAGRs**
- ✓ Strong **cash generation** and disciplined **capital allocation**



Win In Sensing





**Sensata**  
Technologies

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# APPENDIX

## SENSATA FIRST QUARTER 2016 EARNINGS SUMMARY

The World Depends on Sensors and Controls

# GAAP to Non-GAAP Reconciliation

Sensata Technologies Holding N.V.

Reconciliation of GAAP Net Income to Adjusted EBITDA and Adjusted EBIT

(\$ in 000s)

	Quarter Ended Mar 31, 2015	Quarter Ended Jun 30, 2015	Quarter Ended Sep 30, 2015	Quarter Ended Dec 31, 2015	Year Ended Dec 31, 2015	Quarter Ended Mar 31, 2016
<b>Net income</b>	\$ 35,355	\$ 40,900	\$ 53,152	\$ 218,289	\$ 347,696	\$ 60,612
Provision for/(benefit from) income taxes and other tax related expense	10,518	13,609	13,215	(174,409)	(137,067)	16,195
Interest expense, net	34,761	31,562	29,706	41,597	137,626	42,268
Amortization and depreciation expense	67,651	72,041	67,538	77,273	284,503	78,765
Deferred loss/(gain) on other hedges	4,038	2,424	5,576	(174)	11,864	(13,273)
Financing and other transaction costs	19,822	5,974	3,659	5,598	35,053	781
Restructuring and special charges	1,156	17,657	8,502	9,743	37,058	2,363
<b>Adjusted EBITDA</b>	<b>\$ 173,301</b>	<b>\$ 184,167</b>	<b>\$ 181,348</b>	<b>\$ 177,917</b>	<b>\$ 716,733</b>	<b>\$ 187,711</b>

	Quarter Ended Mar 31, 2015	Quarter Ended Jun 30, 2015	Quarter Ended Sep 30, 2015	Quarter Ended Dec 31, 2015	Year Ended Dec 31, 2015	Quarter Ended Mar 31, 2016
<b>Net income</b>	\$ 35,355	\$ 40,900	\$ 53,152	\$ 218,289	\$ 347,696	\$ 60,612
Provision for/(benefit from) income taxes and other tax related expense	10,518	13,609	13,215	(174,409)	(137,067)	16,195
Interest expense, net	34,761	31,562	29,706	41,597	137,626	42,268
Depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory	47,346	46,308	46,403	53,313	193,370	53,866
Deferred loss/(gain) on other hedges	4,038	2,424	5,576	(174)	11,864	(13,273)
Financing and other transaction costs	19,822	5,974	3,659	5,598	35,053	781
Restructuring and special charges	1,156	22,023	8,502	10,651	42,332	3,639
<b>Adjusted EBIT</b>	<b>\$ 152,996</b>	<b>\$ 162,800</b>	<b>\$ 160,213</b>	<b>\$ 154,865</b>	<b>\$ 630,874</b>	<b>\$ 164,088</b>

# Sensata Financial Metrics Dashboard

## TSR from IPO

14%

CAGR (S&P: 10%)

## 2015 TSR

(12)%

2016 YTD: (16)%

## 2015 ROIC

13.0%

## Cash Returned

2012–2015

\$500M

7.5% OF SHARES  
REPURCHASED

## Acquired Revenue

(DeltaTech, Schrader, CST)

\$1.05B

\$0.40 - \$0.45  
ACCRETION IN  
2016E



## Non-GAAP Measures

This presentation includes references to Adjusted net income, Adjusted EBITDA, Net debt, Net leverage ratio and free cash flow. Adjusted net income and Adjusted EBITDA are non-GAAP financial measures. The Company defines Adjusted net income as follows: Net income before certain restructuring and special charges, costs associated with financing and other transactions, deferred loss/(gain) on other hedges, depreciation and amortization expense related to the step-up in fair value of fixed and intangible assets and inventory, deferred income tax and other tax expense, amortization of deferred financing costs, and other costs. The Company defines Adjusted EBITDA as follows: Net income before provision for/(benefit from) income taxes and other tax related expense, interest expense (net of interest income), amortization and depreciation expense, deferred (gain)/loss on other hedges, costs associated with financing and other transactions, restructuring and special charges, and other costs. The Company believes Adjusted net income and Adjusted EBITDA provide investors with helpful information with respect to the Company's operating performance, and management uses Adjusted net income and Adjusted EBITDA to evaluate its ongoing operations and for internal planning and forecasting purposes. Adjusted net income and Adjusted EBITDA are not measures of liquidity.

Net debt represents total indebtedness including capital lease and other financing obligations, less cash and cash equivalents. The net leverage ratio represents Net debt divided by Adjusted EBITDA for the last twelve months. Free cash flow represents operating cash flow less capital expenditures. Please refer to the Company's financial press releases, Form 8-K filings, and financial reports for a further description of our non-GAAP financial measures, including reconciliations of these measures to Net income. Copies of all the Company's filings are available from the Investor Relations section of our website, [Sensata.com](http://Sensata.com), and from the SEC.