



# OPPENHEIMER 12<sup>TH</sup> ANNUAL INDUSTRIAL GROWTH CONFERENCE

MAY 9, 2017

# Forward-Looking Statements

In addition to historical facts, this earnings presentation, 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.

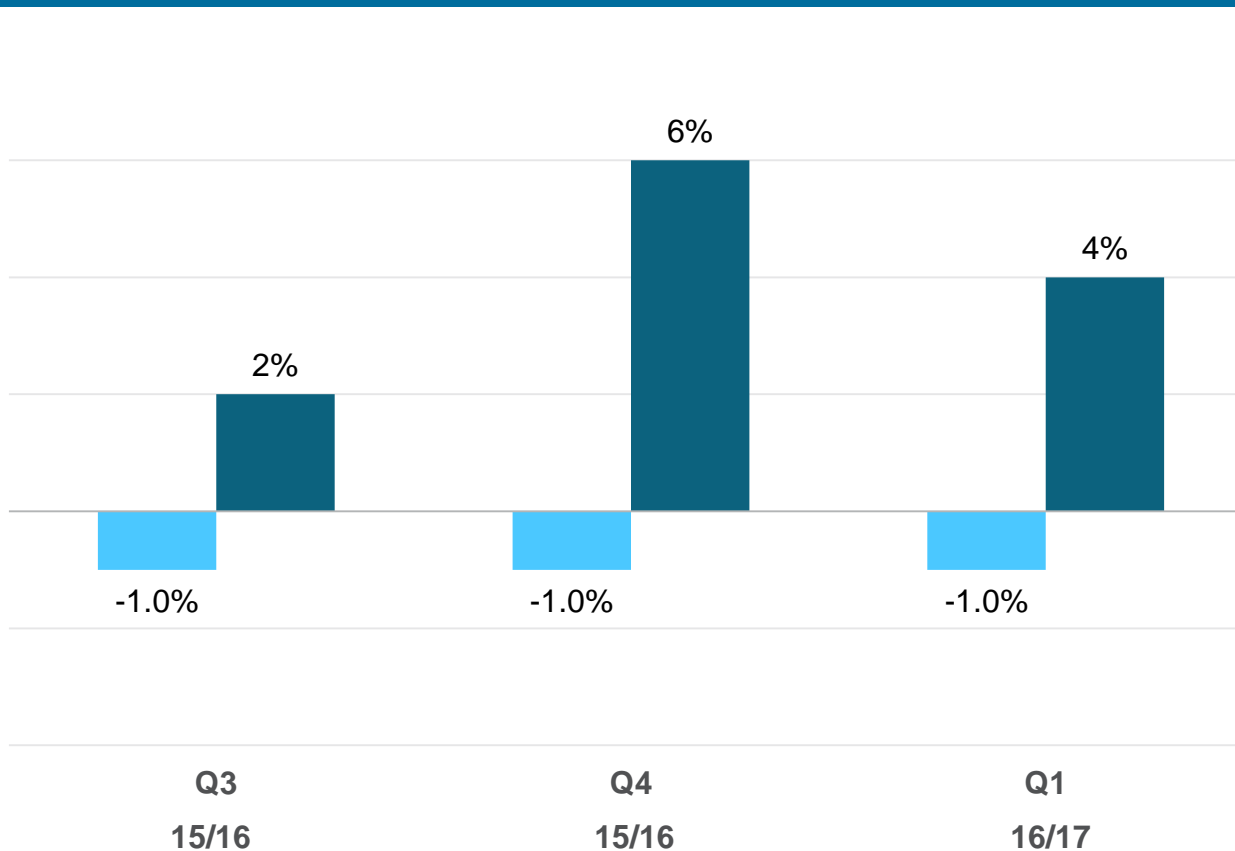
## Key Messages

- ✓ **Accelerating organic revenue growth** – improving organic revenue growth in FY-2017 driven by recovery of industrial/HVOR markets, poised for further improvement in FY-2018
- ✓ **Strong margin expansion and double-digit EPS growth** – industry-leading adjusted EBIT margins expected to expand by 150 basis points in FY-2017 to 23.2%\*; 10% organic EPS growth on only 2% organic revenue growth
- ✓ **Strengthening balance sheet** – expect net leverage ratio of ~3.0x by the end of 2017, an improvement from 4.6x at beginning of 2016
- ✓ **Performing to promise & delivering on expectations** – 5 straight quarters of delivering performance in-line with/above guidance
- ✓ **Investing for the future** – investing resources to expand in autonomous driving (LiDAR) and electrification as well as executing new design wins



# Accelerating Organic Revenue Growth

## ORGANIC REVENUE GROWTH – LAST 3 QUARTERS



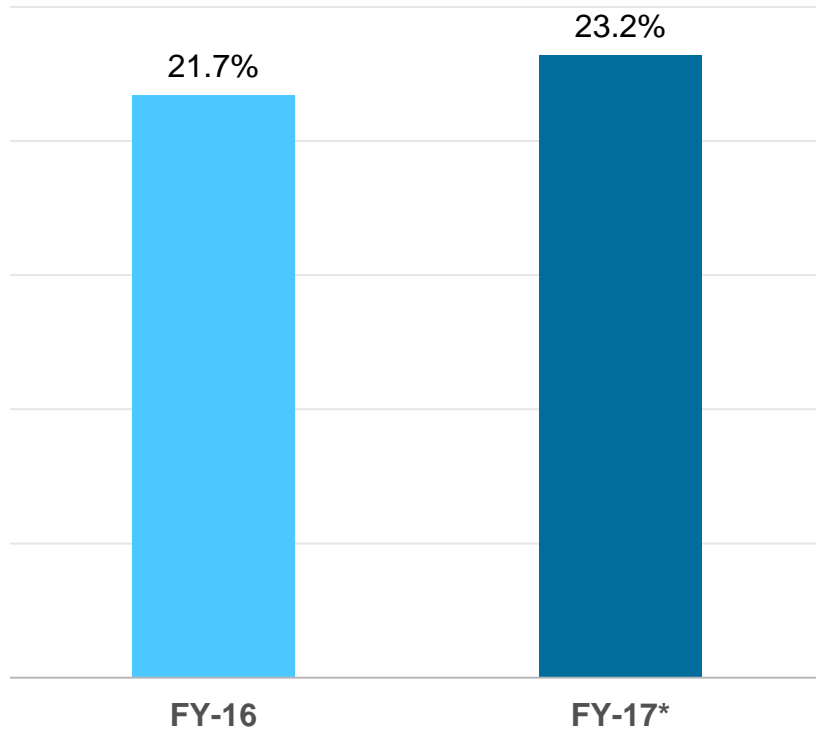
## DRIVERS

- **Auto markets** performing in-line with expectations
- **Content growth trends** in auto and HVOR favorable compared to 2016
- Strong recovery of **industrial markets**, particularly in China
- **HVOR markets** bottom and are gradually improving

# Strong Year-Over-Year Margin Expansion

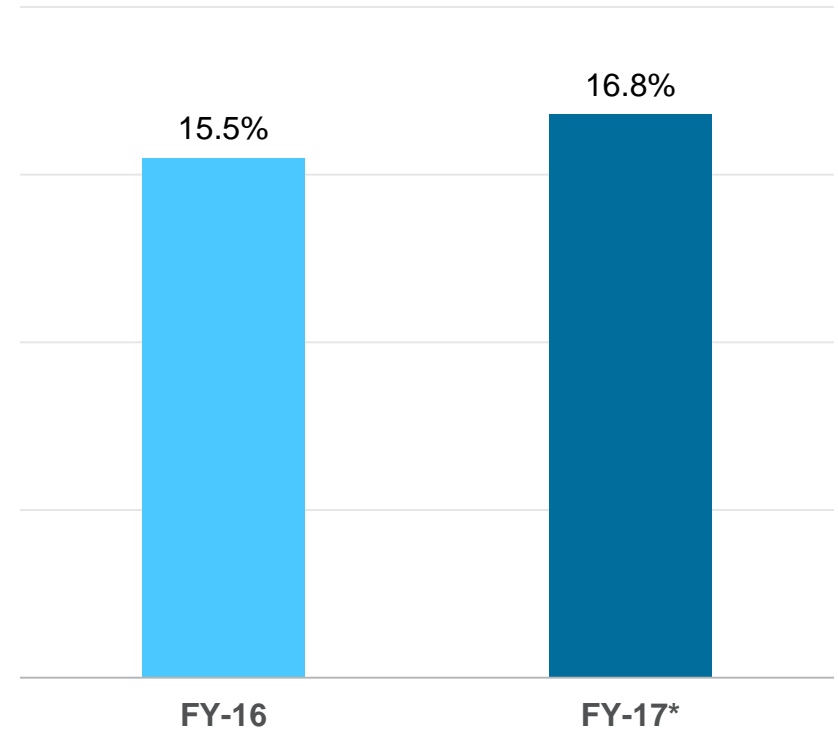
## ADJUSTED EBIT MARGINS

**+150** BASIS POINTS



## ADJUSTED NET INCOME MARGINS

**+130** BASIS POINTS ORGANICALLY

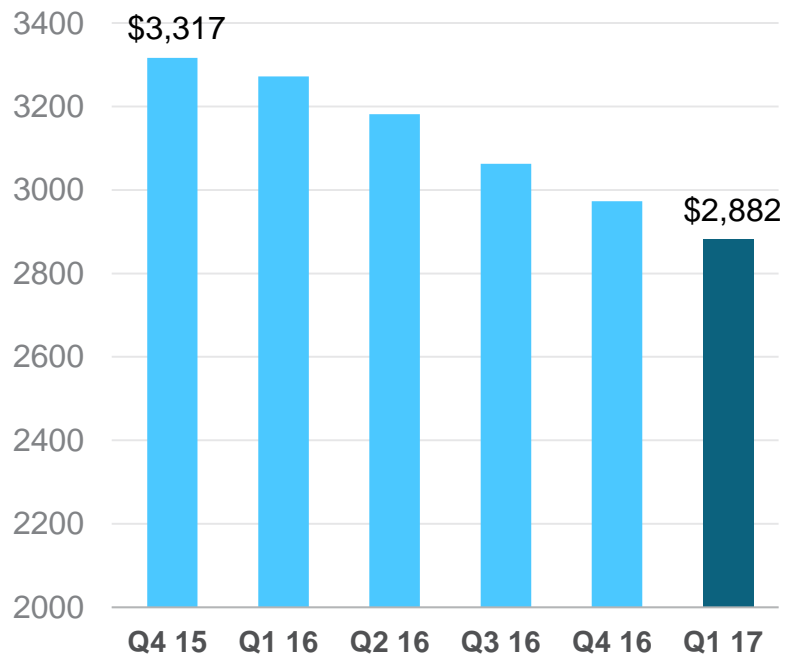


\*Midpoint of FY-17 Guidance

# Delivering on Promise to Strengthen Balance Sheet

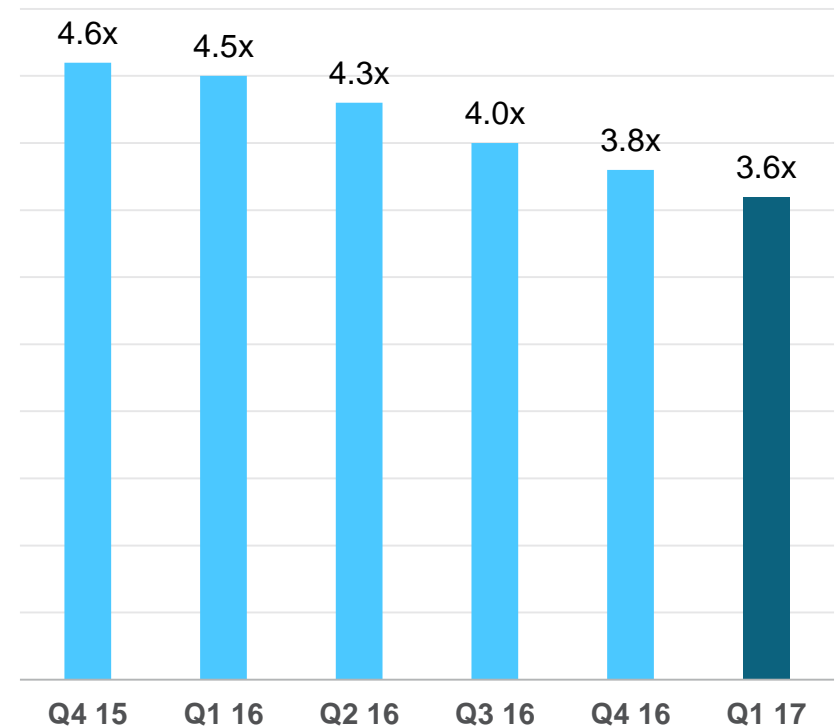
## NET DEBT (\$M)

~\$435M OF NET DEBT REDUCTION SINCE Q4-15



## NET LEVERAGE RATIO

LEVERAGE RATIO OF ~3.0X BY END OF 2017\*



\* Assumes no additional M&A or share repurchases

## 2017: Another Year of Double-Digit Organic EPS Growth

|                 | FY 2016  | FY 2017 GUIDANCE    | REPORTED  | ORGANIC  | COMMENTS  |
|-----------------|----------|---------------------|-----------|----------|---|
| Revenue         | \$3,202M | \$3,165M – \$3,265M | (1%) – 2% | 1% – 3%  | <ul style="list-style-type: none"> <li>No change to organic guidance for revenue, Adj. EBIT, Adj. Net Income &amp; Adj. EPS</li> </ul>  |
| Adj. EBIT       | \$695.3M | \$734M – \$756M     | 6% – 9%   | 6% – 10% | <ul style="list-style-type: none"> <li>FX expected to lower revenue by ~\$52M, which is ~\$15M better than previous guidance</li> </ul> |
| Adj. Net Income | \$494.8M | \$528M – \$550M     | 7% – 11%  | 8% – 12% | <ul style="list-style-type: none"> <li>Adjusted EPS impact from FX remains unchanged: (\$0.02) - (\$0.03)</li> </ul>                    |
| Adj. EPS        | \$2.89   | \$3.08 – \$3.20     | 7% – 11%  | 8% – 12% | <ul style="list-style-type: none"> <li>Integration expense: ~\$20M, up \$3M from previous guidance</li> </ul>                           |