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Sensata Technologies

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EXECUTIVE SUMMARY

FIRM INTRODUCTION

Ensemble Capital Management, founded in 1997, is a 100% employee-owned Burlingame, California-based investment firm managing \$820 million in client assets. Strategically located between San Francisco and Silicon Valley, the firm offers both separately managed accounts as well as the Ensemble Fund (ENSBX). In addition to our U.S. equity investment management offering, the firm provides comprehensive wealth management services to many of our clients.

STRATEGY INTRODUCTION

Our strategy centers on identifying competitively-advantaged businesses that can be purchased at compelling prices based on the amount of cash earnings the companies can return to shareholders over time. Central to our analysis is verifying the existence and sustainability of a company's moat. These competitive advantages have the most influence on rates of return on invested capital over time. High returns on invested capital, which are far more persistent than high growth rates, result in more distributable cash per dollar of reported earnings. Our valuation approach focuses on the present value of distributable cash flows, which represent the intrinsic value of a security.

PORTFOLIO EXPECTATIONS

- 15 to 30 securities, primarily mid-to-large company equities, that are traded on U.S. exchanges
- Characterized by competitively advantaged business models rather than by simplistic growth and value characteristics
- Significantly higher than average tangible returns on invested capital
- Portfolio weightings driven by our degree of confidence in the long-term business model, and discount to fair value
- Individual holding weights ranging from 1% to 10%
- Disciplined framework of target weights and maximum weights at both cost and market
- Cash is a residual of the investment process; there is never a target percentage for cash nor a mandate to be fully invested
- Active share of 85% to 95%

ALIGNMENT

Sean Stannard-Stockton, President and Chief Investment Officer, has 100% of his personal, public equity assets in the strategy.

Helping Build the Car of the Future



Safety



Protecting the Environment



Smart

Where are Sensata devices?

In mission-critical automotive systems

Engine

- ✓ Gasoline Direct Injection Pressure
- ✓ Common Rail Diesel Pressure
- ✓ Returnless Fuel Pressure
- ✓ Cylinder Pressure
- ✓ Throttle Valve Position
- ✓ EGR Valve Position
- ✓ Oil Pressure
- ✓ Air Intake Pressure
- ✓ Cam / Crank Position / Speed
- ✓ Turbo Valve Position
- ✓ Turbo Speed

Transmission

- ✓ Clutch Actuation Pressure
- ✓ Clutch Pedal Position
- ✓ Line Pressure
- ✓ Continuous Variable Pulley Pressure
- ✓ Gear Position
- ✓ Input / Output Speed

Passive Safety

- ✓ Occupant Detection

Active Safety (Brake)

- ✓ Brake Pressure (ESC)
- ✓ Vacuum Boost Pressure
- ✓ Wheel Speed

Cabin Comfort

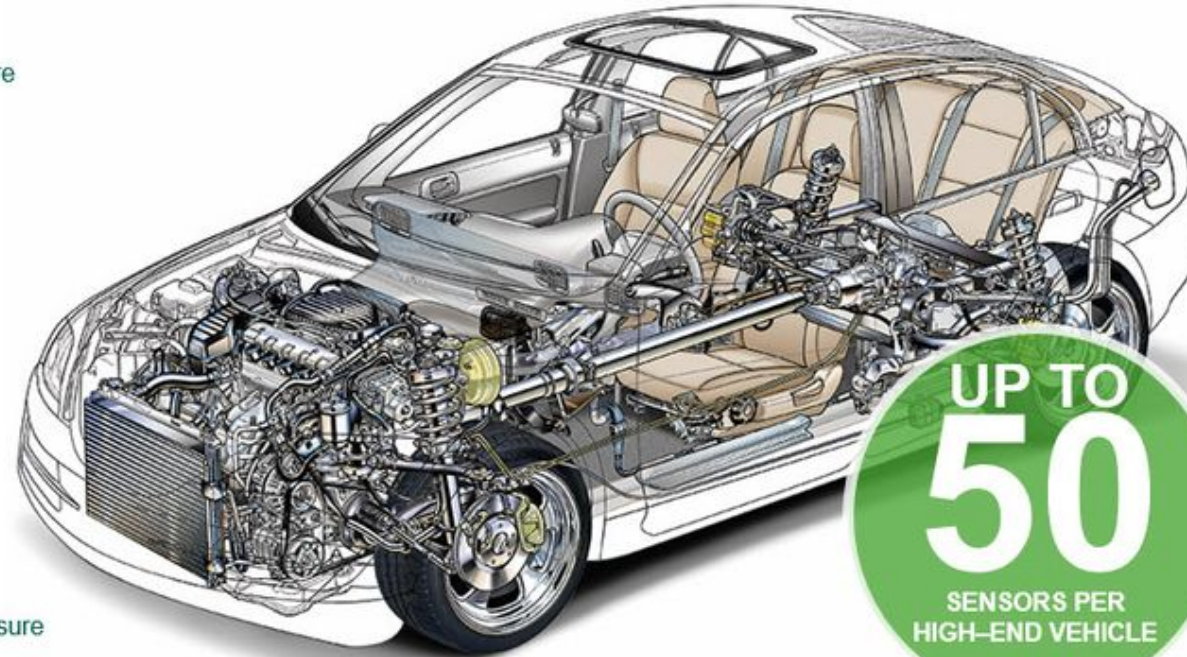
- ✓ Air Conditioning Pressure
- ✓ Air Classification / Quality
- ✓ Humidity
- ✓ Solar / Twilight Sensor

Chassis

- ✓ Suspension Pressure
- ✓ Tire Pressure Monitoring Systems (TPMS)
- ✓ Pedal Position

Exhaust

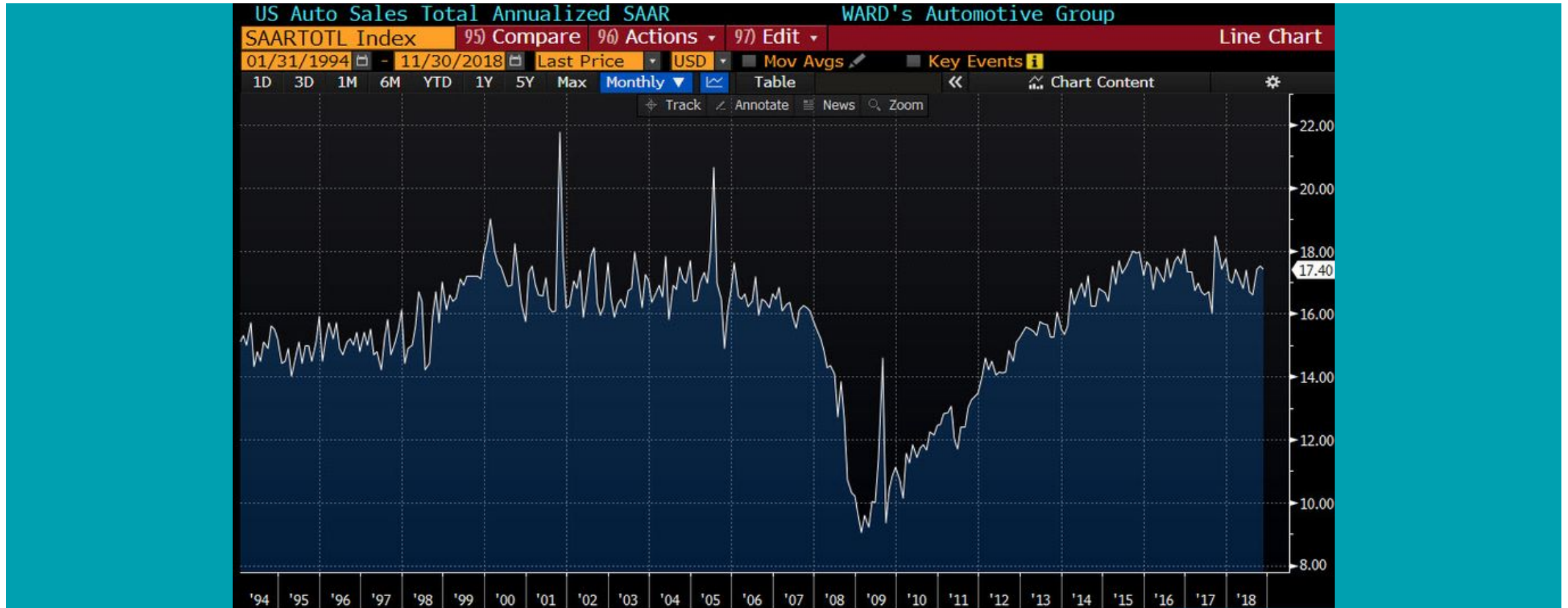
- ✓ Exhaust Temperature
- ✓ Particle Filter Pressure
- ✓ Urea Pressure



UP TO
50
SENSORS PER
HIGH-END VEHICLE

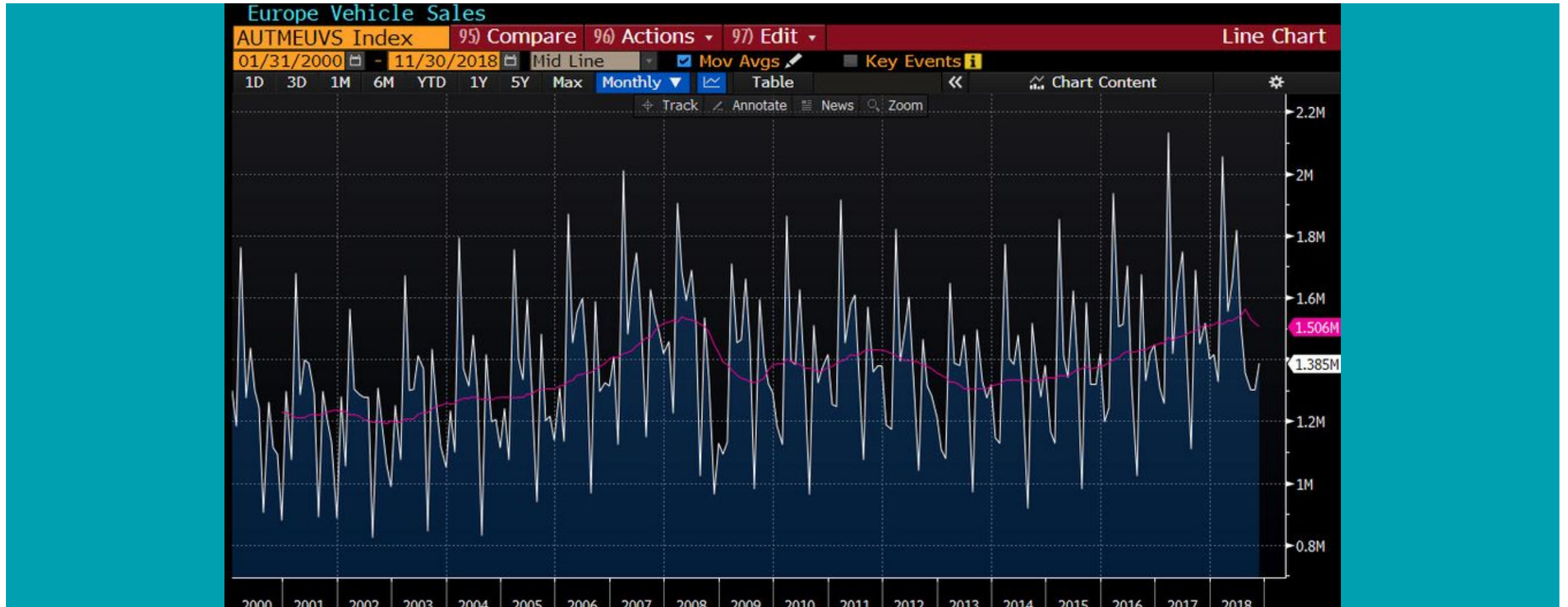
Source: Sensata Technologies

US Auto Sales



Source: Bloomberg

European Auto Sales



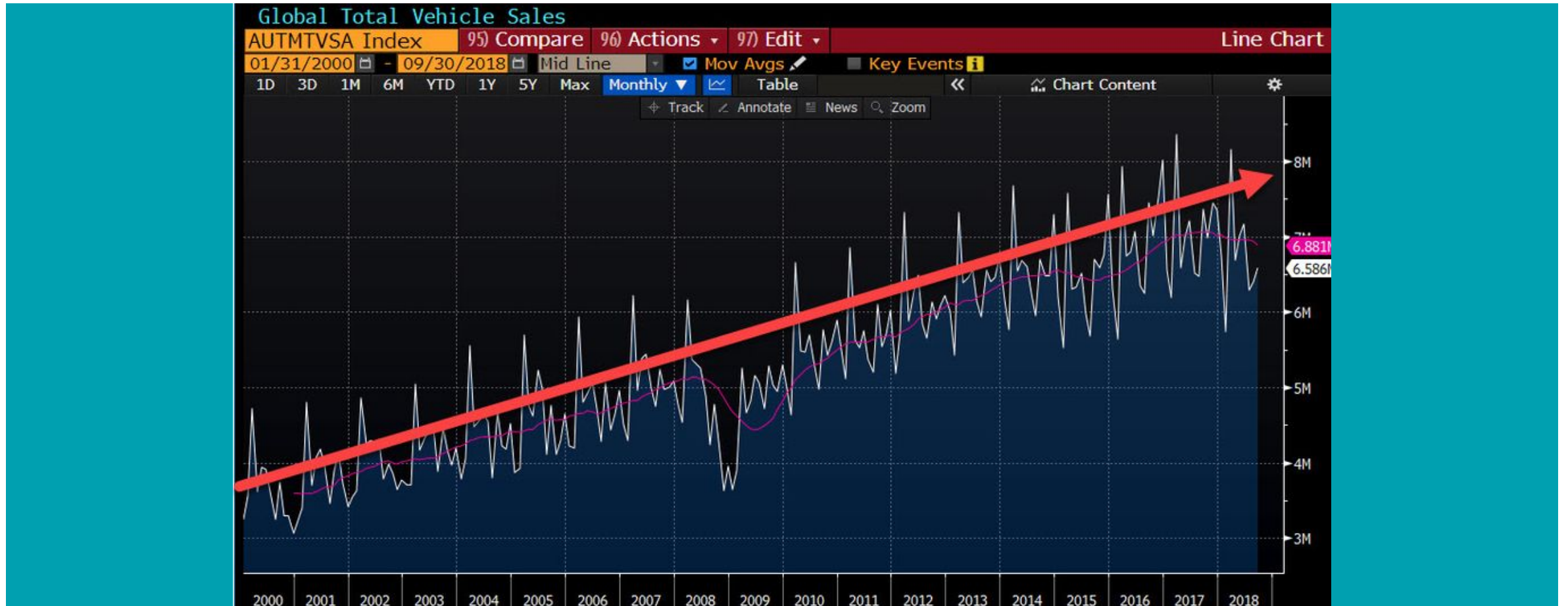
Source: Bloomberg

China Auto Sales



Source: Bloomberg

Global Auto Sales



Source: Bloomberg

Content Per Vehicle

Average Mature Market Vehicle

~\$40 per vehicle

Average Luxury Car

~\$100+ per vehicle

Average Chinese Car

~\$10 per vehicle, has doubled in recent years and expected to grow by 50% over next three years

Electric Vehicles

~\$40 per vehicle

Hybrids \$100+

Growth Model



1 Production Growth 1%+

2 Content Growth 5%-7%

3 Pricing -1% to -2%

4 Revenue Growth 4%-6%+

5 Margin Lift/Operating Income Growth ~10%

Competitive Advantages

Designed In to Win

Sensata engineers have worked for decades in the offices of automakers

Mission Critical, Low Cost

Sensors are immaterial to overall cost of vehicle, but failure has huge costs

Dominant Provider

Works with every major automaker globally

Technical Expertise

Specialized, rugged, industrial-technology
Denso turning to Sensata for challenging sensors

Threats & Risks

Autonomous Vehicles

Risk or Opportunity?

Human drivers are key “sensor” element

Might on demand AV lead to fewer cars per capita?

Or will AV increase miles driven?

Global Recession

Production levels in any given year could decline materially

But limited risk to China over medium-long term?

Moving Into Industrial Sensing

IoT sensor strategy less competitively advantaged,
but wide open and growing TAM

Debt & Capital Allocation

Private equity background

Aggressive Capital Structure Optimization



Source: Bloomberg

Return Potential



Sensors are a fundamental building block

for electrification, autonomy and smart, connected products – enabling a clean and efficient world

- ~40% returns on tangible capital
- 3x net debt sustainable capital structure
- Solid MSD/HSD revenue growth, HSD/LDD earnings growth
- Smart capital allocators, 20% M&A IRRs and opportunistic stock buybacks
- Terminal Fair Value of ~20x earnings (watch the tax rate!)
- As much as 100%+ potential upside over next few years



NO INVESTMENT ADVICE

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As of the date of this presentation, clients invested in Ensemble Capital Management’s core equity strategy own shares of Sensata Technologies (ST). This company represents only a percentage of the full strategy. As a result of client-specific circumstances, individual clients may hold positions that are not part of Ensemble Capital’s core equity strategy. Ensemble is a fully discretionary advisor and may exit a portfolio position at any time without notice, in its own discretion.

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