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<<Michelle Edkins, Managing Director, BlackRock>>

It's my privilege to introduce the next speaker. I'm Michelle Edkins. I head the Investment Stewardship Team at BlackRock and I have the pleasure to introduce Kevin Clark, who is President and CEO of Delphi Automotive or Delphi Automotive. I guess it depends if you're British or American. He started his career at Chrysler so has his roots in the automotive industry. At Chrysler, he was in a finance role. Beyond finance, he has expertise in building and improving companies in the mid-market segment of the economy gained at Liberty Lane, private equity firm he helped found, and at Fisher Scientific, a manufacturer, distributor and supplier to the global health care industry.

Kevin joined Delphi as Chief Financial Officer 7 years ago, so shortly after it came out of bankruptcy, and has served in roles focused on business division operations and global supply management as well as finance before becoming CEO. It seems to me that a career spanning innovation, transformation and finding solutions to complex problems makes him uniquely well-placed to lead a company whose motto is, "Making it possible." And on that, we're going to see a brief video before Kevin comes up. Thank you.

[Video Presentation]

<<Kevin P. Clark, President and Chief Executive Officer>>

So thank you. Good afternoon, everybody. Let's see if I can get situated here. I've had the honor of – I should start by saying, I've had the honor of working with Raj for the last 7 years, and as fantastic as he was to listen to today, I will tell you to work with him on a day-to-day basis, it's really an honor. So Raj, you're somewhere in this room. I just – I really want to thank him for all his efforts. He's really been inspiring to me as a leader and to our organization, in terms of what I'm going to talk to you about, what we're going through and some of the good things that we're doing.

I'm really pleased to have the opportunity to – here to talk about Delphi, because I really believe that really, what we're doing is really at the center of what CECF is about, right? So our theme is about making the world more safe, more green and more connected. So a world that's better tomorrow than what we live in today. Not only are we focused on the near term and the medium term, we're very focused on sustainable, long-term value creation. That's what we get up each and every day to do and to make the world better. So I talked about – you saw the video. I think

that's a great video. It talks about or shows what Delphi's doing. A little bit of background for you here in the room.

We're uniquely positioned really, at the heart of a number of really exciting and relevant things that are going on in the world surrounded by the safe – or being driven by the safe, green and connected megatrends that are really affecting the transportation industry and are affecting all of us from a day-to-day standpoint. As you can see on this slide, for those of you who aren't really familiar with Delphi or aren't as familiar, we're a global technology company. As I mentioned, we're really focused on making the world safer, making it greener, making it more connected and provide those solutions to the broader mobility market.

We operate 15 major technical centers around the world. We are extremely global. We engineer advanced solutions in vehicle architecture, software and computing, vehicle propulsion as well as data services. We're present in 46 countries. We have over 100 manufacturing facilities, over 160,000 employees, 30,000 salary employees, 20,000 of our 30,000 salary employees are engineers and scientists. So a very engineered, technically focused company from a resource people standpoint. We supply our products to a wide range of global customers, and they include the major automotive OEMs across the globe that you're very, very familiar with.

As the world's changing, that's expanded to some of the new mobility providers that you're familiar with, as well as some other emerging, what we call, non-traditional customers, which is presenting for us a real incremental revenue opportunity. The company, as was alluded to in the introduction, was reorganized during the global financial crisis. We actually emerged from Chapter 11 reorganization in late 2009. We went public in 2011 and have been executing our strategy to grow our business and expand our capabilities through organic investments, acquisitions and partnerships in key technologies. And again, all of them very focused and very aligned to strengthening our capabilities, to provide solutions in the areas of safe, green and connected for our existing customers as well as future customers.

Now as you can see on Slide 3, our portfolio of advanced technologies are really addressing some real meaningful challenges. The level of organization that's going on in the world, and I know there's a lot of dialogue about this, from where we are today, over 50% of population today growing to 70% by 2050, that increase in urban populations is driving more traffic congestions in cities. This obviously translates into more CO2 emissions, higher societal costs as well as longer commute times for people who traditionally drive cars, which is really again, the reason we've aligned ourselves around the safe, green and connected megatrends. And we really benefit from the tailwinds associated with making products which make vehicles safer, again, which reduce CO2 emissions, increase fuel economy and benefit from the drive towards increased connectivity.

Moving to Slide 4. To support our mission, we're focused on a foundation of execution. We're very good from an operational standpoint, from a cost management standpoint. We have a global footprint, as I mentioned. We have the industry's most competitive cost structure. We operate in an industry that is extremely competitive. We have flexibility to pursue organic and inorganic growth opportunities. And since the IPO, as you can see on this slide, we've increased our investment in advanced engineering, from 10% of total engineering spend to 20%. So to the point Raj made earlier, how do we make sure that we position ourselves so that for the long term, we're there to drive value for our customers and obviously, ultimately drive value for shareholders.

We've more than doubled our number of software engineers to over 6,000. So as I mentioned, we have 20,000 engineers today, 6,000 are software engineers. We hire an additional 1,000 engineers every day, the bulk of whom are in the software area. We've increased the number of strategic partners as an industry, which has historically tended to do things internally. We've been very, very proactive in terms of identifying outside alternatives to develop product with and really, aggressively look at make-buy alternatives and deciding where do we need to own and where can we partner, and then all the while, growing revenues faster than industry production, as well as expanding margins. As I mentioned at the start, in this slide, we built our business on a foundation of really living our values, those safe, green and connected values, as well as operating excellence, combining all of that, which we really refer to as our Delphi DNA, doing the little things right with aspirational goals. This is a commitment we make to our employees. We make it to our customers. And obviously, we make it to our shareholders. And again, it's at the core of what we do at Delphi.

So as highlighted on Slide 5, the technologies underpinning the safe, green and connected megatrends, they're really converging. They used to be separate and very distinct. Today, as a result of technology, they are very much converging. So this is driving the need for an exponential increase in software. Content value in the car from a software standpoint is growing towards roughly 50% of the value in a car versus historically, when we supplied our history of mechanical products or electronic products. Signal and data distribution is extremely important. The more software, the more data needs to be distributed, the faster compute power needs to be put in the car, and the more that needs to be interconnected. At the same time though, there's more stringent regulatory requirements as it relates to CO2 emissions as well as fuel economy standards, which is really driving all sorts of technology into the powertrain. So having strategically aligned our portfolio to safe, green and connected technologies, we again feel we're uniquely positioned to benefit from this overall convergence. So I'm going to talk about each one of these areas in a little bit more detail.

So if you can see on the next slide, Slide 6, safety. So we're really goal – we're guided by the goal of zero traffic fatalities, zero accidents in zero industries. Now that's a pretty strong

statement, and it's one that we're really a long way off. And it's especially true, particularly when you look at the last few years, traffic fatalities have actually increased here in the United States, principally driven by driver distraction, increased connectivity in the car, more driver distraction, more accidents. Passive safety solutions, which were launched in the industry in the 1970s, for years had a significant impact on reducing traffic fatalities, but we're now at the point where we have full penetration. And really, to take it to the next level, what you really need is alternatives that reduce driver distraction and active safety solutions, which we're going to talk about, which are things like radar sensing, visioning sensing, lane keeping assistance, all the technologies that, as you look at it, are now leading to the discussion about autonomous driving.

So at Delphi, again, we have the right portfolio of software sensing and control technologies, as well as systems integration capabilities to ensure our technologies meet the performance expectations of our industry. And that's one of the things that is really very, very important; that, in addition to having the technology, you have the ability to commercialize it, industrialize it and bring it into the automotive space to operate. And that's one of the challenges that the technology players, stand-alone technology players, actually have a very hard time with. Sorry, as you can see on the next slide – excuse me, we'll talk about green, so how do we reduce vehicle emissions to zero. Consumers across the globe need and want cleaner, healthier environments, but at the same time, they still want powertrain performance.

They want cars that perform well, that are fun to drive. Meeting these standards requires an immense amount of technology. And it requires a broad number of propulsion solutions. Now the internal combustion engines going to be around for a long time. Now they'll be electrified increasingly, and we've seen much more demand for vehicle electrification, both of the internal combustion engine as well as replacement of the internal combustion engine with battery electric vehicles. And we're uniquely positioned because we have the ability to actually provide products or solutions that do both. So for that reason, again, we remain very focused on developing internal combustion engine solutions, as well as enhancing our product portfolio in and around power electronics.

The next slide, connected vision, and we're seeing a paradigm shift in how vehicles interact with the connected world. You all – everybody here in this room lives with that each and every day. The vehicle is no longer a stand-alone, static object. It's now an important part of the often-used term Internet of Things. And consumers are really looking for 24/7 full connectivity. Vehicles, as I mentioned earlier, are increasingly defined by the software in the car, relative to how the car looks or the powertrain sign – size. And that software enables increased computing power. It requires again, increased signal distribution, increased data management capabilities, which really allows for the seamless integration and seamless connectivity that I talked about earlier.

Now one important thing for our industry, and it's one of the newer areas and opportunities, and it's certainly an area that we're focused on, more software, more signal distribution, more compute power means more data, which really can be used to leverage a better experience for our end customers, reduce their costs, create additional profit pools for our end customers, as well as create additional profit pools for ourselves. And we think, given our knowledge in the industry and where we sit, and I'll talk about our three business segments, we have the ability to determine and analyze that data that's important, take that data, turn it into information and then monetize that data, which we believe is a really big, big opportunity for ourselves and the industry.

So if you move to Slide 9, as I said, we're organized across three business segments. So our first segment is Electrical Architecture. It enables the fast and efficient movement of signals and data in the vehicle. It represents roughly half of our total revenues. So this segment enables all the active safety, the infotainment, the autonomous driving, the electrification of the powertrain that I talked about earlier. As compute power and the need for faster data transmissions in and around the vehicle increase, so has the complexity within vehicle architecture. And we're now at the point where, over the next few years, you're going to see a real transformation in how vehicles are architected to allow for or to enable all the software to be optimized. We're industry leader in this space, extremely global. And as a result, we grow faster than the markets we serve.

Our Electronics and Safety segment's our second segment. It's roughly 20% of our total revenues, but it's a significant area for growth. This area comprises the infotainment and user experience that you have in the cockpit of the car, which, as vehicles become more autonomous, will be more and more of a differentiator for our customer base and a bigger opportunity for Delphi. It also comprises active safety solutions, like I mentioned, radar systems, vision systems, LiDAR systems, other sensing technologies that we integrate. We integrate those sensors, and we make those vehicles more safe. And it's these technologies that really are the underlying foundation for the autonomous driving trend that you read a lot about, or you see on television. This segment also includes our data management business that I mentioned a few minutes ago, which we think we'll have big benefits from in the future.

Our last segment's our Powertrain segment. It represents a little over 30% of our revenues. It consists of advanced propulsion technologies, as I mentioned, as it relates to the internal combustion engine as well as it relates to fully electric vehicles. The bulk of the segment's revenues today are focused on the internal combustion engine and technologies that are used to optimize the performance of that internal combustion engine, again, to reduce CO2 emissions or increase fuel economy. However, we have a very strong, what we call, power electronics portfolio, which we've had for 10 years, that's really well positioned to take advantage of what we're seeing in terms of rapid demand for vehicle electrification to improve again, fuel economy and reduce CO2 emission.

So you turn to the next slide. So in addition to having the right portfolio, the right technologies, obviously, you have to have the right people. And obviously, your people need to be incentivized in the right way. At Delphi, we're focused on maintaining a performance culture. It's very important from the board level, through myself and down to my direct reports, all the way to the factory floor, where compensation is really directly aligned with creating long-term sustainable shareholder value. So as you can see on the slide, there's a substantial portion of payout risks for most of the senior leaders – all the senior leaders, I should say, including myself. We review our pay-for-performance alignment annually, both at the management level and obviously, with the board, to ensure that we're consistently executing on our commitments. Our metrics strongly reflect the focus of cash generation and returns to shareholders, long-term returns. And our long-term compensation is largely designed to attract, retain and motivate talent. So in addition to our everyday IR activities, we conduct outreach with our top shareholders annually to ensure that they understand our philosophy and objectives related to compensation. And as a result, we consistently receive strong say-on-pay support from our shareholders.

So moving to Slide 11. We believe that over the long term, our successes as business and our ability to increase shareholder value are strongly linked to the impact that we have on our customers, on our communities, on our employees and our planet. And disciplined sustainable growth is really again core to our strategy in those spaces of safe, green and connected. And we have programs in place to attract a range of key performance indicators to ensure that we're focused on what really matters. We've been recognized as one of the world's most ethical companies by Ethisphere magazine for five years running. We're consistently implementing measures to increase the safety of our employees, and we continue to work to reduce the environmental impact of our operations. In short, we really live our safe, green and connected values. It's important to us.

So with all of that, let's take a look at our financial performance. So as we move to Slide 12, our commitment to long-term sustainable value creation and our, really, strategies to execute on that have produced compelling financial results. You can see since 2010 revenues have increased at a compound rate of roughly 5%, so three or four points over vehicle production, which is an important measure for us, while operating margins have expanded over 500 basis points. And that's the benefit of both revenue growth as well as constant focus on our cost structure and how do we optimize what it is we do. We execute a very balanced and disciplined capital allocation strategy. And as a result, you can see we've been able to actually increase our return on capital over that period.

If you move to Slide 13, as you can see from the chart on the left, again, we have a very balanced approach to capital deployment. We are very disciplined about how we deploy capital. Having invested in our business both organically and inorganically, while returning approximately \$5

billion of cash to shareholders over the period, that was excess cash we couldn't – we didn't have opportunities to deploy. Going forward – listen, this strategy's worked, and it will remain unchanged. We believe maintaining an investment-grade rating for a company that's in the automotive industry that has cyclicality, is very important. We'll continue to be disciplined about where we invest and how we invest. And when we invest, we'll be focused on driving long-term shareholder returns. We'll continue to pursue acquisitions in investments that strengthen our competitive position, that have strong management teams, strong operating principles, where we're convinced that as we bring that organization into our organization, we can get the synergies, we can get the cost savings, we can get them benefits in full integration. And that's an important part. But I guess I should underscore, we don't feel though as a management team, as a board, that we really need to acquire anything to fulfill or execute on our strategic plan, but internally, we have the capabilities to actually execute on our financial commitments.

So what's this all translate to, on Slide 14? So as you can see here, we've consistently performed in excess of the broader markets as well as our peer group, and that's the benefit of, again, having a product portfolio focused on really appealing megatrends, safe, green and connected, having a very great cost structure, having the right people and incentivizing them in the right way to drive those sorts of returns. So that's what we've done, but for all of you who pay attention to the news, the pace of change in our industry's accelerating. The amount of change that's going to take place over the next five to 10 years will be more than what's taken place over the last 75 years. And it creates challenges, but to be frank, if you're out in front of it, from our perspective, it really creates opportunities. And that's something that Raj talked about strategies, something that we're very integrated with our board on, and discussing on a regular basis. So the needs of our customers are rapidly changing. The technologies that are necessary to solve the challenges that they're dealing with today are increasingly complex.

Democratization of active safety's increased consumer demand. More robust and fully integrated sensor solutions are required, and that really sells more cars, and it creates the path towards autonomous driving. Emission standards are actually becoming more stringent across the globe. And as a result, it's the pace of vehicle electrification that you're hearing about is actually accelerating, which is requiring new capabilities, new technologies and systems integration capabilities. And then again, I can't underscore the consumer demand for 24/7 connectivity, whether they're in the car or they're outside of the car, and that being a bigger part of the overall Internet of Things. And how do we do that and we do it in a safer way, right? I mentioned traffic fatalities and driver distraction. There's a correlation with respect to connectivity in the car. So how do you make driver – how do you make consumer connectivity safe, so that you can reduce driver distraction? So in addition to having a huge effect on our traditional customers, all these trends have also, as I mentioned, created new customers or presented opportunities for us with, in existing industries, like fleet operators, talk about the mobility on-demand players that you're aware of, like Lyft, like Uber. That's the new customer group that we're able to pursue.

So if we move to Slide 16, as a result of the real drive for technology, as a need, from an industry standpoint, to be very, very deep, earlier this year, we announced that we're spinning off our Powertrain business into a stand-alone, publicly traded company. This was really driven by the reality that changes are requiring, as I mentioned, a never-before-seen level of technical competency, as well as execution capability in our industry. As well as, and I think Raj touched on it, the need for speed, the ability to move faster. With the split, both of – and I'll use the name RemainCo, as well as our PowertrainCo business, are going to be perfectly positioned to serve the evolving needs of our customer base. And in short, both will have strong growth and profitability profiles, really with the flexibility to move faster and to invest more aggressively in certain areas like vehicle electrification.

So if you move to Slide 17, you can see some additional detail on the profile of each business. From the outset, both are really well positioned. They have well-balanced portfolios, customer diversification, geographic diversification, industry-leading cost structures and are in really strong and growing markets. And on the next slides, I'll touch a little bit more on each, the vision for each one of the businesses. As you can see on Slide 18, our Electronics and Safety and Electrical Architecture businesses have really unparalleled strengths in – from a software and vehicle architecture standpoint, that allow for high-speed sensing as well as networking.

The technology and capability in both of these businesses are being leveraged to really develop new mobility solutions for our customers. And we're uniquely positioned to have both, again, the software capability as well as the architecture capability. So we're well positioned to meet the demand for things like active safety today as well as the future demand for autonomous driving tomorrow. The vehicles evolves, it continues to evolve. It is ultimately going to become a software-defined platform. That's what a vehicle will be. And we're doing everything we can to make sure that we're well positioned to benefit from that trend.

So moving to the next slide. From a powertrain standpoint, Slide 19 captures our vision for the Powertrain business, which really simply put is to enable advanced vehicle propulsion through engine management systems which require software, tremendous amount of software, as well as increasingly, electrification solutions. So our comprehensive portfolio in the Powertrain area, which includes, as I mentioned, fuel injection products, variable valve train products, other products that benefit the internal combustion engine, as well as our power electronics portfolio really positions us well to enhance the underlying performance of the vehicle. As a stand-alone company, the Powertrain business is going to have the ability or the increased flexibility to further enhance these portfolios and to do it faster, which is again, really important.

So moving to Slide 20, we believe there's really an opportunity for software solutions focused on safe, green and connected megatrends to really address the number of the societal challenges.

Integrating smart mobility into the broader urban environment creates an ecosystem of interconnected smart vehicles that are connected to smart infrastructure. Increased vehicle connectivity, intelligent use of vehicle data will improve fleet management, which will translate into autonomous driving and active safety which is going to reduce traffic congestion, which we're all familiar with here in New York these last few days, significantly lower the number and the cost of accidents and traffic fatalities which drive real societal benefits. In addition, the combination of smart fleet management, of autonomous driving, of vehicle electrification is going to reduce CO2 emissions. And this – all these trends represent a really great opportunity for Delphi and it represents a real opportunity to utilize the immense amount of vehicle data, as I mentioned, over the long term to create – to lower cost, to enhance products as well as to create additional profit pools for our OE customers as well as for ourselves.

So wrapping up on Slide 21. There is much more going on at Delphi than what I'm able to cover in my allotted time here. So I wanted to make sure I had the chance to invite you. We have an Investor Day, actually on September 27. It will be webcast from 10:00 AM to 3:00 PM Eastern Time. We would love it if you were to join. We're willing to spend a significant amount of time, much more than I've just done, covering both our RemainCo business as well as the Powertrain technology road maps, to give investors a better feel for this. And you're going to hear from a number of our senior leaderships about some of these really unique things that we're doing and how uniquely positioned we are in this industry. So with that, open it up for questions.

Q&A

<Q>: Thank you. Thank you very much. And as we go to – we have a few minutes for questions. Remember, if you have a question, your name, your affiliation and a short question. Let's start over here in the corner, please.

<Q – Michael Scanlon>: Good afternoon, Kevin, thank you very much, and I hope I can be free on the 27th because there's a lot more to go. But you took me as a double take, when you said that internal combustion is not – is going to be around to stay, and I don't mean to challenge you. You've got a lot more crystal ball than I'll ever have, and something like that, but we know about Volvo quitting in 2019. China just came on. U.K. quitting on. So can you context that better with understanding of how renewable energy is the world of what's combustion energy used to be? Thank you, sir. Michael Scanlon with Silver Leaf Partners, I apologize.

<A – Kevin P. Clark>: Yes, absolutely. No, and I appreciate you challenging me. And just to be clear, I didn't say the internal combustion engine is going to be around forever. It's going to be around for some time. And the reality is the industry is making significant improvements with the internal combustion engine, significant, right? So the internal combustion engine today is more efficient than the internal combustion is of the prior year and so on and so forth, so you'll

continue to see advancements there. What you're going to see real rapid acceleration in is electrification of that internal combustion engine. So by 2025, industry experts say, what, roughly 30% of powertrains will be electrified. Standard industry says 5% will be fully electric, 25% will be hybrid, 48% volt vehicles, mild hybrid plug-ins. And listen, maybe there's an opportunity to take that 5%, very electric, to 10%. And that's something as a company, we're quite frankly, well positioned for. I think there are a number of things within the industry, and quite frankly, from an infrastructure standpoint, outside of the industry that are going to affect that.

<Q>: Thank you. More questions for Kevin? Michelle?

<Q – Michelle Edkins>: Michelle Edkins at BlackRock. What would you say are the three major obstacles to full adoption of autonomous vehicles? And how does your modeling around how those obstacles will be removed affect your ability to pivot your strategy?

<A – Kevin P. Clark>: Yes. No, that's a great question. One, cost. So let me start with – the technology exists today. So we had a vehicle actually a few years ago, drive from San Francisco to New York, and 90% of that distance was done fully autonomous, okay? So the technology exists today. It's how do you commercialize the technology so that you can bring down the cost. So that's first. As a result, what will you see? You'll see adoption of autonomous vehicles in geo-fenced areas by mobility on-demand players. So the Ubers, the Lyfts, Transdevs, fleet management companies, where there's a benefit to making the driver more efficient and taking potentially the driver fully out of the car. I would say that's one. I would say two is rules and regulations, whether it's in municipalities, at the state level or the federal government. How do you get homogeneity on that? And then three is ultimately for full autonomy, popping in a car, no steering wheel, no gas pedal or brake, it's legal liability, right? But it's moving fast, and I think from a technology standpoint, from a mobility on-demand standpoint, you're going to see players introducing vehicles over the next couple of years.

<Q>: Thank you. Another question. Yes, right here in the middle, please.

<Q>: Thank you very much for everything that you shared. I learned a lot about what Delphi is doing. I was wondering if you could talk a little bit more about how Delphi is doing it, in particular, with respect to some of the technological developments. So your salaried staff, the engineers. How – or what's the corporate culture like? And how are they being incented to think big picture, and really push Delphi's strategy?

<A – Kevin P. Clark>: Right, Okay. No, it's a great question. Well listen, I'd start with our corporate culture. 20,000 of our 30,000 employees are engineers, and ensuring that you have the right – engineers by nature, good engineers, like to develop technology and product. So what

I've found is we've never lacked that, and we've been in an industry for a long time solving really, really complex solutions. How do you develop powertrain technologies that have always get to 54 miles per gallon or cut CO2 emissions in half? That is really challenging. And our engineers love to do that. So I think it's in our DNA. I think a few of the bigger changes for us have been, historically an industry that was focused on mechanical solutions, that evolved to electrical solutions, are now software solutions, right?

So where 10 years ago, I would say we had very few software engineers. Today, they're almost 30% of our engineers, and they'll grow much faster. So how do we bring in software talent and introduce them to our product development process? I think, for us, quite frankly, that's the biggest challenge. How do we do that? Well we continue to recruit at the colleges that we've historically recruited, but now we recruit at Carnegie Mellon. We recruit at MIT. We recruit at Stanford. We recruit at Caltech, schools that historically have focused on developing software engineers.

Internally, how do we take our mechanical quality processes and then, how do we introduce software processes, where – which are – have historically been quite a bit different from what we've done from an electronic standpoint and bring in people at a senior level, mid-management level and at a younger level and bringing them into our organization? We've made a number of smaller acquisitions and investments. So as I mentioned, a lot of the technologies out there are technologies that our view is we don't have a core capability, there are others who do. We're better off buying versus making. What do we bring if we invest? A strong understanding of the automotive industry, and how to operate and how to industrialize.

So it's a win-win for them. If we acquire, and it's a smaller technology company, we tend to be very careful in how we integrate, and how we incentivize. I mean, oftentimes, if it's a business like autonomous driving, where we have some revenues today, but they're small, it's investment, we reward people for metrics other than financial metrics, right? Product development gates, customer engagement rates, things like that. So hopefully...

<<Unidentified Analyst>>

Thank you very much, and that will be the last question. Let's have a round of applause please, for Kevin Clark, CEO of Delphi.