UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______to ______.

Commission file number: 001-38110

DELPHI TECHNOLOGIES PLC

(Exact name of registrant as specified in its charter)

Jersey	**98-1367514**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One Angel Court
10th Floor
London, EC2R 7HJ
United Kingdom
(Address of principal executive offices)

011-44-020-305-74300
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ . No ☐ .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ . No ☐ .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒ .	Accelerated filer	☐ .
Non-accelerated filer	☐ .	Smaller reporting company	☐ .
		Emerging growth company	☐ .

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐ .

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ . No ☒ .

The number of the registrant's ordinary shares outstanding, $0.01 par value per share as of November 2, 2018 , was 88,491,963 .

DELPHI TECHNOLOGIES PLC

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DELPHI TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions, except per share amounts)			
Net sales	$ 1,159	$ 1,205	$ 3,687	$ 3,560
Operating expenses:				
Cost of sales	965	976	3,002	2,849
Selling, general and administrative	105	108	307	279
Amortization	3	5	9	13
Restructuring (Note 8)	5	3	28	79
Total operating expenses	1,078	1,092	3,346	3,220
Operating income	81	113	341	340
Interest expense	(20)	(1)	(59)	(2)
Other (expense) income, net (Note 18)	(6)	(1)	4	(7)
Income before income taxes and equity income	55	111	286	331
Income tax expense	(12)	(26)	(54)	(79)
Income before equity income	43	85	232	252
Equity income, net of tax	—	2	6	2
Net income	43	87	238	254
Net income attributable to noncontrolling interest	4	9	15	25
Net income attributable to Delphi Technologies	$ 39	$ 78	$ 223	$ 229
Net income per share attributable to Delphi Technologies:				
Basic	$ 0.44	$ 0.88	$ 2.51	$ 2.58
Diluted	$ 0.44	$ 0.88	$ 2.51	$ 2.58
Weighted average ordinary shares outstanding:				
Basic	88.74	88.61	88.74	88.61
Diluted	88.97	88.61	88.98	88.61
Cash dividends declared per share	$ 0.17	$ —	$ 0.51	$ —

See notes to consolidated financial statements.

DELPHI TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions)			
Net income	$ 43	$ 87	$ 238	$ 254
Other comprehensive income (loss):				
Currency translation adjustments	(3)	38	(57)	122
Net change in unrecognized gain on derivative instruments, net of tax (Note 16)	2	—	4	—
Employee benefit plans adjustment, net of tax	4	(5)	20	2
Other comprehensive income (loss)	3	33	(33)	124
Comprehensive income	46	120	205	378
Comprehensive income attributable to noncontrolling interests	3	10	12	28
Comprehensive income attributable to Delphi Technologies	$ 43	$ 110	$ 193	$ 350

See notes to consolidated financial statements.

DELPHI TECHNOLOGIES PLC
CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	December 31, 2017
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 340	$ 338
Restricted cash	2	1
Accounts receivable, net	947	1,090
Inventories, net (Note 4)	554	498
Other current assets (Note 5)	138	131
Total current assets	1,981	2,058
Long-term assets:		
Property, net	1,355	1,316
Investments in affiliates	42	37
Intangible assets and goodwill, net (Note 2)	76	82
Deferred income taxes (Note 13)	168	178
Other long-term assets (Note 5)	124	122
Total long-term assets	1,765	1,735
Total assets	$ 3,746	$ 3,793
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt (Note 9)	$ 34	$ 20
Accounts payable	842	931
Accrued liabilities (Note 6)	405	445
Total current liabilities	1,281	1,396
Long-term liabilities:		
Long-term debt (Note 9)	1,501	1,515
Pension and other postretirement benefit obligations (Note 10)	499	531
Other long-term liabilities (Note 6)	98	119
Total long-term liabilities	2,098	2,165
Total liabilities	3,379	3,561
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred shares, $0.01 par value per share, 50,000,000 shares authorized, none issued and outstanding	—	—
Ordinary shares, $0.01 par value per share, 1,200,000,000 shares authorized, 88,491,963 and 88,613,262 issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	1	1
Additional paid-in-capital	427	431
Retained earnings	176	7
Accumulated other comprehensive loss (Note 15)	(401)	(371)
Total Delphi Technologies shareholders' equity	203	68
Noncontrolling interest	164	164
Total shareholders' equity	367	232
Total liabilities and shareholders' equity	$ 3,746	$ 3,793

See notes to consolidated financial statements.

DELPHI TECHNOLOGIES PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
	(in millions)	
Cash flows from operating activities:		
Net income	$ 238	$ 254
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	136	131
Amortization	9	13
Amortization of deferred issuance costs	3	—
Restructuring expense, net of cash paid	(23)	9
Deferred income taxes	6	—
Pension and other postretirement benefit expenses	33	35
Income from equity method investments, net of dividends received	(6)	(2)
(Gain) loss on sale of assets	(1)	1
Share-based compensation	15	12
Changes in operating assets and liabilities:		
Accounts receivable, net	92	(141)
Inventories	(57)	(144)
Other assets	—	(19)
Accounts payable	(88)	53
Accrued and other long-term liabilities	(21)	76
Other, net	(9)	48
Pension contributions	(34)	(33)
Net cash provided by operating activities	293	293
Cash flows from investing activities:		
Capital expenditures	(185)	(111)
Proceeds from sale of property	2	6
Proceeds from insurance settlement claims	1	1
Cost of technology investments	(7)	—
Settlement of undesignated derivatives	(2)	—
Net cash used in investing activities	(191)	(104)
Cash flows from financing activities:		
Net repayments under short-term debt agreements	(2)	(1)
Repayments under long-term debt agreements	(14)	—
Proceeds from issuance of senior notes, net of issuance costs	—	796
Escrow of proceeds from senior notes issuance	—	(796)
Dividend payments of consolidated affiliates to minority shareholders	(12)	(10)
Distribution of cash dividends	(45)	—
Taxes withheld and paid on employees' restricted share awards	(5)	—
Repurchase of ordinary shares	(9)	—
Other net transfers to Former Parent	—	(189)
Net cash used in financing activities	(87)	(200)
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	(12)	5
Increase (decrease) in cash, cash equivalents and restricted cash	3	(6)
Cash, cash equivalents and restricted cash at beginning of the period	339	101
Cash, cash equivalents and restricted cash at end of the period	$ 342	$ 95

See notes to consolidated financial statements.

DELPHI TECHNOLOGIES PLC
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Ordinary Shares							
	Number of Shares	Amount	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Delphi Technologies Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
					(in millions)			
Balance at January 1, 2018	89	$ 1	$ 431	$ 7	$ (371)	$ 68	$ 164	$ 232
Net income	—	—	—	223	—	223	15	238
Other comprehensive loss	—	—	—	—	(30)	(30)	(3)	(33)
Dividends on ordinary shares	—	—	—	(45)	—	(45)	—	(45)
Dividend payments of consolidated affiliates to minority shareholders	—	—	—	—	—	—	(12)	(12)
Separation related adjustments	—	—	(13)	—	—	(13)	—	(13)
Repurchase of ordinary shares	—	—	(1)	(9)	—	(10)	—	(10)
Share-based compensation	—	—	15	—	—	15	—	15
Taxes withheld on employees' restricted share award vestings	—	—	(5)	—	—	(5)	—	(5)
Balance at September 30, 2018	89	$ 1	$ 427	$ 176	$ (401)	$ 203	$ 164	$ 367

See notes to consolidated financial statements.

DELPHI TECHNOLOGIES PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. GENERAL

On December 4, 2017 , Delphi Technologies PLC became an independent publicly-traded company, formed under the laws of Jersey, as a result of the separation of the Powertrain Systems segment, which included the aftermarket operations, from Delphi Automotive PLC (the "Former Parent"). The separation was completed in the form of a pro-rata distribution to Delphi Automotive PLC shareholders of record on November 22, 2017 of 100% of the outstanding ordinary shares of Delphi Technologies PLC held by Delphi Automotive PLC (the "Separation"). Following the Separation, Delphi Automotive PLC changed its name to Aptiv PLC ("Aptiv"). Delphi Technologies' ordinary shares began "regular way" trading on the New York Stock Exchange under the ticker symbol "DLPH" on December 5, 2017 (references hereinafter to "Delphi Technologies," "we," "us," "our" or the "Company" refer to Delphi Technologies PLC and include the results of the Former Parent's Powertrain Systems segment).

Nature of Operations

Delphi Technologies is a leader in the development, design and manufacture of integrated powertrain technologies that optimize engine performance, increase vehicle efficiency, reduce emissions, improve driving performance, and support increasing electrification of vehicles. The Company is a global supplier to original equipment manufacturers ("OEMs") seeking to manufacture vehicles that meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. We provide advanced fuel injection systems ("FIS"), actuators, valvetrain products, sensors, electronic control modules and power electronics technologies. Additionally, the Company offers a full spectrum of aftermarket products serving a global customer base.

Our comprehensive portfolio of advanced technologies and solutions for all propulsion systems are sold to global OEMs of both light vehicles (passenger cars, trucks, vans and sport-utility vehicles) and commercial vehicles (light-duty, medium-duty and heavy-duty trucks, commercial vans, buses and off-highway vehicles). The Delphi Technologies Aftermarket segment also remanufactures and sells our technologies to leading aftermarket companies, including independent retailers and wholesale distributors. We supply a wide range of aftermarket products and services covering the fuel injection, electronics and engine management, maintenance, and test equipment and vehicle diagnostics categories. We also add aftermarket know-how in category management, logistics, training, marketing and other dedicated services to provide a full range of aftermarket solutions throughout vehicles' lives.

Basis of Presentation

Prior to the Separation on December 4, 2017 , the historical financial statements of Delphi Technologies were prepared on a stand-alone combined basis and were derived from Delphi Automotive PLC's consolidated financial statements and accounting records. These financial statements were prepared as if the Powertrain Systems segment, which historically included Delphi Technologies Aftermarket, of the Former Parent had been part of Delphi Technologies for all periods presented. Accordingly, for periods prior to December 4, 2017 , our financial statements are presented on a combined basis and for the periods subsequent to December 4, 2017 , are presented on a consolidated basis (all periods hereinafter are referred to as "consolidated financial statements").

At the time of the Separation, we used available information to develop our best estimates for certain assets and liabilities related to the Separation. In certain instances, final determination of the Separation-related balances is made in subsequent periods, and any adjustments, if necessary, are recorded to shareholders' equity when determined.

The unaudited consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete annual financial statements. All adjustments, consisting of normal recurring items, which are necessary for a fair presentation, have been included. The consolidated financial statements and notes thereto included in this report should be read in conjunction with Delphi Technologies 2017 Annual Report on Form 10-K.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation —The consolidated financial statements include the accounts of Delphi Technologies' subsidiaries in which the Company holds a controlling financial or management interest and variable interest entities of which Delphi Technologies has determined that it is the primary beneficiary. All significant intercompany transactions and balances between consolidated Delphi Technologies businesses have been eliminated. For periods prior to December 4, 2017 , transactions between the Company and the Former Parent have been included in the financial statements within Former Parent net

investment. Prior to December 4, 2017 , expenses related to corporate allocations from the Former Parent to the Company were considered to be effectively settled for cash in the financial statements at the time the transaction was recorded. Prior to the Separation, transactions between the Company and the Former Parent's other subsidiaries were classified as related party, rather than intercompany, transactions within the consolidated financial statements.

Delphi Technologies' share of the earnings or losses of Delphi-TVS Diesel Systems Ltd (of which Delphi Technologies owns approximately 50%), a non-controlled affiliate located in India over which the Company exercises significant influence, is included in the consolidated operating results of Delphi Technologies using the equity method of accounting.

During the year ended December 31, 2015, Delphi Technologies made a $20 million investment in Tula Technology, Inc. ("Tula"), an engine control software company, over which the Company does not exert significant influence. During the year ended December 31, 2017, Delphi Technologies made an additional $1 million investment in Tula.

During the nine months ended September 30, 2018 , Delphi Technologies made a $7 million investment in PolyCharge America, Inc. ("PolyCharge"), a start-up established to commercialize a new capacitor technology, over which the Company does not exert significant influence.

Tula and PolyCharge are privately-held companies that do not have readily determinable fair values and therefore are measured at cost less impairments, adjusted for observable price changes in orderly transactions for the identical or similar investment of the same issuer. There were no impairments or upward adjustments recorded during the nine months ended September 30, 2018 or 2017. These investments are classified within other long-term assets in the consolidated balance sheets.

The Company monitors its equity investments, including those measured at fair value and those that do not have readily determinable fair values, for indicators of impairments or upward adjustments, on an ongoing basis. If the Company determines that such an indicator is present, an adjustment is recorded, which is measured as the difference between carrying value and estimated fair value. Estimated fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values.

Use of estimates —Preparation of consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect amounts reported therein. Generally, matters subject to estimation and judgment include amounts related to accounts receivable realization, inventory obsolescence, asset impairments, useful lives of intangible and fixed assets, deferred tax asset valuation allowances, income taxes, pension benefit plan assumptions, accruals related to litigation, warranty costs, environmental remediation costs, worker's compensation accruals and healthcare accruals. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from those estimates.

Revenue recognition —Delphi Technologies recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our production parts or aftermarket parts. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. Sales incentives and allowances (including returns) are recognized as a reduction to revenue at the time of the related sale. The Company estimates the allowances based on an analysis of historical experience. Taxes assessed by a governmental authority collected by the Company concurrent with a specific revenue-producing transaction are excluded from net sales. Shipping and handling fees billed to customers are included in net sales, while costs of shipping and handling are included in cost of sales.

Delphi Technologies Aftermarket provides certain customers with a right of return. The Company recognizes an estimated return asset (and adjust for cost of sales) for the right to recover the products returned by the customer. ASC 606 requires that return assets be presented separately from inventory. As of September 30, 2018 , the Company had return assets of $8 million included in other current assets.

Refer to Note 12. Revenue and Note 5. Assets for additional information.

Net income per share —Basic net income per share is computed by dividing net income attributable to Delphi Technologies by the weighted–average number of ordinary shares outstanding during the period. Diluted net income per share reflects the weighted average dilutive impact of all potentially dilutive securities from the date of issuance and is computed using the treasury stock method by dividing net income attributable to Delphi Technologies by the diluted weighted-average number of ordinary shares outstanding. For periods prior to the Separation, the denominator for basic and diluted net income per share was calculated using the 88.61 million Delphi Technologies ordinary shares outstanding immediately following the Separation. The same number of shares was used to calculate basic and diluted earnings per share in those periods since no Delphi Technologies equity awards were outstanding prior to the Separation. Refer to Note 14. Shareholders' Equity and Net Income Per Share for additional information including the calculation of basic and diluted net income per share.

Rebates —The Company accrues for rebates pursuant to specific arrangements primarily with certain aftermarket customers. Rebates generally provide for price reductions based upon purchase volumes and are recorded as a reduction of sales as earned by such customers.

Cash and cash equivalents —Cash and cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less.

Accounts receivable —Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company generally does not require collateral for its trade receivables.

Sales of receivables are accounted for in accordance with the FASB ASC Topic 860, Transfers and Servicing (“ASC 860”). Agreements which result in true sales of the transferred receivables, as defined in ASC 860, which occur when receivables are transferred to a third party without recourse to the Company, are excluded from amounts reported in the consolidated balance sheets. Cash proceeds received from such sales are included in operating cash flows. The expenses associated with receivables factoring are recorded in the consolidated statements of operations within interest expense.

Intangible assets —Intangible assets were $69 million and $75 million as of September 30, 2018 and December 31, 2017 , respectively. The Company has definite-lived intangible assets related to patents and developed technology, customer relationships and trade names. The Company amortizes definite-lived intangible assets over their estimated useful lives. The Company also has intangible assets related to acquired trade names that are classified as indefinite-lived when there are no foreseeable limits on the periods of time over which they are expected to contribute cash flows. These indefinite-lived trade name assets are tested for impairment annually, or more frequently when indicators of potential impairment exist. Costs to renew or extend the term of acquired intangible assets are recognized as expense as incurred. Amortization expense was $3 million and $9 million for the three and nine months ended September 30, 2018 and $5 million and $13 million for the three and nine months ended September 30, 2017 , respectively.

Goodwill —Goodwill is the excess of the purchase price over the estimated fair value of identifiable net assets acquired in business combinations. The Company tests goodwill for impairment annually in the fourth quarter, or more frequently when indications of potential impairment exist. The Company monitors the existence of potential impairment indicators throughout the fiscal year. The Company tests for goodwill impairment at the reporting unit level. Our reporting units are the components of operating segments which constitute businesses for which discrete financial information is available and is regularly reviewed by segment management.

There were no indicators of potential goodwill impairment during the nine months ended September 30, 2018 . Goodwill was $7 million and $7 million as of September 30, 2018 and December 31, 2017 , respectively.

Warranty and product recalls —Expected warranty costs for products sold are recognized at the time of sale of the product based on an estimate of the amount that eventually will be required to settle such obligations. These accruals are based on factors such as past experience, production changes, industry developments and various other considerations. Costs of product recalls, which may include the cost of the product being replaced as well as the customer’s cost of the recall, including labor to remove and replace the recalled part, are accrued as part of our warranty accrual at the time an obligation becomes probable and can be reasonably estimated. These estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims. Refer to Note 7. Warranty Obligations for additional information.

Income taxes —Deferred tax assets and liabilities reflect temporary differences between the amount of assets and liabilities for financial and tax reporting purposes. Such amounts are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized. In the event the Company determines it is more likely than not that the deferred tax assets will not be realized in the future, the valuation allowance adjustment to the deferred tax assets will be charged to earnings in the period in which the Company makes such a determination. In determining the provision for income taxes for financial statement purposes, the Company makes certain estimates and judgments which affect its evaluation of the carrying value of its deferred tax assets, as well as its calculation of certain tax liabilities. Refer to Note 13. Income Taxes for additional information.

Restructuring —Delphi Technologies continually evaluates alternatives to align the business with the changing needs of its customers and to lower operating costs. This includes the realignment of its existing manufacturing capacity, facility closures, or similar actions, either in the normal course of business or pursuant to significant restructuring programs. These actions may result in employees receiving voluntary or involuntary employee termination benefits, which are mainly pursuant to union or other contractual agreements. Voluntary termination benefits are accrued when an employee accepts the related offer. Involuntary termination benefits are accrued upon the commitment to a termination plan and when the benefit arrangement is communicated to affected employees, or when liabilities are determined to be probable and estimable, depending on the existence of a substantive plan for severance or termination. Contract termination costs are recorded when contracts are

terminated or when Delphi Technologies no longer derives economic benefit from a contract or ceases to use a leased facility. All other exit costs are expensed as incurred. Refer to Note 8. Restructuring for additional information.

Derivative financial instruments —All derivative instruments are required to be reported on the balance sheet at fair value unless the transactions qualify and are designated as normal purchases or sales. Changes in fair value are reported currently through earnings unless they meet hedge accounting criteria.

Exposure to fluctuations in currency exchange rates are managed by entering into a variety of forward contracts and swaps with various counterparties. Such financial exposures are managed in accordance with the policies and procedures of Delphi Technologies. The Company does not enter into derivative transactions for speculative or trading purposes. As part of the hedging program approval process, the Company identifies the specific financial risk which the derivative transaction will minimize, the appropriate hedging instrument to be used to reduce the risk and the correlation between the financial risk and the hedging instrument. Purchase orders, sales contracts, letters of intent, capital planning forecasts and historical data are used as the basis for determining the anticipated values of the transactions to be hedged. The Company does not enter into derivative transactions that do not have a high correlation with the underlying financial risk. Hedge positions, as well as the correlation between the transaction risks and the hedging instruments, are reviewed on an ongoing basis.

Foreign exchange forward contracts are accounted for as hedges of firm or forecasted foreign currency commitments to the extent they are designated and assessed as highly effective. All foreign exchange contracts are marked to market on a current basis. Refer to Note 16. Derivatives and Hedging Activities and Note 17. Fair Value of Financial Instruments for additional information.

Customer concentrations — There were no customers with greater than 10% of our net sales for the three and nine months ended September 30, 2018 and September 30, 2017.

Recently adopted accounting pronouncements —Delphi Technologies adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* , in the first quarter of 2018 using the modified retrospective method. This ASU supersedes most of the existing guidance on revenue recognition in ASC Topic 605, *Revenue Recognition* and establishes a broad principle that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial statements. Topic 606 was applied to contracts with customers which were not completed as of January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. Refer to Note 12. Revenue for additional information.

Delphi Technologies adopted ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* , in the first quarter of 2018. This guidance makes targeted improvements to historical U.S. GAAP for financial instruments, including requiring equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income as opposed to other comprehensive income. Entities with equity investments that do not have a readily determinable fair value, and do not qualify for the practical expedient in ASC 820 to estimate fair value using the net asset value per share, may elect to measure these investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial statements.

Delphi Technologies adopted ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* , in the first quarter of 2018. This guidance clarifies the presentation requirements of eight specific issues within the statement of cash flows. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial statements, as the Company’s treatment of the relevant affected items within its consolidated statement of cash flows is generally consistent with the requirements of this guidance. As a result of adopting this guidance the Company reclassified $1 million insurance settlement proceeds within the consolidated statement of cash flows for the nine months ended September 30, 2017 .

Delphi Technologies adopted ASU 2016-16, *Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory* , in the first quarter of 2018. This guidance requires that the tax effects of all intra-entity sales of assets other than inventory be recognized in the period in which the transaction occurs. The guidance was applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial statements.

Delphi Technologies adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* , in the first quarter of 2018. This guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and restricted cash. As a result, restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of this guidance did not have a

significant impact on Company's consolidated financial statements, other than the classification of restricted cash within the beginning-of-period and end-of-period totals on the consolidated statements of cash flows, as opposed to being excluded from these totals.

Delphi Technologies elected to early adopt ASU 2017-12, *Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities* , in the first quarter of 2018. This guidance expands and refines the application of hedge accounting for both non-financial and financial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements, other than modifications to the disclosures. Refer to Note 16. Derivatives and Hedging Activities for additional details.

Delphi Technologies adopted ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,* in the third quarter of 2018. This update was issued to clarify certain guidance within ASU 2016-01. This includes an amendment to clarify that an entity measuring an equity investment using the measurement alternative may change its measurement approach to a fair value method in accordance with ASC 820, through an irrevocable election that would apply to that investment and all identical or similar investments. The Company did not change its measurement approach for equity investments as a result of the adoption of this guidance.

Recently issued accounting pronouncements not yet adopted —In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* . Under this guidance, lessees will be required to recognize on the balance sheet a lease liability and a right-of-use asset for all leases, with the exception of short-term leases. The lease liability represents the lessee's obligation to make lease payments arising from a lease, and will be measured as the present value of the lease payments. The right-of-use asset represents the lessee's right to use a specified asset for the lease term, and will be measured at the lease liability amount, adjusted for lease prepayment, lease incentives received and the lessee's initial direct costs. The standard also requires a lessee to recognize a single lease cost allocated over the lease term, generally on a straight-line basis. The new guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.

ASU 2016-02 provides for certain practical expedients when adopting the guidance. The Company intends to utilize the package of practical expedients that allows an entity to not reassess existing leases for: i) whether any expired or existing contracts are or contain leases, ii) the lease classification for any expired or existing leases and iii) the initial direct costs for any existing leases. Additionally, the Company intends to elect the practical expedient under ASU 2018-01, that allows an entity to not reassess whether any expired or existing land easements are or contain leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements* , which amends Topic 842 so that entities may elect not to recast the comparative periods presented when transitioning to Topic 842. The Company plans on electing this transition method. The Company is currently evaluating the effects that the adoption of this guidance will have on the Company's consolidated financial statements, and anticipates the new guidance will significantly impact its consolidated balance sheet and will not have a material impact on its consolidated statements of operations or cash flows. As further described in our Annual Report on Form 10-K as of December 31, 2017, the Company had minimum lease commitments under non-cancellable operating leases totaling $85 million .

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* . This guidance requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This guidance also requires enhanced disclosures regarding significant estimates and judgments used in estimating credit losses. The new guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* . This guidance simplifies how an entity is required to test goodwill for impairment by eliminating step two from the goodwill impairment test, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount. Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard will be applied prospectively and is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its financial statements, but does not anticipate a material impact. As this standard is prospective in nature, the impact to the Company's consolidated financial statements of not performing a step two in order to measure the amount of any potential goodwill impairment will depend on various factors associated with the Company's assessment of goodwill for impairment in those future periods.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.* This guidance expands the scope of ASC Topic 718, which currently only includes share-based payments to employees, to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted as long as the entity has adopted ASC 606. While the Company continues to assess all potential impacts of the new standard, the adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement.* This guidance amends ASC 820 to add, remove and clarify certain disclosure requirements related to fair value measures. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans.* This guidance amends ASC 715 to add, remove and clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. The new guidance is effective for fiscal years ending after December 31, 2020. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

3. RELATED PARTY TRANSACTIONS

Prior to the Separation, our transactions with the Former Parent were considered related party transactions. In connection with the Separation, the Company entered into a number of agreements with the Former Parent to govern the Separation and provide a framework for the relationship between the parties going forward, including a Transition Services Agreement, Contract Manufacturing Services Agreements, a Tax Matters Agreement and an Employee Matters Agreement.

Related Party Sales and Purchases in the Ordinary Course of Business

Prior to the Separation, in the ordinary course of business, the Company entered into transactions with the Former Parent and certain of its subsidiaries for the sale or purchase of goods, as well as other arrangements, such as providing engineering services for other subsidiaries of the Former Parent. Subsequent to the Separation, transactions with the Former Parent and its affiliates represent third-party transactions.

Prior to the Separation, net sales of products from Delphi Technologies to affiliates of the Former Parent totaled $1 million for the nine months ended September 30, 2017 . There were no net sales from Delphi Technologies to affiliates of the Former Parent for the three months ended September 30, 2017 .

Prior to the Separation, total purchases from affiliates of the Former Parent totaled $18 million and $61 million for the three and nine months ended September 30, 2017 , respectively.

Allocation of Expenses Prior to the Separation

Prior to the Separation, certain services and functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology services and support, cash management, payroll processing, pension and benefit administration and other shared services were provided by the Former Parent. These costs were allocated using methodologies that management believes were reasonable for the item being allocated. Allocation methodologies included direct usage when identifiable, as well as the Company's relative share of revenues, headcount or functional spend as a percentage of the total. However, the expenses reflected are not indicative of the actual expenses that would have been incurred during the periods presented if the Company had operated as a stand-alone publicly-traded company. In addition, the expenses reflected in the financial statements may not be indicative of expenses the Company will incur in the future.

The total costs for services and functions allocated to the Company from the Former Parent for periods prior to the Separation were as follows:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	(in millions)	
Cost of sales	$ 5	$ 22
Selling, general and administrative	25	89
Total allocated cost from Former Parent	$ 30	$ 111

Additionally, prior to the Separation, the Company participated in a global cash pooling arrangement operated by the Former Parent, under which arrangement the working capital needs of the Company were managed. The majority of the Company's cash during these periods was transferred to the Former Parent, and the Former Parent funded the Company's operating and investing activities as necessary. The cumulative net transfers related to these transactions are recorded in Former Parent net investment in the consolidated financial statements.

4. INVENTORIES, NET

Inventories, net are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value, including direct material costs and direct and indirect manufacturing costs. A summary of inventories is shown below:

	September 30, 2018	December 31, 2017
	(in millions)	
Productive material	$ 272	$ 217
Work-in-process	38	35
Finished goods	244	246
Total	$ 554	$ 498

5. ASSETS

Other current assets consisted of the following:

	September 30, 2018	December 31, 2017
	(in millions)	
Value added tax receivable	$ 75	$ 59
Reimbursable engineering costs	20	20
Notes receivable	12	39
Prepaid insurance and other expenses	12	6
Income and other taxes receivable	8	5
Return assets (Note 2)	8	—
Derivative financial instruments (Note 16)	2	—
Deposits to vendors	1	2
Total	$ 138	$ 131

Other long-term assets consisted of the following:

	September 30, 2018	December 31, 2017
	(in millions)	
Income and other taxes receivable	$ 49	$ 57
Investment in Tula (Note 2)	21	21
Investment in PolyCharge (Note 2)	7	—
Debt issuance costs	3	4
Other	44	40
Total	$ 124	$ 122

6. LIABILITIES

Accrued liabilities consisted of the following:

	September 30, 2018	December 31, 2017
	(in millions)	
Warranty obligations (Note 7)	$ 65	$ 64
Payroll-related obligations	51	49
Restructuring (Note 8)	46	54
Income and other taxes payable	36	63
Accrued rebates	28	30
Deferred reimbursable engineering	23	14
Accrued interest	23	12
Freight	20	19
Employee benefits	14	29
Outside services	14	14
Customer deposits	6	7
Deferred cost reimbursement	4	10
Other	75	80
Total	$ 405	$ 445

Other long-term liabilities consisted of the following:

	September 30, 2018	December 31, 2017
	(in millions)	
Restructuring (Note 8)	$ 30	$ 47
Warranty obligations (Note 7)	30	33
Deferred income taxes, net (Note 13)	20	14
Accrued income taxes	11	15
Environmental (Note 11)	2	3
Other	5	7
Total	$ 98	$ 119

7. WARRANTY OBLIGATIONS

Expected warranty costs for products sold are recognized principally at the time of sale of the product based on an estimate of the amount that eventually will be required to settle such obligations. These accruals are based on factors such as past experience, production changes, industry developments and various other considerations. The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued at the time an obligation becomes probable and can be reasonably estimated. These estimates are adjusted from time to time based on facts and circumstances that impact the status of existing claims. Delphi Technologies has recognized its best estimate for its total aggregate warranty reserves, including product recall costs, across its operating segments as of September 30, 2018 . The Company estimates the reasonably possible amount to ultimately resolve all matters in excess of the recorded reserves as of September 30, 2018 to be $0 million to $20 million .

The table below summarizes the activity in the product warranty liability for the nine months ended September 30, 2018 :

	Warranty Obligations
	(in millions)
Accrual balance at beginning of period	$ 97
Provision for estimated warranties incurred during the period	28
Changes in estimate for pre-existing warranties	5
Settlements made during the period (in cash or in kind)	(32)
Foreign currency translation and other	(3)
Accrual balance at end of period	$ 95

8. RESTRUCTURING

The Company’s restructuring activities are undertaken as necessary to implement management’s strategy, streamline operations, take advantage of available capacity and resources, and ultimately achieve net cost reductions. These activities generally relate to the realignment of existing manufacturing capacity and closure of facilities and other exit or disposal activities, either in the normal course of business or pursuant to significant restructuring programs.

As part of Delphi Technologies’ continued efforts to optimize its cost structure, it has undertaken several restructuring programs which include workforce reductions as well as plant closures. These programs are primarily focused on the continued rotation of our manufacturing footprint to best cost locations in Europe and on reducing global overhead costs. The Company recorded employee-related and other restructuring charges related to these programs totaling approximately $5 million and $28 million during the three and nine months ended September 30, 2018 , respectively, of which $3 million and $16 million was recognized for programs focused on the continued rotation of our manufacturing footprint to best cost locations in Europe and $1 million and $3 million was recognized for programs implemented to reduce global overhead costs. The Company recorded employee-related and other restructuring charges related to these programs totaling approximately $3 million and $79 million during the three and nine months ended September 30, 2017 , respectively. The nine months ended September 30, 2017 included the recognition of approximately $54 million for employee-related and other costs for approximately 500 employees due to the initiation of the closure of a Western European manufacturing site within the Powertrain Systems segment pursuant to the Company’s on-going European footprint rotation strategy. Cash payments for this restructuring action are expected to be principally completed by 2020.

Restructuring charges for employee separation and termination benefits are paid either over the severance period or in a lump sum in accordance with either statutory requirements or individual agreements. Delphi Technologies incurred cash expenditures related to its restructuring programs of approximately $51 million and $70 million in the nine months ended September 30, 2018 and 2017 , respectively.

The following table summarizes the restructuring charges recorded for the three and nine months ended September 30, 2018 and 2017 by operating segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions)			
Powertrain Systems	$ 9	$ 6	$ 31	$ 74
Delphi Technologies Aftermarket	(4)	(3)	(3)	5
Total	$ 5	$ 3	$ 28	$ 79

The table below summarizes the activity in the restructuring liability for the nine months ended September 30, 2018 :

	Employee Termination Benefits Liability	Other Exit Costs Liability	Total
		(in millions)	
Accrual balance at January 1, 2018	$ 98	$ 3	$ 101
Provision for estimated expenses incurred during the period	26	2	28
Payments made during the period	(49)	(2)	(51)
Foreign currency and other	—	(2)	(2)
Accrual balance at September 30, 2018	$ 75	$ 1	$ 76

9. DEBT

The following is a summary of debt outstanding, net of unamortized issuance costs and discounts, as of September 30, 2018 and December 31, 2017 , respectively:

	September 30, 2018	December 31, 2017
	(in millions)	
$750 million Term Loan A Facility, due 2022 (net of $4 and $5 unamortized issuance costs)	$ 732	$ 745
$800 million Senior Notes at 5.00%, due 2025 (net of $13 and $14 unamortized issuance costs and $3 and $4 discount, respectively)	784	782
Capital leases and other	19	8
Total debt	1,535	1,535
Less: current portion	(34)	(20)
Long-term debt	$ 1,501	$ 1,515

Credit Agreement

On September 7, 2017 , Delphi Technologies and its wholly-owned subsidiary Delphi Powertrain Corporation entered into a credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), with respect to $1.25 billion in senior secured credit facilities. The Credit Agreement consists of a senior secured five -year $750 million term loan facility (the "Term Loan A Facility") and a $500 million five -year senior secured revolving credit facility (the "Revolving Credit Facility") (collectively, the "Credit Facilities") with the lenders party thereto and JPMorgan Chase Bank, N.A. We incurred approximately $9 million of issuance costs in connection with the Credit Agreement. As of September 30, 2018 , there were no amounts drawn on the Revolving Credit Facility.

The Credit Facilities are subject to an interest rate, at our option, of either (a) the Administrative Agent's Alternate Base Rate ("ABR" as defined in the Credit Agreement) or (b) the London Interbank Offered Rate (the "Adjusted LIBOR Rate" as defined in the Credit Agreement) ("LIBOR"), in each case, plus an applicable margin that is based on our corporate credit ratings, as more particularly described below (the "Applicable Rate"). In addition, the Credit Agreement requires payment of additional interest on certain overdue obligations on terms and conditions customary for financings of this type. The interest rate period with respect to LIBOR interest rate options can be set at one-, two-, three-, or six-months as selected by us in accordance with the terms of the Credit Agreement (or other period as may be agreed by the applicable lenders), but payable no less than quarterly. We may elect to change the selected interest rate over the term of the Credit Facilities in accordance with the provisions of the Credit Agreement. The Applicable Rates under the Credit Agreement on the specified date are set forth below:

	September 30, 2018		December 31, 2017	
	LIBOR plus	ABR plus	LIBOR plus	ABR plus
Revolving Credit Facility	1.45%	0.45%	1.45%	0.45%
Term Loan A Facility	1.75%	0.75%	1.75%	0.75%

The applicable interest rate margins for the Term Loan A Facility will increase or decrease from time to time between 1.50% and 2.00% per annum (for LIBOR loans) and between 0.50% and 1.00% per annum (for ABR loans), in each case based upon changes to our corporate credit ratings. The applicable interest rate margins for the Revolving Credit Facility will increase or

decrease from time to time between 1.30% and 1.55% per annum (for LIBOR loans) and between 0.30% and 0.55% per annum (for ABR loans), in each case based upon changes to our corporate credit ratings. Accordingly, the Applicable Rates for the Credit Facilities will fluctuate during the term of the Credit Agreement based on changes in the ABR, LIBOR or future changes in our corporate credit ratings. The Credit Agreement also requires that we pay certain facility fees on the aggregate commitments under the Revolving Credit Facility and certain letter of credit issuance and fronting fees. Amounts outstanding and the rate effective as of September 30, 2018 , are detailed below:

	Applicable Rate	Borrowings as of September 30, 2018 (in millions)	Rate effective as of September 30, 2018
Term Loan A Facility	LIBOR plus 1.75%	$ 736	3.88%

Letters of credit are available for issuance under the Credit Agreement on terms and conditions customary for financings of this type, which issuances reduce availability under the Revolving Credit Facility. No such letters of credit were outstanding as of September 30, 2018 .

We are obligated to make quarterly principal payments throughout the term of the Term Loan A Facility according to the amortization provisions in the Credit Agreement. Such payments may be reduced from time to time in accordance with the terms of the Credit Agreement as a result of the application of loan prepayments made by us, if any, prior to the scheduled date of payment thereof.

Borrowings under the Credit Agreement are prepayable at our option without premium or penalty. We may request that all or a portion of the Credit Facilities be converted to extend the scheduled maturity date(s) with respect to all or a portion of any principal amount of such Credit Facilities under certain conditions customary for financings of this type. The Credit Agreement also contains certain mandatory prepayment provisions in the event that we receive net cash proceeds from certain non-ordinary course asset sales, casualty events and debt offerings, in each case subject to terms and conditions customary for financings of this type.

The Credit Agreement contains certain affirmative and negative covenants customary for financings of this type that, among other things, limit our and our subsidiaries' ability to incur additional indebtedness or liens, to dispose of assets, to make certain fundamental changes, to designate subsidiaries as unrestricted, to make certain investments, to prepay certain indebtedness and to pay dividends, or to make other distributions or redemptions/repurchases, with respect of our and our subsidiaries' equity interests. In addition, the Credit Agreement requires that we maintain a consolidated net leverage ratio (the ratio of Consolidated Total Indebtedness to Consolidated Adjusted EBITDA, each as defined in the Credit Agreement) of not greater than 3.5 to 1.0 . The Credit Agreement also contains events of default customary for financings of this type, including certain customary change of control events. The Company was in compliance with the Credit Agreement covenants as of September 30, 2018 .

The borrowers under the Credit Agreement comprise Delphi Technologies and its wholly-owned Delaware-organized subsidiary, Delphi Powertrain Corporation. Additional subsidiaries of Delphi Technologies may be added as co-borrowers or guarantors under the Credit Agreement from time to time on the terms and conditions set forth in the Credit Agreement. The obligations of each borrower under the Credit Agreement will be jointly and severally guaranteed by each other borrower and by certain of our existing and future direct and indirect subsidiaries, subject to certain exceptions customary for financings of this type. All obligations of the borrowers and the guarantors are secured by certain assets of such borrowers and guarantors, including a perfected first-priority pledge of all of the capital stock in Delphi Powertrain Corporation.

In addition, the Credit Agreement contains provisions pursuant to which, based upon our achievement of certain corporate credit ratings, certain covenants and/or our obligation to provide collateral to secure the Credit Facilities, will be suspended.

Senior Notes

On September 28, 2017 , Delphi Technologies PLC issued $800 million in aggregate principal amount of 5.00% senior unsecured notes due 2025 in a transaction exempt from registration under the Securities Act (the "Senior Notes"). The Senior Notes were priced at 99.5% of par, resulting in a yield to maturity of 5.077% . We incurred approximately $14 million of issuance costs in connection with the Senior Notes offering. Interest is payable semi-annually on April 1 and October 1 of each year to holders of record at the close of business on March 15 or September 15 immediately preceding the interest payment date. The proceeds received from the Senior Notes offering were deposited into escrow and subsequently released to Delphi Technologies PLC upon satisfaction of certain conditions, including completion of the Separation, in December 2017. From the date of the satisfaction of the escrow conditions, the notes are guaranteed, jointly and severally, on an unsecured basis, by each of our current and future domestic subsidiaries that guarantee our Credit Facilities, as described above. The proceeds from the Senior Notes, together with the proceeds from the borrowings under the Credit Agreement, were used to fund a dividend to the Former Parent, fund operating cash and pay taxes and related fees and expenses.

The Senior Notes indenture contains certain restrictive covenants, including with respect to Delphi Technologies' (and subsidiaries) ability to incur liens, enter into sale and leaseback transactions and merge with or into other entities. The Company was in compliance with the Senior Notes covenants as of September 30, 2018 .

Other Financing

Receivable factoring —The Company entered into arrangements with various financial institutions to sell eligible trade receivables from certain aftermarket customers in North America and Europe. These arrangements can be terminated at any time subject to prior written notice. The receivables under these arrangements are sold to a third party without recourse to the Company and are therefore accounted for as true sales. During the three and nine months ended September 30, 2018 , $30 million and $75 million , respectively, of receivables were sold under these arrangements, and expenses of $1 million and $3 million , respectively, were recognized within interest expense. During the three and nine months ended September 30, 2017 , $25 million and $63 million , respectively, of receivables were sold under these arrangements, and expenses of $1 million and $1 million , respectively, were recognized within interest expense.

In addition, during the nine months ended September 30, 2018 , one of the Company's European subsidiaries factored, without recourse, receivables related to certain foreign research credits to a financial institution. These transactions were accounted for as true sales of the receivables, and the Company therefore derecognized approximately $22 million from other long-term assets in the consolidated balance sheet as of September 30, 2018 , as a result of these transactions. During the three and nine months ended September 30, 2018 , less than $1 million of expenses were recognized within interest expense related to this transaction.

Capital leases —As of September 30, 2018 and December 31, 2017 , approximately $13 million and $1 million , respectively, of capital lease obligations was outstanding.

Interest —Cash paid for interest related to debt outstanding totaled $46 million and $2 million , for the nine months ended September 30, 2018 and 2017 , respectively.

10. PENSION BENEFITS

The Company sponsors defined benefit pension plans for certain employees and retirees outside of the U.S. Using appropriate actuarial methods and assumptions, the Company's defined benefit pension plans are accounted for in accordance with FASB ASC Topic 715, Compensation—Retirement Benefits. The Company's primary non-U.S. plans are located in the United Kingdom ("U.K."), France and Mexico. The U.K. and certain Mexican plans are funded. In addition, the Company has defined benefit plans in South Korea, Turkey and Italy for which amounts are payable to employees immediately upon separation. The obligations for these plans are recorded over the requisite service period. Delphi Technologies does not have any U.S. pension assets or liabilities.

The amounts shown below reflect the non-U.S. plans' defined benefit pension expense for the three and nine months ended September 30, 2018 and 2017 :

	Three Months Ended September 30,	
	2018	2017
	(in millions)	
Service cost	$ 10	$ 8
Interest cost	8	8
Expected return on plan assets	(13)	(11)
Amortization of actuarial losses	6	6
Net periodic benefit cost	$ 11	$ 11

	Nine Months Ended September 30,	
	2018	2017
	(in millions)	
Service cost	$ 29	$ 25
Interest cost	26	25
Expected return on plan assets	(40)	(34)
Amortization of actuarial losses	18	19
Net periodic benefit cost	$ 33	$ 35

Other postretirement benefit obligations were less than $1 million and $1 million at September 30, 2018 and December 31, 2017 , respectively.

11. COMMITMENTS AND CONTINGENCIES

Ordinary Business Litigation

Delphi Technologies is from time to time subject to various legal actions and claims incidental to its business, including those arising out of alleged defects, alleged breaches of contracts, product warranties, intellectual property matters, and employment-related matters. It is the opinion of Delphi Technologies that the outcome of such matters will not have a material adverse impact on the consolidated financial position, results of operations, or cash flows of Delphi Technologies. In addition to the specific matters discussed below, the Company estimates the reasonably possible loss in excess of the amounts accrued related to ordinary business claims to be approximately $0 million to $10 million . With respect to warranty matters, although Delphi Technologies cannot ensure that the future costs of warranty claims by customers will not be material, Delphi Technologies believes its established reserves are adequate to cover potential warranty settlements. Refer to Note 7. Warranty Obligations for additional information.

Brazil Matters

Delphi Technologies conducts business operations in Brazil that are subject to the Brazilian federal labor, social security, environmental, tax and customs laws, as well as a variety of state and local laws. While Delphi Technologies believes it complies with such laws, they are complex, subject to varying interpretations, and the Company is often engaged in litigation regarding the application of these laws to particular circumstances. As of September 30, 2018 , the majority of claims asserted against Delphi Technologies in Brazil relate to such litigation. The remaining claims in Brazil relate to commercial and labor litigation with private parties. As of September 30, 2018 , claims totaling approximately $15 million (using September 30, 2018 foreign currency rates) have been asserted against Delphi Technologies in Brazil. As of September 30, 2018 , the Company maintains accruals for these asserted claims of $4 million (using September 30, 2018 foreign currency rates). The amounts accrued represent claims that are deemed probable of loss and are reasonably estimable based on the Company's analyses and assessment of the asserted claims and prior experience with similar matters. While the Company believes its accruals are adequate, the final amounts required to resolve these matters could differ materially from the Company's recorded estimates and Delphi Technologies' results of operations could be materially affected. The Company estimates the reasonably possible loss in excess of the amounts accrued related to these claims to be zero to $11 million .

Environmental Matters

Delphi Technologies is subject to the requirements of U.S. federal, state, local and non-U.S. environmental and safety and health laws and regulations. As of September 30, 2018 and December 31, 2017 , the undiscounted reserve for environmental

investigation and remediation was approximately $3 million (of which $1 million was recorded in accrued liabilities and $2 million was recorded in other long-term liabilities) and $4 million (of which $1 million was recorded in accrued liabilities and $3 million was recorded in other long-term liabilities), respectively. Delphi Technologies cannot assure that environmental requirements will not change or become more stringent over time or that its eventual environmental remediation costs and liabilities will not exceed the amount of its current reserves. In the event that such liabilities were to significantly exceed the amounts recorded, Delphi Technologies' results of operations could be materially affected. At September 30, 2018 , the difference between the recorded liabilities and the reasonably possible range of potential loss was not material.

12. REVENUE

On January 1, 2018, Delphi Technologies adopted ASC Topic 606, *Revenue from Contracts with Customers* , using the modified retrospective method. The standard requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company generally recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. From time to time, we enter into pricing agreements with our customers that provide for price reductions, some of which are conditional upon achieving certain criteria. In these instances, revenue is recognized based on the agreed-upon price at the time of shipment.

Nature of Goods

The majority of our revenue is recorded at a point in time as defined by ASC 606 as the customers obtain control of the product upon title transfer and not as the product is manufactured or developed. For certain customers, based on specific terms and conditions pertaining to termination for convenience, Delphi Technologies concluded that it had an enforceable right to payment for performance completed to date and the products have no alternative use to the Company, which requires the recognition of revenue over time as defined by ASC 606. The impact on both revenue and operating income from recognizing revenue over time instead of point in time is not significant.

The major product groups within the Powertrain Systems operating segment include internal combustion engine products and electronics & electrification products. The major sales channels within the Delphi Technologies Aftermarket operating segment include aftermarket products sold to independent aftermarket customers and original equipment service customers. The amount of revenue recognized for these products is based on the purchase order price and adjusted for revenue allocated to variable consideration (i.e. estimated rebates and price discounts), as applicable. Our payment terms are based on customary business practices and vary by customer type and products offered. The term between invoicing and when payment is due is not significant.

Disaggregation of Revenue

In the following table, net sales to outside customers, based on the manufacturing location, is disaggregated by primary geographical market:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions)			
North America	$ 328	$ 328	$ 1,033	$ 1,018
Europe	508	498	1,623	1,503
Asia Pacific	288	344	927	935
South America	35	35	104	104
Total	$ 1,159	$ 1,205	$ 3,687	$ 3,560

In the following table, net sales is disaggregated by major product group and sales channels:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions)			
Internal Combustion Engine Products	$ 686	$ 700	$ 2,230	$ 2,101
Electronics & Electrification	256	262	808	762
Independent Aftermarket	155	155	469	448
Original Equipment Service	62	88	180	249
Total	$ 1,159	$ 1,205	$ 3,687	$ 3,560

Contract Balances

As discussed above, certain customers have contracts with specific terms and conditions which require recognition of revenue over time as defined by ASC 606. As of September 30, 2018 , the recognition of revenue over time resulted in approximately $1 million of unbilled accounts receivable, which is included in accounts receivable, net. There were no other contract assets or liabilities as of September 30, 2018 , as defined by ASC 606.

Practical Expedients and Exemptions

For our Powertrain Systems segment, we define the contract with the customer as the combination of a current purchase order and a current production schedule issued by the customer. For our Delphi Technologies Aftermarket segment, we define the contract with the customer as the combination of a current purchase order and a master agreement with the customer. Although there are instances where the master agreements may extend beyond one year, there are generally no purchase orders with an expected duration beyond a year.

There are generally no performance obligations outstanding beyond a year. The Company generally does not enter into fixed long-term supply agreements. The Company applies the exemption in ASC 606 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

In addition, the Company applies the practical expedient in ASC 340 and immediately expenses contract acquisition costs when incurred, including sales commissions, because the amortization period would be one year or less.

13. INCOME TAXES

At the end of each interim period, the Company makes its best estimate of the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to unusual or infrequent items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or income tax contingencies is recognized in the interim period in which the change occurs.

The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in respective jurisdictions, permanent and temporary differences, and the likelihood of the realizability of deferred tax assets generated in the current year. Jurisdictions with a projected loss for the year or a year-to-date loss for which no tax benefit or expense can be recognized due to a valuation allowance are excluded from the estimated annual effective tax rate. The impact of such an exclusion could result in a higher or lower effective tax rate during a particular quarter, based upon the composition and timing of actual earnings compared to annual projections. The estimates used to compute the provision or benefit for income taxes may change as new events occur, additional information is obtained or as our tax environment changes. To the extent that the expected annual effective income tax rate changes, the effect of the change on prior interim periods is included in the income tax provision in the period in which the change in estimate occurs.

The Company's income tax expense and effective tax rate for the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months Ended September 30,	
	2018	2017
	(dollars in millions)	
Income tax expense	$ 54	$ 79
Effective tax rate	19%	24%

The Company's tax rate is affected by the fact that Delphi Technologies PLC, its parent entity, is a U.K. resident taxpayer, the tax rates in the other jurisdictions in which the Company operates, the relative amount of income earned by jurisdiction and the relative amount of losses or income for which no tax benefit or expense was recognized due to a valuation allowance.

The Company's effective tax rate for the nine months ended September 30, 2018 was impacted by favorable changes in geographic income mix in 2018 as compared to 2017. This was primarily due to changes in the underlying business operations and the receipt of certain tax incentives and holidays that reduced the effective tax rate for certain subsidiaries below the statutory rate. The Company's effective tax rate for the nine months ended September 30, 2018 includes net discrete tax expense of $4 million . The effective tax rate for the nine months ended September 30, 2017 was impacted by losses for which no benefit was recognized due to a valuation allowance and net discrete tax expense of $9 million .

Additionally, the Company's tax rate was impacted by the enactment of the Tax Cuts and Jobs Act (the "Act") in the United States on December 22, 2017, which provided for a reduction of the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018. We consider our effective tax rate calculation, to the extent related to the effects of the Act, to be provisional pursuant to the guidance in SEC Staff Accounting Bulletin No. 118, primarily due to lack of clarity at the balance sheet date related to the state tax impacts of federal tax reform, which resulted in our use of estimates to compute our future blended tax rate, as well as to the lack of clarity regarding the tax treatment of certain of our intercompany transactions. If we are required to change the taxes we have provided related to our U.S. business based on further analysis and regulatory guidance at the federal and state level issued subsequent to the issuance of these statements, we will record such adjustments to income tax expense in the period that the amounts are determined. During the three months ended September 30, 2018, the Company recorded approximately $2 million to income tax expense as an adjustment to the provisional amounts recorded as of December 31, 2017. The Company was not affected by the Transition Tax provisions of the Act, which impose a U.S. tax upon unremitted earnings of non-U.S. subsidiaries which would have been subject to U.S. tax when remitted under the law in effect prior to the Act. The Company's U.S. subsidiary does not hold any investments in non-U.S. operations.

In France, the Company had experienced cumulative losses in previous years and had recorded a valuation allowance against its deferred tax assets. As of December 31, 2017, based on consideration of all available positive and negative evidence, including improvements in French operating results, the Company concluded that it was still more likely than not that the net deferred tax assets in France would not be realized, and accordingly continued to record a valuation allowance. The French valuation allowance recorded at December 31, 2017 was $138 million . The Company continues to evaluate all positive and negative evidence related to the ability to utilize its French deferred tax assets on a quarterly basis to determine whether any change in the valuation allowance should be recorded.

In addition, the Company is evaluating the realizability of current year losses incurred in Luxembourg. The majority of the Luxembourg legal entities were formed as part of the Separation. The Company is considering its future projections of income in Luxembourg and whether these projections constitute sufficient positive evidence to support realizability of the net deferred tax asset position anticipated in Luxembourg at year-end. The Luxembourg operations had a net deferred tax liability position at December 31, 2017.

Delphi Technologies PLC is a U.K. resident taxpayer and as such is generally not subject to U.K. tax on remitted foreign earnings.

Cash paid or withheld for income taxes was $70 million and $37 million for the nine months ended September 30, 2018 and 2017 respectively.

14. SHAREHOLDERS' EQUITY AND NET INCOME PER SHARE

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to Delphi Technologies by the weighted average number of ordinary shares outstanding during the period. Diluted net income per share reflects the weighted average dilutive

impact of all potentially dilutive securities from the date of issuance and is computed using the treasury stock method by dividing net income attributable to Delphi Technologies by the diluted weighted average number of ordinary shares outstanding. For periods prior to the Separation, the denominator for basic and diluted net income per share was calculated using the 88.61 million Delphi Technologies ordinary shares outstanding immediately following the Separation. The same number of shares was used to calculate basic and diluted earnings per share in those periods since no Delphi Technologies equity awards were outstanding prior to the Separation. For periods subsequent to the Separation, the calculation of net income per share contemplates the dilutive impacts, if any, of the Company's share-based compensation plans. Refer to Note 19. Share-Based Compensation for additional information.

Weighted Average Shares

The following table illustrates net income per share attributable to Delphi Technologies and the weighted average shares outstanding used in calculating basic and diluted income per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions, except per share data)			
Numerator:				
Net income attributable to Delphi Technologies	$ 39	$ 78	$ 223	$ 229
Denominator:				
Weighted average ordinary shares outstanding, basic	88.74	88.61	88.74	88.61
Dilutive shares related to restricted stock units ("RSUs")	0.23	—	0.24	—
Weighted average ordinary shares outstanding, including dilutive shares	88.97	88.61	88.98	88.61
Net income per share attributable to Delphi Technologies:				
Basic	$ 0.44	$ 0.88	$ 2.51	$ 2.58
Diluted	$ 0.44	$ 0.88	$ 2.51	$ 2.58
Anti-dilutive securities share impact	—	—	—	—

Dividends

The Company has declared and paid cash dividends per ordinary share during the periods presented as follows:

	Dividend Per Share	Amount (in millions)
2018:		
Third quarter	$ 0.17	$ 15
Second quarter	0.17	15
First quarter	0.17	15
Total	$ 0.51	$ 45

In addition, in October 2018, the Board of Directors declared a regular quarterly cash dividend of $0.17 per ordinary share, payable November 14, 2018 to shareholders of record at the close of business on November 6, 2018.

Share Repurchases

In July 2018, the Board of Directors approved a $100 million share repurchase authorization, which commenced in September 2018. All repurchased shares were retired, and are reflected as a reduction of ordinary share capital for the par value of the shares, with the excess applied as reductions to additional paid-in-capital and retained earnings.

A summary of the ordinary shares repurchased during the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total number of shares repurchased	293,695	—	293,695	—
Average price paid per share	$ 34.05	$ —	$ 34.05	$ —
Total (in millions)	$ 10	$ —	$ 10	$ —

The timing and amount of any share repurchases will be based on market conditions, share price and other factors. Repurchases may be made in the open market or in privately negotiated transactions. Repurchases under this authorization will be funded from one or a combination of existing cash balances and future free cash flow. The repurchase authorization has no time limit, does not obligate the Company to make any repurchases and may be suspended for periods or discontinued at any time.

15. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in accumulated other comprehensive income (loss) attributable to Delphi Technologies (net of tax) for the three and nine months ended September 30, 2018 and 2017 are shown below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions)			
Foreign currency translation adjustments:				
Balance at beginning of period	$ (137)	$ (337)	$ (85)	$ (419)
Aggregate adjustment for the period (1)	(2)	37	(54)	119
Balance at end of period	(139)	(300)	(139)	(300)
Gains (losses) on derivatives:				
Balance at beginning of period	2	—	—	—
Other comprehensive income before reclassifications (net tax effect of $0, $0, $0 and $0)	3	—	5	—
Reclassification to income (net tax effect of $0, $0, $0 and $0)	(1)	—	(1)	—
Balance at end of period	4	—	4	—
Pension and postretirement plans:				
Balance at beginning of period	(270)	(285)	(286)	(292)
Other comprehensive income before reclassifications (net tax effect of $0, $2, $4 and $3)	(1)	(10)	5	(14)
Reclassification to income (net tax effect of $1, $1, $3 and $3)	5	5	15	16
Balance at end of period	(266)	(290)	(266)	(290)
Accumulated other comprehensive loss, end of period	$ (401)	$ (590)	$ (401)	$ (590)

(1) Includes a gain of $2 million and a loss of $3 million , for the three and nine months ended September 30, 2018 , respectively, related to the foreign currency impact of intra-entity loans that are of a long-term investment nature. Also included are losses of $2 million and $2 million for the three and nine months ended September 30, 2018 , respectively, related to non-derivative net investment hedges. Refer to Note 16. Derivatives and Hedging Activities for further description of these hedges.

Reclassifications from accumulated other comprehensive income (loss) to income for the three and nine months ended September 30, 2018 and 2017 were as follows:

Details About Accumulated Other Comprehensive Income Components	Reclassification Out of Accumulated Other Comprehensive Income (Loss) — Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Affected Line Item in the Statement of Operations
	(in millions)				
Pension and postretirement plans:					
Actuarial losses	$ (6)	$ (6)	$ (18)	$ (19)	Other (expense) income, net (1)
	(6)	(6)	(18)	(19)	Income before income taxes
	1	1	3	3	Income tax expense
	(5)	(5)	(15)	(16)	Net income
	—	—	—	—	Net income attributable to noncontrolling interest
	$ (5)	$ (5)	$ (15)	$ (16)	Net income attributable to Delphi Technologies
Total reclassifications for the period	$ (5)	$ (5)	$ (15)	$ (16)	

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost (see Note 10. Pension Benefits for additional details).

16. DERIVATIVES AND HEDGING ACTIVITIES

Cash Flow Hedges

Delphi Technologies is exposed to market risk, such as fluctuations in foreign currency exchange rates, commodity prices and changes in interest rates, which may result in cash flow risks. To manage the volatility relating to these exposures, Delphi Technologies aggregates the exposures on a consolidated basis to take advantage of natural offsets. For exposures that are not offset within its operations, Delphi Technologies enters into various derivative transactions pursuant to its risk management policies, which prohibit holding or issuing derivative financial instruments for speculative purposes, and designation of derivative instruments is performed on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. Delphi Technologies assesses the initial and ongoing effectiveness of its hedging relationships in accordance with its documented policy.

As of September 30, 2018 , the Company had the following outstanding notional amounts related to foreign currency forward contracts designated as cash flow hedges that were entered into to hedge forecasted exposures:

Foreign Currency	Quantity Hedged	Unit of Measure	Notional Amount (USD Equivalent)
	(in millions)		
Chinese Yuan Renminbi	855	RMB	$ 120
Euro	67	EUR	80
Mexican Peso	773	MXN	40
Singapore Dollar	43	SGD	30
Turkish Lira	77	TRY	10
South Korean Won	11,193	KRW	10

As of September 30, 2018 , Delphi Technologies has entered into derivative instruments to hedge cash flows extending out to September 2020.

Gains and losses on derivatives qualifying as cash flow hedges are recorded in accumulated other comprehensive income (“OCI”), to the extent that hedges are effective, until the underlying transactions are recognized in earnings. Unrealized amounts in accumulated OCI will fluctuate based on changes in the fair value of hedge derivative contracts at each reporting period. Net losses on cash flow hedges included in accumulated OCI as of September 30, 2018 were approximately $4 million (approximately $4 million , net of tax). Of this total, approximately $3 million of losses are expected to be included in cost of sales within the next 12 months and $1 million of losses are expected to be included in cost of sales in subsequent periods. Cash flow hedges are discontinued when Delphi Technologies determines it is no longer probable that the originally forecasted transactions will occur. Cash flows from derivatives used to manage foreign exchange risks are classified as operating activities within the consolidated statement of cash flows.

Net Investment Hedges

The Company is also exposed to the risk that adverse changes in foreign currency exchange rates could impact its net investment in non-U.S. subsidiaries. To manage this risk, the Company designated a qualifying non-derivative instrument, foreign currency-denominated debt, as a net investment hedge of certain non-U.S. subsidiaries. The gains or losses on instruments designated as net investment hedges are recognized within OCI to offset changes in the value of the net investment in these foreign currency-denominated operations. Gains and losses reported in accumulated other comprehensive income (loss) are reclassified to earnings only when the related currency translation adjustments are required to be reclassified, usually upon sale or liquidation of the investment.

Derivatives Not Designated as Hedges

On certain occasions the Company enters into certain foreign currency contracts that are not designated as hedges. When hedge accounting is not applied to derivative contracts, gains and losses are recorded to other income (expense), net and cost of sales in the consolidated statement of operations.

Fair Value of Derivative Instruments in the Balance Sheet

The following table includes the fair value of foreign currency derivatives recorded in the consolidated balance sheets as of September 30, 2018 . There were no derivative financial instruments outstanding as of December 31, 2017 .

Asset Derivatives		Liability Derivatives		Net Amounts of Assets and (Liabilities) Presented in the Balance Sheet
Balance Sheet Location*	**September 30, 2018**	**Balance Sheet Location***	**September 30, 2018**	**September 30, 2018**
		(in millions)		
Designated as cash flow hedges:				
Other current assets	$ 7	Other current assets	$ 3	$ 4
Other long-term assets	2	Other long-term assets	1	1
Total designated as hedges	$ 9		$ 4	
Derivatives not designated as hedges:				
Other current assets	$ —	Other current assets	$ 2	(2)
Total not designated as hedges	$ —		$ 2	

* Derivative instruments are subject to master netting arrangements and are presented on a net basis in the consolidated balance sheets in accordance with accounting guidance related to the offsetting of amounts related to certain contracts.

The fair value of Delphi Technologies’ derivative financial instruments was in a net asset position as of September 30, 2018 .

Effect of Derivatives on the Statement of Operations and Statement of Comprehensive Income

The pre-tax effect of the foreign currency derivatives in the consolidated statement of operations and consolidated statement of comprehensive income for the three and nine months ended September 30, 2018 is as follows:

Three Months Ended September 30, 2018	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from OCI into Income
	(in millions)	
Derivatives designated as cash flow hedges	$ 3	$ 1
Total	$ 3	$ 1

	Gain Recognized in Income
	(in millions)
Derivatives not designated	$ 4
Total	$ 4

Nine Months Ended September 30, 2018	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from OCI into Income
	(in millions)	
Derivatives designated as cash flow hedges	$ 5	$ 1
Total	$ 5	$ 1

	Loss Recognized in Income
	(in millions)
Derivatives not designated	$ (4)
Total	$ (4)

The gain or loss recognized into income of designated and not designated derivative instruments were recorded to other income, net and cost of sales in the consolidated statements of operations for the three and nine months ended September 30, 2018 .

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements on a Recurring Basis

Derivative instruments —All derivative instruments are required to be reported on the balance sheet at fair value unless the transactions qualify and are designated as normal purchases or sales. Changes in fair value are reported currently through earnings unless they meet hedge accounting criteria. Delphi Technologies' derivative exposures are with counterparties with long-term investment grade credit ratings. Delphi Technologies estimates the fair value of its derivative contracts using an income approach based on valuation techniques to convert future amounts to a single, discounted amount. Estimates of the fair value of foreign currency derivative instruments are determined using exchange traded prices and rates. Delphi Technologies also considers the risk of non-performance in the estimation of fair value, and includes an adjustment for non-performance risk in the measure of fair value of derivative instruments. The non-performance risk adjustment reflects the credit default spread ("CDS") applied to the foreign currency exposures by counterparty. When Delphi Technologies is in a net derivative asset position, the counterparty CDS rates are applied to the net derivative asset position. When Delphi Technologies is in a net derivative liability position, estimates of peer companies' CDS rates are applied to the net derivative liability position.

In certain instances where market data is not available, Delphi Technologies uses management judgment to develop assumptions that are used to determine fair value. This could include situations of market illiquidity for a particular currency or commodity or where observable market data may be limited. In those situations, Delphi Technologies generally surveys investment banks and/or brokers and utilizes the surveyed prices and rates in estimating fair value.

As of September 30, 2018 , Delphi Technologies was in a net derivative asset position of $3 million , and no significant adjustments were recorded for nonperformance risk based on the application of peer companies' CDS rates, evaluation of our own nonperformance risk and because Delphi Technologies' exposures were to counterparties with investment grade credit ratings. Refer to Note 16. Derivatives and Hedging Activities for further information regarding derivatives.

As of September 30, 2018 Delphi Technologies had the following assets measured at fair value on a recurring basis:

	Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
		(in millions)		
As of September 30, 2018:				
Foreign currency derivatives	$ 3	$ —	$ 3	$ —
Total	$ 3	$ —	$ 3	$ —

Non-derivative financial instruments —Delphi Technologies' non-derivative financial instruments include cash and cash equivalents, accounts and notes receivable, accounts payable, as well as debt, which consists of capital leases, the Senior Notes, the Term Loan A Facility and other debt issued by Delphi Technologies' non-U.S. subsidiaries. The fair value of debt is based on quoted market prices for instruments with public market data or significant other observable inputs for instruments without a quoted public market price (Level 2). As of September 30, 2018 and December 31, 2017 , total debt was recorded at $1,535 million and $1,535 million , respectively, and had estimated fair values of $1,499 million and $1,566 million , respectively. For all other financial instruments recorded at September 30, 2018 and December 31, 2017 , fair value approximates book value.

Fair Value Measurements on a Nonrecurring Basis

In addition to items that are measured at fair value on a recurring basis, Delphi Technologies also has items in its balance sheet that are measured at fair value on a nonrecurring basis. As these items are not measured at fair value on a recurring basis, they are not included in the tables above. Nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis include certain long-lived assets, equity method investments, other equity investments, intangible assets, asset retirement obligations, share-based compensation and liabilities for exit or disposal activities measured at fair value upon initial recognition. During the three and nine months ended September 30, 2018 , Delphi Technologies recorded non-cash asset impairment charges totaling less than $1 million and $1 million , respectively, within cost of sales related to declines in the fair values of certain fixed assets. During the three and nine months ended September 30, 2017 , Delphi Technologies recorded non-cash asset impairment charges totaling less than $1 million and $8 million , respectively, within cost of sales related to declines in the fair values of certain fixed assets. Fair value of long-lived assets is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved and a review of appraisals. As such, Delphi Technologies has determined that the fair value measurements of long-lived assets fall in Level 3 of the fair value hierarchy.

18. OTHER INCOME, NET

Other (expense) income, net included:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
		(in millions)		
Interest income	$ 3	$ —	$ 6	$ 1
Components of net periodic benefit cost other than service cost (Note 10)	(1)	(3)	(4)	(10)
Other, net	(8)	2	2	2
Other (expense) income, net	$ (6)	$ (1)	$ 4	$ (7)

19. SHARE-BASED COMPENSATION

The Delphi Technologies PLC Long-Term Incentive Plan (the "PLC LTIP") allows for the grant of share-based awards (up to 7,500,000 ordinary shares) for long-term compensation to the employees, directors, consultants and advisors of the Company. The Company had no share-based compensation plans prior to the Separation; however certain of our employees participated in

the Former Parent’s share-based compensation arrangement, the Delphi Automotive PLC Long Term Incentive Plan, as amended and restated effective April 23, 2015 (the “Former Parent Plan”). Grants of restricted stock units (“RSUs”) to executives and non-employee directors were made under the Former Parent Plan in each year from 2012 to 2017. As discussed further below, outstanding awards under the Former Parent Plan were adjusted and converted into Delphi Technologies equity awards.

Share-based compensation expense within the consolidated financial statements for periods prior to the Separation was allocated to Delphi Technologies based on the awards and terms previously granted to Delphi Technologies employees while part of the Former Parent, and includes the cost of Delphi Technologies employees who participated in the Former Parent’s Plan, as well as an allocated portion of the cost of the Former Parent’s corporate employee awards.

In connection with the Separation, outstanding equity awards to executives and non-employee directors under the Former Parent Plan were adjusted and converted into Delphi Technologies equity awards using a formula designed to maintain the economic value of the awards immediately before and after the Separation. Accordingly, the number of RSUs underlying each unvested award outstanding as of the date of the Separation was multiplied by a factor of 2.02 , which resulted in no increase in the intrinsic value of awards outstanding. The RSUs continue to vest in accordance with their original vesting period. These adjustments to the Company’s share-based compensation awards did not result in additional compensation expense.

Board of Director Awards

On December 31, 2017, Delphi Technologies granted 7,506 RSUs to the non-employee members of the Board of Directors who were not members of the Former Parent’s Board of Directors at a grant date fair value of approximately $0.4 million . The grant date fair value was determined based on the closing price of the Company’s ordinary shares on December 29, 2017. The awards are time-based vesting RSUs. The RSUs vested on April 25, 2018, and 20,806 ordinary shares, which included shares issued in connection with dividend equivalents, were issued to members of the Board of Directors at a fair value of approximately $1 million . In addition, 1,679 ordinary shares were withheld to cover the minimum U.K. withholding taxes.

On April 26, 2018, Delphi Technologies granted 34,756 RSUs to the Board of Directors at a grant date fair value of approximately $2 million . The grant date fair value was determined based on the closing price of the Company's ordinary shares on April 26, 2018. The RSUs will vest on April 24, 2019, the day before the 2019 annual meeting of shareholders.

In addition, on December 31, 2017, Delphi Technologies granted 119,921 RSUs to the employee and non-employee members of the Board of Directors at a grant date fair value of approximately $7 million . The awards include a time-based RSUs and performance-based RSUs. The time-based RSUs vest at various points through February 2021. The performance-based RSUs will be measured based on relative total shareholder return (as described further below) and vest in December 2020. The grant date fair value was determined based on the closing price of the Company’s ordinary shares on December 31, 2017 and a contemporaneous valuation performed by an independent valuation specialist with respect to the relative total shareholder return awards.

Executive Awards

The executive awards include a time-based vesting portion and a performance-based vesting portion, as well as continuity awards in certain years. The time-based RSUs, which make up 25% of the awards for the Company’s officers and 50% for other executives, vest ratably over three years beginning on the first anniversary of the grant date. The performance-based RSUs, which make up 75% of the awards for the Company’s officers and 50% for other executives, vest at the completion of a three-year performance period if certain targets are met. Each executive will receive between 0% and 200% of his or her target performance-based award based on the Company’s performance against established company-wide performance metrics, which are:

Metric	2018 Grant	2016 - 2017 Former Parent Grants	2013 - 2015 Former Parent Grants
Average return on net assets (1)	50%	50%	50%
Cumulative net income	25%	25%	N/A
Cumulative earnings per share (2)	N/A	N/A	30%
Relative total shareholder return (3)	25%	25%	20%

(1) Average return on net assets is measured by the Company’s tax-affected operating income divided by average net working capital plus average net property, plant and equipment for each calendar year during the respective performance period.

(2) Cumulative earnings per share is measured by net income attributable to Delphi Technologies divided by the weighted average number of diluted shares outstanding for the respective three-year performance period.

(3) Relative total shareholder return is measured by comparing the average closing price per share of the Company's ordinary shares for the defined period at the end of the performance period to the average closing price per share of the Company's ordinary shares for the defined period at the beginning of the performance period, including dividends, and assessed against a comparable measure of competitor and peer group companies.

The details of the executive grant are as follows:

Grant Date	RSUs Granted	Grant Date Fair Value	Time-Based Award Vesting Dates	Performance-Based Award Vesting Date
	(in millions)			
February 2018	0.3	$16	Annually on the anniversary grant date, 2019-2021	December 31, 2020

Any new executives hired after the annual executive RSU grant date may be eligible to participate in the PLC LTIP. Any off cycle grants made for new hires are valued at their grant date fair value based on the closing price of the Company's ordinary shares on the date of such grant. The Company has competitive and market-appropriate ownership requirements. All of the RSUs granted under the PLC LTIP are eligible to receive dividend equivalents for any dividend paid from the grant date through the vesting date.

The grant date fair value of the RSUs is determined based on the target number of awards issued, the closing price of the Company's ordinary shares on the date of the grant of the award, including an estimate for forfeitures, and a contemporaneous valuation performed by an independent valuation specialist with respect to the relative total shareholder return awards.

A summary of activity, including award grants, vesting and forfeitures for Delphi Technologies employees is provided below. All prior period award amounts disclosed within the following table were converted in accordance with the factor related to the conversion of the awards following the Separation as described above.

	RSUs	Weighted Average Grant Date Fair Value
	(in thousands)	
Nonvested, January 1, 2018	712	$ 37.34
Granted	567	48.54
Vested	(122)	38.50
Forfeited	(32)	42.97
Nonvested, September 30, 2018	1,125	42.70

Share-based compensation expense recorded within the consolidated statement of operations, which for periods prior to the Separation includes the cost of Delphi Technologies employees who participated in the Former Parent's Plan as well as an allocated portion of the cost of the Former Parent's senior management awards, was $5 million ($5 million , net of tax) and $15 million ($15 million , net of tax) based on the Company's best estimate of ultimate performance against the respective targets during the three and nine months ended September 30, 2018 , respectively. Share-based compensation expense was $4 million ($4 million , net of tax) and $12 million ($11 million , net of tax) based on the company's best estimate of ultimate performance against the respective targets during the three and nine months ended September 30, 2017 , respectively.

The Company will continue to recognize compensation expense, based on the grant date fair value of the awards applied to the Company's best estimate of ultimate performance against the respective targets, over the requisite vesting periods of the awards. Based on the grant date fair value of the awards and the Company's best estimate of ultimate performance against the respective targets as of September 30, 2018 , unrecognized compensation expense on a pretax basis of approximately $28 million is anticipated to be recognized over a weighted average period of approximately 2 years.

20. SEGMENT REPORTING

Delphi Technologies operates its core business along the following operating segments, which are grouped on the basis of similar product, market and operating factors:

- Powertrain Systems, which manufactures fuel injection systems as well as various other powertrain products including valvetrain, fuel delivery modules, ignition coils, canisters, sensors, valves and actuators. This segment also offers electronic control modules and corresponding software, algorithms and calibration that provide centralized and reliable management of various powertrain components. Additionally, we provide power electronics solutions that include supervisory controllers and software, along with DC/DC converters and inverters and on-board chargers that convert electricity to enable hybrid and electric vehicle propulsion systems.

- Delphi Technologies Aftermarket, which sells aftermarket products to independent aftermarket and original equipment service customers. This segment also supplies a wide range of aftermarket products and services covering the fuel injection, electronics and engine management, maintenance, and test equipment and vehicle diagnostics categories.
- Eliminations and Other, which includes the elimination of inter-segment transactions.

The accounting policies of the segments are the same as those described in Note 2. Significant Accounting Policies, except that the disaggregated financial results for the segments have been prepared using a management approach, which is consistent with the basis and manner in which management internally disaggregates financial information for which Delphi Technologies' chief operating decision maker regularly reviews financial results to assess performance of, and make internal operating decisions about allocating resources to the segments.

Generally, Delphi Technologies evaluates segment performance based on stand-alone segment net income before interest expense, other income (expense), net, income tax expense, equity income, net of tax, restructuring, separation costs and asset impairments ("Adjusted Operating Income") and accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, at current market prices. Delphi Technologies' management utilizes Adjusted Operating Income as the key performance measure of segment income or loss to evaluate segment performance, and for planning and forecasting purposes to allocate resources to the segments, as management believes this measure is most reflective of the operational profitability or loss of Delphi Technologies' operating segments. Segment Adjusted Operating Income should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered an alternative to net income attributable to Delphi Technologies, which is the most directly comparable financial measure to Adjusted Operating Income that is prepared in accordance with U.S. GAAP. Segment Adjusted Operating Income, as determined and measured by Delphi Technologies, should also not be compared to similarly titled measures reported by other companies.

Included below are sales and operating data for Delphi Technologies' segments for the three and nine months ended September 30, 2018 and 2017 .

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other (1)	Total
		(in millions)		
For the Three Months Ended September 30, 2018:				
Net sales	$ 1,017	$ 217	$ (75)	$ 1,159
Depreciation & amortization	$ 46	$ 1	$ —	$ 47
Adjusted operating income	$ 92	$ 16	$ —	$ 108
Operating income	$ 66	$ 15	$ —	$ 81
Equity income, net of tax	$ —	$ —	$ —	$ —
Net income attributable to noncontrolling interest	$ 3	$ 1	$ —	$ 4

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other (1)	Total
		(in millions)		
For the Three Months Ended September 30, 2017:				
Net sales	$ 1,049	$ 243	$ (87)	$ 1,205
Depreciation & amortization	$ 45	$ 2	$ —	$ 47
Adjusted operating income	$ 128	$ 19	$ —	$ 147
Operating income (2)	$ 97	$ 16	$ —	$ 113
Equity income, net of tax	$ 2	$ —	$ —	$ 2
Net income attributable to noncontrolling interest	$ 9	$ —	$ —	$ 9

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other (1)	Total
		(in millions)		
For the Nine Months Ended September 30, 2018:				
Net sales	$ 3,256	$ 649	$ (218)	$ 3,687
Depreciation & amortization	$ 142	$ 3	$ —	$ 145
Adjusted operating income	$ 368	$ 55	$ —	$ 423
Operating income	$ 294	$ 47	$ —	$ 341
Equity income, net of tax	$ 6	$ —	$ —	$ 6
Net income attributable to noncontrolling interest	$ 14	$ 1	$ —	$ 15

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other (1)	Total
		(in millions)		
For the Nine Months Ended September 30, 2017:				
Net sales	$ 3,107	$ 697	$ (244)	$ 3,560
Depreciation & amortization	$ 139	$ 5	$ —	$ 144
Adjusted operating income	$ 419	$ 54	$ —	$ 473
Operating income (2)	$ 300	$ 40	$ —	$ 340
Equity income, net of tax	$ 2	$ —	$ —	$ 2
Net income attributable to noncontrolling interest	$ 25	$ —	$ —	$ 25

(1) Eliminations and Other includes the elimination of inter-segment transactions.

(2) Includes $3 million and $79 million of charges recorded related to costs associated with employee termination benefits and other exit costs for the three and nine months ended September 30, 2017, respectively.

The reconciliation of Adjusted Operating Income to Operating Income includes, as applicable, restructuring, separation costs, and asset impairments. The reconciliation of Adjusted Operating Income to net income attributable to Delphi Technologies for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Three Months Ended September 30, 2018:				
Adjusted operating income	$ 92	$ 16	$ —	$ 108
Restructuring	(9)	4	—	(5)
Separation costs (1)	(17)	(5)	—	(22)
Operating income	$ 66	$ 15	$ —	81
Interest expense				(20)
Other expense, net				(6)
Income before income taxes and equity income				55
Income tax expense				(12)
Equity income, net of tax				—
Net income				43
Net income attributable to noncontrolling interest				4
Net income attributable to Delphi Technologies				$ 39

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Three Months Ended September 30, 2017:				
Adjusted operating income	$ 128	$ 19	$ —	$ 147
Restructuring	(6)	3	—	(3)
Separation costs (1)	(25)	(6)	—	(31)
Operating income	$ 97	$ 16	$ —	113
Interest expense				(1)
Other expense, net				(1)
Income before income taxes and equity income				111
Income tax expense				(26)
Equity income, net of tax				2
Net income				87
Net income attributable to noncontrolling interest				9
Net income attributable to Delphi Technologies				$ 78

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Nine Months Ended September 30, 2018:				
Adjusted operating income	$ 368	$ 55	$ —	$ 423
Restructuring	(31)	3	—	(28)
Separation costs (1)	(42)	(11)	—	(53)
Asset impairments	(1)	—	—	(1)
Operating income	$ 294	$ 47	$ —	341
Interest expense				(59)
Other income, net				4
Income before income taxes and equity income				286
Income tax expense				(54)
Equity income, net of tax				6
Net income				238
Net income attributable to noncontrolling interest				15
Net income attributable to Delphi Technologies				$ 223

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Nine Months Ended September 30, 2017:				
Adjusted operating income	$ 419	$ 54	$ —	$ 473
Restructuring	(74)	(5)	—	(79)
Separation costs (1)	(37)	(9)	—	(46)
Asset impairments	(8)	—	—	(8)
Operating income	$ 300	$ 40	$ —	$ 340
Interest expense				(2)
Other expense, net				(7)
Income before income taxes and equity income				331
Income tax expense				(79)
Equity income, net of tax				2
Net income				254
Net income attributable to noncontrolling interest				25
Net income attributable to Delphi Technologies				$ 229

(1) Prior to December 4, 2017 separation costs include one-time expenses related to the separation from our Former Parent. For periods subsequent to December 4, 2017, these costs include one-time incremental expenses associated with becoming a stand-alone publicly-traded company.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q, including the exhibits being filed as part of this report, as well as other statements made by the Company, contain forward-looking statements that reflect, when made, the Company's current views with respect to future events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to the Company's operations and business environment, which may cause the actual results of the Company to be materially different from any future results, express or implied by such forward-looking statements. All statements that address future operating, financial or business performance or the Company's strategies or expectations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "will," "should," "expects," "anticipates," "believes," "estimates," "potential," or "continue," the negatives thereof and other comparable terminology. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following:

- global and regional economic conditions, including conditions affecting the credit market and those resulting from the United Kingdom referendum held on June 23, 2016 in which voters approved an exit from the European Union, commonly referred to as "Brexit";
- risks inherent in operating as a global company, such as, fluctuations in interest rates and foreign currency exchange rates and economic, political and trade conditions around the world;
- the cyclical nature of automotive sales and production;
- the potential disruptions in the supply of and changes in the competitive environment for raw material integral to the Company's products;
- the Company's ability to maintain contracts that are critical to its operations;
- potential changes to beneficial free trade laws and regulations such as the North American Free Trade Agreement;
- the ability of the Company to achieve the intended benefits from its separation from its former parent or from acquisitions the Company may make;
- the ability of the Company to attract, motivate and/or retain key executives;
- the ability of the Company to avoid or continue to operate during a strike, or partial work stoppage or slow down by any of its unionized employees or those of its principal customers or suppliers;
- the ability of the Company to attract and retain customers;
- new technologies that displace demand for our products and our ability to develop and commercialize new products to meet our customers' needs;
- changes in customer preferences and requirements, including any resultant inability to realize the sales represented by our bookings;
- changes in the costs of raw materials;
- the Company's indebtedness, including the amount thereof and capital availability and cost;
- the cost and outcome of any claims, legal proceedings or investigations;
- the failure or breach of information technology systems;
- severe weather conditions and natural disasters and any resultant disruptions on the supply or production of goods or services or customer demands;
- acts of war and/or terrorism, as well as the impact of actions taken by governments as a result of further acts or threats of terrorism; and
- the timing and occurrence (or non-occurrence) of other events or circumstances that may be beyond our control.

Additional factors are discussed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's filings with the Securities and Exchange Commission, including those set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect the Company. It should be remembered that the price of the ordinary shares and any income from them can go down as well as up. Delphi Technologies disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise, except as may be required by law.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management’s discussion and analysis of financial condition and results of operations (“MD&A”) is intended to help you understand the business operations and financial condition of the Company for the three and nine months ended September 30, 2018 . This discussion should be read in conjunction with Item 1. Financial Statements. Our MD&A is presented in eight sections:

- Separation from Delphi Automotive PLC
- Executive Overview
- Consolidated Results of Operations
- Results of Operations by Segment
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Contingencies and Environmental Matters
- Recently Issued Accounting Pronouncements
- Critical Accounting Estimates

Within this MD&A, “Delphi Technologies,” the “Company,” “we,” “us” and “our” refer to Delphi Technologies PLC and its subsidiaries, and for periods prior to the Separation, includes the results of the Former Parent’s Powertrain Systems segment.

Separation from Delphi Automotive PLC

On December 4, 2017, Delphi Technologies became an independent publicly-traded company as a result of the distribution by Delphi Automotive PLC (the “ Former Parent”) of 100% of the ordinary shares of Delphi Technologies PLC to Delphi Automotive PLC’s shareholders (the “Separation”). Following the Separation, Delphi Automotive PLC changed its name to Aptiv PLC (“Aptiv”). The Company previously operated substantially as the Former Parent’s Powertrain Systems segment.

As part of the Separation, we entered into a number of agreements with the Former Parent to govern the Separation and our relationship with the Former Parent following the Separation. These agreements provided for the allocation between Delphi Technologies and Aptiv of the Former Parent’s assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the Separation and govern certain relationships between Delphi Technologies and Aptiv after the Separation. Refer to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for descriptions of the material terms of the Separation and Distribution Agreement, Transition Services Agreement, Contract Manufacturing Services Agreements, Tax Matters Agreement and Employee Matters Agreement that were entered into in connection with the Separation. During the nine months ended September 30, 2018 Delphi Technologies paid the Former Parent $61 million and $75 million related to the Transition Services Agreement and Contract Manufacturing Services Agreements, respectively.

For details on the basis of presentation see Note 1. General to the unaudited consolidated financial statements included herein.

Executive Overview

Our Business

Delphi Technologies is a leader in the development, design and manufacture of integrated powertrain technologies that optimize engine performance, increase vehicle efficiency, reduce emissions, improve driving performance and support increasing electrification of vehicles. We are a global supplier to original equipment manufacturers (“OEMs”) seeking to manufacture vehicles that meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, we offer a wide range of aftermarket products serving a global customer base.

Our product offerings include advanced gas and diesel fuel injection systems (“FIS”), actuators, valvetrain products, sensors, electronic control modules and power electronics technologies. We believe our ability to help our OEM customers meet regulatory requirements for reduced emissions and increased fuel economy, as well as to provide additional power to support consumer-driven demand for more in-vehicle electronics, may allow us to realize revenue growth in excess of vehicle production growth.

Our comprehensive portfolio of advanced technologies and solutions for all propulsion systems are sold to global OEMs of both light vehicles (passenger, cars, trucks and vans and sport-utility vehicles) and commercial vehicles (light-duty, medium-duty and heavy-duty trucks, commercial vans, buses and off-highway vehicles). The Company’s Aftermarket segment also remanufactures and sells our technologies to leading aftermarket companies, including independent retailers and wholesale

distributors. We supply a wide range of aftermarket products and services covering the fuel injection, electronics and engine management, maintenance, and test equipment and vehicle diagnostics categories. We also add aftermarket know-how in category management, logistics, training, marketing and other dedicated services to provide a full range of aftermarket solutions throughout vehicles' lives.

Our total net sales during the three months ended September 30, 2018 were $1.2 billion , a decrease of 4% compared to the same period of 2017 . Our total net sales during the nine months ended September 30, 2018 were $3.7 billion , an increase of 4% compared to the same period of 2017 .

Business Strategy

We believe the Company is well-positioned to benefit from increasing global vehicle production and has an established product portfolio sold to a diverse base of OEM and aftermarket customers.

Our strategy is to continue to accelerate the development of market-relevant technologies that solve our customers' increasingly complex challenges and leverage our lean, flexible cost structure to deliver strong margin expansion and revenue, earnings and cash flow growth. We seek to grow our business through the execution of the following strategies, among others:

- *Expand Leadership in Technologies that Solve Our Customers' Most Complex Propulsion Challenges.* We are focused on providing technologies and solutions that solve some of our customers' biggest propulsion-related challenges. Leveraging the breadth and depth of our engineering capabilities, we believe we have strong positions in fuel injectors, fuel pumps and fuel-injection systems. Additionally, we provide leading technology solutions in the areas of electronics and electrification, including engine control modules and power electronics, where we see above-market growth driven by increasing levels of electrification. Our power electronics technologies include products such as high-voltage inverters, DC/DC converters and on-board chargers that convert electricity to enable hybrid and electric vehicle propulsion systems. Our comprehensive portfolio of powertrain products helps customers meet increasingly stringent global regulatory requirements while also enhancing vehicle performance.
- *Focused Regional Strategies To Best Serve Our Customers' Needs.* The combination of our global operating capabilities and our portfolio of advanced technologies help us serve our global customers' local needs. We have a presence in all major global regions and have positioned ourselves as a leading supplier of advanced vehicle propulsion technologies, including electrification, that are tailored to satisfy our customers' needs in each region. We believe our focus on providing customer solutions to meet increasingly stringent emissions and fuel efficiency regulations will collectively drive greater demand for our products and enable us to experience above-market growth.
- *Continue to Enhance Aftermarket Position.* Globally, we plan to gain scale by focusing on higher value, faster growing product lines such as electronics and services, which include diagnostics and remanufacturing. We also seek to accelerate growth by leveraging our regional product program strengths to expand our portfolio across regions. In addition, we expect to benefit from aftermarket growth in key markets around the world, including China.
- *Leverage Our Lean and Flexible Cost Structure to Deliver Strong Earnings and Cash Flow Growth* . We recognize the importance of maintaining a lean and flexible business model in order to deliver earnings and cash flow growth. We intend to improve our cost competitiveness by leveraging our enterprise operating system, continuously increasing operational efficiency, maximizing manufacturing output and rotating our facilities to best-cost countries. We have ongoing processes and resources dedicated to further improvement of our operations, and we expect to use our cash flow to reinvest in our business to drive growth.

Trends, Uncertainties and Opportunities

Economic conditions . Our business is directly related to automotive sales and automotive light and commercial vehicle production by our customers. Automotive sales depend on a number of factors, including global and regional economic conditions. Although global automotive vehicle production (including light and commercial vehicles) increased 3% from 2016 to 2017 , economic conditions and the resultant levels of automotive vehicle production were uneven from a regional perspective. Compared to 2016 , vehicle production in 2017 increased by 4% in Europe, 3% in China and 21% in South America. Following several years of increases, consumer demand for vehicles in North America receded, resulting in a 4% decrease year-over-year in North American production in 2017 . Overall global vehicle production increased by 1% for the nine months that ended September 30, 2018 and is expected to remain at a 1% increase for the year ending December 31, 2018. Compared to 2017, vehicle production in 2018 is expected to remain flat in China, Europe and North America, while increasing by 7% in South America.

Economic volatility or weakness in North America, Europe, China or South America could result in a significant reduction in automotive sales and production by our customers, which would have an adverse effect on our business, results of operations and financial condition. There is also potential that geopolitical factors could adversely impact the U.S. and other economies, and specifically the automotive sector. In particular, changes to international trade agreements or other political pressures could affect the operations of our OEM customers, resulting in reduced automotive production in certain regions or shifts in the mix of production to higher cost regions. Increases in interest rates could also negatively impact automotive production as a result of increased consumer borrowing costs or reduced credit availability. Additionally, economic weakness may result in shifts in the mix of future automotive sales (from vehicles with more content such as luxury vehicles, trucks and sport utility vehicles toward smaller passenger cars) or reductions in industrial production and the corresponding level of freight tonnage being transported. While our diversified customer and geographic revenue base, along with our flexible cost structure, have us well positioned to withstand the impact of industry downturns and benefit from industry upturns, shifts in the mix of global automotive production to higher cost regions or to vehicles with less content could adversely impact our profitability.

There have also been periods of increased market volatility and currency exchange rate fluctuations, both globally and most specifically within the United Kingdom (“U.K.”) and Europe as a result of the U.K. referendum held on June 23, 2016 in which voters approved an exit from the European Union (“E.U.”), commonly referred to as “Brexit.” As a result of the referendum, the British government formally initiated the process for withdrawal in March 2017. The terms of any withdrawal are subject to a negotiation period that could last at least two years from the initiation date. Nevertheless, the proposed withdrawal has created significant uncertainty about the future relationship between the U.K. and the E.U. These developments, or the perception that any of them could occur, may adversely affect European and worldwide economic and market conditions, significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets and could contribute to instability in global financial and foreign exchange markets, including increased volatility in interest rates and foreign exchange rates. Although we are actively monitoring the ongoing potential impacts of Brexit and will seek to minimize its impact on our business, any of these effects of Brexit, among others, could adversely affect our business, business opportunities, results of operations, financial condition and cash flows. For the nine months ended September 30, 2018, approximately 15% of our annual net sales were generated in the U.K., and approximately 15% were denominated in British pounds.

Key growth markets . We believe our strong global presence and presence in key growth markets, especially in China, has positioned us to experience above-market growth rates over the long-term. There have been periods of increased market volatility and moderations in the level of economic growth in China, which resulted in periods of lower automotive production growth rates in China than those previously experienced. Despite these recent moderations in the level of economic growth in China, rising income levels in China and other key growth markets have resulted and are expected to result in stronger growth rates in these markets over the long-term. We have a strong local presence in China, including a major manufacturing base and well-established customer relationships, which we believe has positioned us to continue being a leading supplier of advanced engine technologies in this market. Our business in China is sensitive to economic and market conditions that impact automotive sales volumes and growth in China and may be affected if the pace of growth slows as the Chinese market matures or if there are reductions in vehicle demand in China. However, we continue to believe there is long-term growth potential in this market based on increasing long-term automotive and vehicle content demand.

We continue to expand our established presence in all key growth markets, positioning us to benefit from the expected long-term growth opportunities in these regions. We believe that increasing regulation in these markets related to emissions control and fuel efficiency will enable us to experience above-market growth as a result of increased demand for our products focused on meeting these regulations. We are capitalizing on our long-standing relationships with the global OEMs and further enhancing our positions with the key growth market OEMs to continue increasing our presence in these markets. We believe that our presence in best-cost countries positions us to realize incremental margin improvements as the global balance of automotive production shifts towards the key growth markets.

Technologically advanced product portfolio . Our product offerings satisfy OEMs’ needs to meet increasingly stringent government regulations related to fuel efficiency and emissions control on a global basis and to provide additional power to support consumer-driven demand for more in-vehicle electronics. Leveraging the breadth and depth of our engineering capabilities, we have strong positions in FIS technologies. Our injector portfolio maximizes engine uptime and reliability, which is especially important for large, long-life commercial vehicle applications. Additionally, we expect continued growth in key technologies such as gasoline direct injection (“GDi”) and power electronics to meet increasing consumer demand for greater performance and power needs. We are focused on providing technologies and solutions that we believe will result in growth rates in excess of vehicle production growth.

Global capabilities with focused regional strategies . Many OEMs are continuing to adopt global vehicle platforms to increase standardization, reduce per-unit cost and increase capital efficiency and profitability. As a result, OEMs are selecting suppliers that have the capability to manufacture products on a worldwide basis, as well as the flexibility to adapt to regional variations. Suppliers with global scale and strong design, engineering and manufacturing capabilities are best positioned to benefit from

this trend. Our global manufacturing footprint enables us to serve our customers on a worldwide basis, with regional engineering teams that allow us to stay connected to local market requirements. This regional model principally services the North American market out of Mexico, the South American market out of Brazil, the European market out of Eastern Europe, and the Asia Pacific market out of China, and we have continued to rotate our manufacturing footprint to best-cost locations within these regions.

Our global operations are subject to certain risks inherent in doing business abroad, including unexpected changes in laws, regulations, trade or monetary or tax fiscal policy, including tariffs, quotas, customs and other import or export restrictions and other trade barriers. Existing free trade laws and regulations provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we manufacture products, such as China and Mexico, could have a material adverse effect on our business and financial results.

Product development . The automotive component supply industry is highly competitive, both domestically and internationally, and is characterized by rapidly changing technology, evolving industry standards and demand for improved vehicle performance and additional power needs. Our ability to anticipate changes in technology regulatory standards and to successfully develop and introduce new and enhanced products on a timely and cost competitive basis will be a significant factor in our ability to remain competitive. To compete effectively in the automotive supply industry, we must be able to develop new products that meet our customers' demands in a timely manner. Our advanced technologies and robust global engineering and development capabilities have well positioned us to meet increasingly stringent vehicle manufacturer demands.

OEMs are increasingly looking to their suppliers to simplify vehicle design and assembly processes to reduce costs. As a result, suppliers that sell vehicle components directly to manufacturers (Tier I suppliers) have assumed many of the design, engineering, research and development and assembly functions traditionally performed by vehicle manufacturers. Suppliers that can provide fully-engineered solutions, systems and pre-assembled combinations of component parts are positioned to leverage the trend toward system sourcing.

Engineering, design & development . Our history and culture of innovation have enabled us to develop significant intellectual property and design and development expertise to provide high-quality, technologically-advanced products that meet and exceed our customers' demands for safety, durability and performance. We have a team of approximately 5,000 scientists, engineers and technicians across 12 major technical centers globally focused on innovating and developing market-relevant product solutions. In 2017, we invested approximately $600 million (which included approximately $160 million of co-investment by customers and government agencies) in research and development, including engineering, to maintain our portfolio of innovative products and solutions. We have a strong track record of developing technologies focused on addressing consumer demands and industry trends, including GDi, powertrain domain controllers, electrification and engine control algorithms. We benefit from the ability to provide the latest commercially available technologies to increase fuel economy, reduce emissions and improve engine performance. We also leverage our OEM product engineering capabilities across our aftermarket product lines to capture value over the lifetime of a vehicle.

In the past, suppliers often incurred the initial cost of engineering, designing and developing automotive component parts, and recovered their investments over time by including a cost recovery component in the price of each part based on expected volumes. Recently, we and many other suppliers have negotiated for cost recovery payments independent of volumes. This trend reduces our economic risk.

Pricing . Cost-cutting initiatives adopted by our customers result in increased downward pressure on pricing. Our customer supply agreements generally require step-downs in component pricing over the periods of production, and OEMs have historically possessed significant leverage over their outside suppliers because the automotive component supply industry is fragmented and serves a limited number of automotive OEMs. Our profitability depends in part on our ability to generate sufficient cost savings in the future to offset price reductions.

We maintain a low fixed-cost structure, which provides us with the flexibility to invest in new growth opportunities and seek to remain profitable throughout the traditional vehicle industry production cycle. Today, approximately 85% of our hourly workforce is located in best-cost countries. Furthermore, we have operational flexibility by leveraging a workforce of contract workers, which represented approximately 15% of the hourly workforce as of September 30, 2018 . However, we will continue to adjust our cost structure and optimize our manufacturing footprint in response to changes in the global and regional automotive markets. This will allow us to increase investment in advanced technologies and engineering, as evidenced by our on-going restructuring programs focused on the continued rotation of our manufacturing footprint to best-cost locations. As we continue to operate in a cyclical industry that is impacted by movements in the global and regional economies, we continually evaluate opportunities to further refine our cost structure.

OEM product recalls . The number of vehicles recalled globally by OEMs has increased above historical levels. These recalls can either be initiated by the OEMs or influenced by regulatory agencies. Although there are differing rules and regulations

across countries governing recalls for safety issues, the overall transition towards global vehicle platforms may also contribute to increased recalls outside of the U.S., as automotive components are increasingly standardized across regions. Given the sensitivity to safety issues in the automotive industry, including increased focus from regulators and consumers, we anticipate the number of automotive recalls may remain above historical levels in the near future. Although we engage in extensive product quality programs and processes and have not experienced any significant impacts to date as a result of the recalls that have been initiated, it is possible that we may be adversely affected in the future if the pace of these recalls continues.

Industry consolidation . Consolidation among worldwide suppliers is expected to continue as suppliers seek to achieve operating synergies and value-stream efficiencies, acquire complementary technologies and build stronger customer relationships as OEMs continue to expand globally. Additionally, new entrants from outside the traditional automotive industry may seek to gain access to certain vehicle component markets. We believe companies with strong balance sheets and financial discipline are in the best position to take advantage of the industry consolidation trend.

Consolidated Results of Operations

Delphi Technologies typically experiences fluctuations in revenue due to changes in OEM production schedules, vehicle sales mix and the net of new and lost business (which we refer to collectively as volume), fluctuations in foreign currency exchange rates (which we refer to as FX), and contractual reductions of the sales price to the OEM (which we refer to as contractual price reductions). Changes in sales mix can have either favorable or unfavorable impacts on revenue. Such changes can be the result of shifts in regional growth, shifts in OEM sales demand, as well as shifts in consumer demand related to vehicle segment purchases and content penetration. For instance, a shift in sales demand favoring a particular OEM's vehicle model for which we do not have a supply contract may negatively impact our revenue. A shift in regional sales demand toward certain markets could favorably impact the sales of those of our customers that have a large market share in those regions, which in turn would be expected to have a favorable impact on our revenue.

We typically experience (as described below) fluctuations in operating income due to:

- Volume—changes in volume and changes in mix;
- Contractual price reductions—changes due to contractual price reductions (which typically range from 1% to 3% of net sales);
- Operational performance—changes to costs for materials and commodities or manufacturing variances; and
- Other—including restructuring costs and any remaining variances not included in Volume, net of contractual price reductions or Operational performance.

The automotive component supply industry is traditionally subject to inflationary pressures with respect to raw materials and labor which may place operational and profitability burdens on the entire supply chain. We will continue to work with our customers and suppliers to mitigate the impact of these inflationary pressures in the future. In addition, we expect commodity cost volatility to have a continual impact on future earnings and/or operating cash flows. As such, we continually seek to mitigate both inflationary pressures and our material-related cost exposures using a number of approaches, including combining purchase requirements with customers and/or other suppliers, using alternate suppliers or product designs and negotiating cost reductions and/or commodity cost contract escalation clauses into our vehicle manufacturer supply contracts.

Three and Nine Months Ended September 30, 2018 versus Three and Nine Months Ended September 30, 2017

The results of operations for the three and nine months ended September 30, 2018 and 2017 were as follows:

	Three Months Ended September 30,					Nine Months Ended September 30,				
	2018		2017		Favorable/(unfavorable)	2018		2017		Favorable/(unfavorable)
	(dollars in millions)									
Net sales	$ 1,159		$ 1,205		$ (46)	$ 3,687		$ 3,560		$ 127
Cost of sales	965		976		11	3,002		2,849		(153)
Gross margin	194	16.7%	229	19.0%	(35)	685	18.6%	711	20.0%	(26)
Selling, general and administrative	105		108		3	307		279		(28)
Amortization	3		5		2	9		13		4
Restructuring	5		3		(2)	28		79		51
Operating income	81		113		(32)	341		340		1
Interest expense	(20)		(1)		(19)	(59)		(2)		(57)
Other (expense) income, net	(6)		(1)		(5)	4		(7)		11
Income before income taxes and equity income	55		111		(56)	286		331		(45)
Income tax expense	(12)		(26)		14	(54)		(79)		25
Income before equity income	43		85		(42)	232		252		(20)
Equity income, net of tax	—		2		(2)	6		2		4
Net income	43		87		(44)	238		254		(16)
Net income attributable to noncontrolling interest	4		9		(5)	15		25		(10)
Net income attributable to Delphi Technologies	$ 39		$ 78		$ (39)	$ 223		$ 229		$ (6)

Total Net Sales

Below is a summary of our total net sales for the three months ended September 30, 2018 versus September 30, 2017 .

	Three Months Ended September 30,			Variance Due To:				
	2018	2017	Favorable/(unfavorable)	Volume	Contractual price reductions	FX	Other	Total
	(in millions)			(in millions)				
Total net sales	$ 1,159	$ 1,205	$ (46)	$ 6	$ (16)	$ (19)	$ (17)	$ (46)

Total net sales for the three months ended September 30, 2018 decreased 4% compared to the three months ended September 30, 2017 . We experienced volume growth primarily as a result of increased sales in Europe and North America, offset by unfavorable currency impacts, primarily related to the Euro and Chinese Yuan Renminbi. Net sales also decreased by $20 million, reflected in Other above, primarily related to net sales during the three months ended September 30, 2017 for the original equipment services business that remained with the Former Parent.

Below is a summary of our total net sales for the nine months ended September 30, 2018 versus September 30, 2017 .

	Nine Months Ended September 30,			Variance Due To:				
	2018	2017	Favorable/(unfavorable)	Volume	Contractual price reductions	FX	Other	Total
	(in millions)							
Total net sales	$ 3,687	$ 3,560	$ 127	$ 107	$ (49)	$ 126	$ (57)	$ 127

Total net sales for the nine months ended September 30, 2018 increased 4% compared to the nine months ended September 30, 2017 . We experienced volume growth primarily as a result of increased sales in Europe and North America, and favorable

currency impacts, primarily related to the Euro. Net sales also decreased by $61 million, reflected in Other above, primarily related to net sales during the nine months ended September 30, 2017 for the original equipment services business that remained with the Former Parent.

Cost of Sales

Cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, product engineering, design and development expenses, depreciation and amortization, warranty costs and other operating expenses. Gross margin is revenue less cost of sales and gross margin percentage is gross margin as a percentage of net sales.

Cost of sales decreased $11 million for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 , as summarized below. The Company's material cost of sales was approximately 50% of net sales in both the three months ended September 30, 2018 and September 30, 2017 .

	Three Months Ended September 30,			Variance Due To:					
	2018	2017	Favorable/(unfavorable)	Volume	Contractual price reductions	FX	Operational performance	Other	Total
	(dollars in millions)			(in millions)					
Cost of sales	$ 965	$ 976	$ 11	$ (40)	$ —	$ 11	$ 8	$ 32	$ 11
Gross margin	$ 194	$ 229	$ (35)	$ (34)	$ (16)	$ (8)	$ 8	$ 15	$ (35)
Percentage of net sales	16.7%	19.0%							

The decrease in cost of sales reflects a favorable change due to the absence of cost of sales related to the original equipment services business that remained with the Former Parent (which is the primary item in Other above), improved operational performance, and the impacts from currency exchange. The unfavorable change in cost of sales and gross margin related to volumes is primarily due to product portfolio and regional mix impacts.

Cost of sales increased $153 million for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 , as summarized below. The Company's material cost of sales was approximately 50% of net sales in both the nine months ended September 30, 2018 and September 30, 2017 .

	Nine Months Ended September 30,			Variance Due To:					
	2018	2017	Favorable/(unfavorable)	Volume	Contractual price reductions	FX	Operational performance	Other	Total
	(dollars in millions)			(in millions)					
Cost of sales	$ 3,002	$ 2,849	$ (153)	$ (164)	$ —	$ (77)	$ 36	$ 52	$ (153)
Gross margin	$ 685	$ 711	$ (26)	$ (57)	$ (49)	$ 49	$ 36	$ (5)	$ (26)
Percentage of net sales	18.6%	20.0%							

The increase in cost of sales reflects increased volumes and the impacts from currency exchange, partially offset by improved operational performance for the nine month period. The unfavorable change in gross margin related to volumes is primarily due to product portfolio and regional mix impacts. Cost of sales was also impacted by the following items in Other above:

- Favorable changes that primarily include the absence of cost of sales related to the original equipment services business that remained with the Former Parent; offset by
- The absence of a $17 million reduction to cost of sales during the nine months ended September 30, 2017 related to a commercial agreement for reimbursement of previously incurred development costs, offset by $4 million of related asset impairments, in conjunction with a program cancellation by one of the Company's OEM customers during the nine months ended September 30, 2017 .

Selling, General and Administrative Expense

	Three Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
		(dollars in millions)	
Selling, general and administrative expense	$ 105	$ 108	$ 3
Percentage of net sales	9.1%	9.0%	

	Nine Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
		(dollars in millions)	
Selling, general and administrative expense	$ 307	$ 279	$ (28)
Percentage of net sales	8.3%	7.8%	

Selling, general and administrative expense (“SG&A”) includes administrative expenses, information technology costs and incentive compensation related costs. SG&A remained generally consistent as a percentage of sales for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 . This is primarily due to a decrease in one-time incremental expenses associated with becoming a stand-alone publicly-traded company, which totaled $22 million during the three months ended September 30, 2018. This compares to $31 million of one-time costs recorded during the three months ended September 30, 2017, associated with the Separation.

SG&A increased as a percentage of sales for for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 . This is primarily due to an increase in one-time incremental expenses associated with becoming a stand-alone publicly-traded company, which totaled $53 million during the nine months ended September 30, 2018. This compares to $46 million of one-time costs recorded during the nine months ended September 30, 2017, associated with the Separation.

Amortization

	Three Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
		(in millions)	
Amortization	$ 3	$ 5	$ 2

	Nine Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
		(in millions)	
Amortization	$ 9	$ 13	$ 4

Amortization expense reflects the non-cash charge related to definite-lived intangible assets. The consistency in amortization during the three and nine months ended September 30, 2018 compared to 2017 reflects the continued amortization of our intangible assets.

Restructuring

	Three Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
	(dollars in millions)		
Restructuring	$ 5	$ 3	$ (2)
Percentage of net sales	0.4%	0.2%	

	Nine Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
	(dollars in millions)		
Restructuring	$ 28	$ 79	$ 51
Percentage of net sales	0.8%	2.2%	

The consistency in restructuring expense recorded during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 , reflects restructuring programs focused on the continued rotation of our manufacturing footprint to the best cost locations.

The decrease in restructuring expense recorded during nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 , is primarily attributable to a program at a Western European manufacturing site that was initiated in 2017.

Restructuring costs, net, of approximately $5 million and $28 million were recorded during the three and nine months ended September 30, 2018 , respectively. The charges recorded during the three months ended September 30, 2018 primarily included $3 million for programs focused on the continued rotation of our manufacturing footprint to best cost locations in Europe, as well as $1 million for programs implemented to reduce global overhead costs. The charges recorded during the nine months ended September 30, 2018 primarily included $16 million for programs focused on the continued rotation of our manufacturing footprint to best cost locations in Europe, as well as $3 million for programs implemented to reduce global overhead costs.

Restructuring costs of approximately $3 million and $79 million were recorded during the three and nine months ended September 30, 2017 . These charges included $54 million of employee-related and other costs for approximately 500 employees due to the initiation of the closure of a Western European manufacturing site within the Powertrain Systems segment pursuant to the Company's on-going European footprint rotation strategy. Charges for this program were substantially completed in 2017, and cash payments for this plant closure are expected to be principally completed by 2020.

We expect to continue to incur additional restructuring expense in 2018 and beyond, as we operate in a cyclical industry that is impacted by movements in the global and regional economies, we continually evaluate opportunities to further adjust our cost structure and optimize our manufacturing footprint. Such future restructuring actions are dependent on market conditions, customer actions and other factors.

Refer to Note 8. Restructuring to the unaudited consolidated financial statements included herein for additional information.

Interest Expense

	Three Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
	(in millions)		
Interest expense	$ 20	$ 1	$ (19)

	Nine Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
	(in millions)		
Interest expense	$ 59	$ 2	$ (57)

The increase in interest expense compared to the prior year period primarily reflects the interest related to the issuance of debt in connection with the Separation, consisting of a senior secured five-year $750 million term loan facility and $800 million of 5.00% senior unsecured notes due 2025.

Refer to Note 9. Debt to the unaudited consolidated financial statements included herein for additional information.

Other Income (Expense), Net

	Three Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
	(in millions)		
Other income (expense), net	$ (6)	$ (1)	$ (5)

	Nine Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
	(in millions)		
Other income (expense), net	$ 4	$ (7)	$ 11

The increase in other expense for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 is primarily due to:

- An increase to expense of $8 million related to remeasurement of cross currency intercompany loans; partially offset by
- An increase of $3 million of interest income.

The increase in other income for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 is primarily due to:

- An increase of $5 million of interest income;
- An increase of $2 million of rental income;
- A decrease of $6 million in the components of net periodic benefit cost other than service costs related to the Company’s defined benefit pension plans; partially offset by
- A decrease to income of $2 million related to remeasurement of cross currency intercompany loans.

Refer to Note 18. Other Income, net to the unaudited consolidated financial statements included herein for additional information.

Income Taxes

	Three Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
		(in millions)	
Income tax expense	$ 12	$ 26	$ 14

	Nine Months Ended September 30,		
	2018	2017	Favorable/ (unfavorable)
		(in millions)	
Income tax expense	$ 54	$ 79	$ 25

The Company's tax rate is affected by the fact that it is a U.K. resident taxpayer, the tax rates in the U.K. and other jurisdictions in which the Company operates, the relative amount of income earned by jurisdiction and the relative amount of losses or income for which no tax benefit or expense was recognized due to a valuation allowance.

The Company's tax expense for the three and nine months ended September 30, 2018 was impacted by favorable changes in geographic income mix in 2018 as compared to 2017. This was primarily due to changes in the underlying business operations and the receipt of certain tax incentives and holidays that reduced the effective tax rate for certain subsidiaries below the statutory rate. The Company's tax expense for the three and nine months ended September 30, 2018 includes net discrete tax expense of $2 million and $4 million , respectively. The tax expense for the three and nine months ended September 30, 2017 was impacted by losses for which no benefit was recognized due to a valuation allowance and net discrete tax expense of less than $1 million and $9 million , respectively.

In France, the Company had experienced cumulative losses in previous years and had recorded a valuation allowance against its deferred tax assets. As of December 31, 2017, based on consideration of all available positive and negative evidence, including improvements in French operating results, the Company concluded that it was still more likely than not that the net deferred tax assets in France would not be realized, and accordingly continued to record a valuation allowance. The French valuation allowance recorded at December 31, 2017 was $138 million. The Company continues to evaluate all positive and negative evidence related to the ability to utilize its French deferred tax assets on a quarterly basis to determine whether any change in the valuation allowance should be recorded.

In addition, the Company is evaluating the realizability of current year losses incurred in Luxembourg. The majority of the Luxembourg legal entities were formed as part of the Separation. The Company is considering its future projections of income in Luxembourg and whether these projections constitute sufficient positive evidence to support realizability of the net deferred tax asset position anticipated in Luxembourg at year-end. The Luxembourg operations had a net deferred tax liability position at December 31, 2017.

Results of Operations by Segment

We operate our core business along the following operating segments, which are grouped on the basis of similar product, market and operating factors:

- Powertrain Systems, which manufactures fuel injection systems as well as various other powertrain products including valvetrain, fuel delivery modules, ignition coils, canisters, sensors, valves and actuators. This segment also offers electronic control modules and corresponding software, algorithms and calibration that provide centralized and reliable management of various powertrain components. Additionally, we provide power electronics solutions that include supervisory controllers and software, along with the DC/DC converters and inverters and on-board chargers that convert electricity to enable hybrid and electric vehicle propulsion systems.
- Delphi Technologies Aftermarket, which sells aftermarket products to independent aftermarket and original equipment service customers. This segment also supplies a wide range of aftermarket products and services covering the fuel injection, electronics and engine management, maintenance, and test equipment and vehicle diagnostics categories.
- Eliminations and Other, which includes the elimination of inter-segment transactions.

Our management utilizes Adjusted Operating Income by segment as the key performance measure of segment income or loss and for planning and forecasting purposes, as management believes this measure is most reflective of the operational

profitability or loss of our operating segments. Adjusted Operating Income by segment should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered an alternative to net income attributable to Delphi Technologies, which is the most directly comparable financial measure to Adjusted Operating Income that is prepared in accordance with U.S. GAAP. Adjusted Operating Income by segment, as determined and measured by Delphi Technologies, should also not be compared to similarly titled measures reported by other companies.

The reconciliation of Adjusted Operating Income to Operating Income includes, as applicable, restructuring, separation costs, and asset impairments. The reconciliations of Adjusted Operating Income to net income attributable to Delphi Technologies for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Three Months Ended September 30, 2018:				
Adjusted operating income	$ 92	$ 16	$ —	$ 108
Restructuring	(9)	4	—	(5)
Separation costs (1)	(17)	(5)	—	(22)
Operating income	$ 66	$ 15	$ —	81
Interest expense				(20)
Other expense, net				(6)
Income before income taxes and equity income				55
Income tax expense				(12)
Equity income, net of tax				—
Net income				43
Net income attributable to noncontrolling interest				4
Net income attributable to Delphi Technologies				$ 39

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Three Months Ended September 30, 2017:				
Adjusted operating income	$ 128	$ 19	$ —	$ 147
Restructuring	(6)	3	—	(3)
Separation costs (1)	(25)	(6)	—	(31)
Operating income	$ 97	$ 16	$ —	113
Interest expense				(1)
Other expense, net				(1)
Income before income taxes and equity income				111
Income tax expense				(26)
Equity income, net of tax				2
Net income				87
Net income attributable to noncontrolling interest				9
Net income attributable to Delphi Technologies				$ 78

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Nine Months Ended September 30, 2018:				
Adjusted operating income	$ 368	$ 55	$ —	$ 423
Restructuring	(31)	3	—	(28)
Separation costs (1)	(42)	(11)	—	(53)
Asset impairments	(1)	—	—	(1)
Operating income	$ 294	$ 47	$ —	341
Interest expense				(59)
Other income, net				4
Income before income taxes and equity income				286
Income tax expense				(54)
Equity income, net of tax				6
Net income				238
Net income attributable to noncontrolling interest				15
Net income attributable to Delphi Technologies				$ 223

	Powertrain Systems	Delphi Technologies Aftermarket	Eliminations and Other	Total
		(in millions)		
For the Nine Months Ended September 30, 2017:				
Adjusted operating income	$ 419	$ 54	$ —	$ 473
Restructuring	(74)	(5)	—	(79)
Separation costs (1)	(37)	(9)	—	(46)
Asset impairments	(8)	—	—	(8)
Operating income	$ 300	$ 40	$ —	340
Interest expense				(2)
Other expense, net				(7)
Income before income taxes and equity income				331
Income tax expense				(79)
Equity income, net of tax				2
Net income				254
Net income attributable to noncontrolling interest				25
Net income attributable to Delphi Technologies				$ 229

(1) Prior to December 4, 2017 separation costs include one-time expenses related to the separation from our Former Parent. For periods subsequent to December 4, 2017, these costs include one-time incremental expenses associated with becoming a stand-alone publicly-traded company.

Net sales, gross margin as a percentage of net sales and Adjusted Operating Income by segment for the three and nine months ended September 30, 2018 and 2017 are as follows:

Net Sales by Segment

	Three Months Ended September 30,			Variance Due To:			
	2018	2017	Favorable/ (unfavorable)	Volume, net of contractual price reductions	FX	Other	Total
	(in millions)			(in millions)			
Powertrain Systems	$ 1,017	$ 1,049	$ (32)	$ (21)	$ (12)	$ 1	$ (32)
Delphi Technologies Aftermarket	217	243	(26)	(1)	(8)	(17)	(26)
Eliminations and Other	(75)	(87)	12	12	1	(1)	12
Total	$ 1,159	$ 1,205	$ (46)	$ (10)	$ (19)	$ (17)	$ (46)

	Nine Months Ended September 30,			Variance Due To:			
	2018	2017	Favorable/ (unfavorable)	Volume, net of contractual price reductions	FX	Other	Total
	(in millions)			(in millions)			
Powertrain Systems	$ 3,256	$ 3,107	$ 149	$ 22	$ 126	$ 1	$ 149
Delphi Technologies Aftermarket	649	697	(48)	(1)	8	(55)	(48)
Eliminations and Other	(218)	(244)	26	37	(8)	(3)	26
Total	$ 3,687	$ 3,560	$ 127	$ 58	$ 126	$ (57)	$ 127

Delphi Technologies Aftermarket net sales decreased by $20 million and $61 million for the three and nine months ended September 30, 2018 , respectively, reflected in Other above, due to original equipment services business that remained with the Former Parent.

Gross Margin Percentage by Segment

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Powertrain Systems	14.7%	17.7%	16.6%	18.7%
Delphi Technologies Aftermarket	20.7%	17.7%	22.0%	18.7%
Eliminations and Other	—%	—%	—%	—%
Total	16.7%	19.0%	18.6%	20.0%

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Adjusted Operating Income by Segment

	Three Months Ended September 30,			Variance Due To:			
	2018	**2017**	**Favorable/ (unfavorable)**	**Volume, net of contractual price reductions**	**Operational performance**	**Other**	**Total**
		(in millions)			**(in millions)**		
Powertrain Systems	$ 92	$ 128	$ (36)	$ (51)	$ 12	$ 3	$ (36)
Delphi Technologies Aftermarket	16	19	(3)	1	1	(5)	(3)
Eliminations and Other	—	—	—	—	—	—	—
Total	$ 108	$ 147	$ (39)	$ (50)	$ 13	$ (2)	$ (39)

As noted in the table above, Adjusted Operating Income for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 was impacted by volume and contractual price reductions, including product mix, and operational performance improvements, as well as the following items included within Other in the table above:

- Unfavorable foreign currency impacts of $7 million; and
- $14 million impact related to being a stand-alone publicly-traded company, including: the absence of the original equipment services business that remained with the Former Parent, incremental costs and inefficiencies associated with being a stand-alone publicly-traded company subsequent to the Separation and costs associated with the Transition Services Agreement and Contract Manufacturing Services Agreement entered with our Former Parent in connection with the Separation.

	Nine Months Ended September 30,			Variance Due To:			
	2018	**2017**	**Favorable/ (unfavorable)**	**Volume, net of contractual price reductions**	**Operational performance**	**Other**	**Total**
		(in millions)			**(in millions)**		
Powertrain Systems	$ 368	$ 419	$ (51)	$ (108)	$ 43	$ 14	$ (51)
Delphi Technologies Aftermarket	55	54	1	—	6	(5)	1
Eliminations and Other	—	—	—	—	—	—	—
Total	$ 423	$ 473	$ (50)	$ (108)	$ 49	$ 9	$ (50)

As noted in the table above, Adjusted Operating Income for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 was impacted by volume and contractual price reductions, including product mix, and operational performance improvements, as well as the following items included within Other in the table above:

- Favorable foreign currency impacts of $42 million;
- Decreased costs of $3 million at our Delphi Technologies Aftermarket segment related to certain Brazilian legal matters during the nine months ended September 30, 2017 ; offset by
- $44 million impact related to being a stand-alone publicly-traded company, including: the absence of the original equipment services business that remained with the Former Parent, incremental costs and inefficiencies associated with being a stand-alone publicly-traded company subsequent to the Separation and costs associated with the Transition Services Agreement and Contract Manufacturing Services Agreement entered with our Former Parent in connection with the Separation; and
- The absence of a $17 million reduction to cost of sales during the nine months ended September 30, 2017 related to a commercial agreement for reimbursement of previously incurred development costs, in conjunction with a program cancellation by one of the Company’s OEM customers during the nine months ended September 30, 2017 .

Liquidity and Capital Resources

Overview of Capital Structure

The Company’s liquidity requirements are primarily to fund our business operations, including capital expenditures and working capital requirements, operational restructuring activities, separation activities, to meet debt service requirements, fund our pension obligations and dividends on ordinary shares. The Company has begun a consultation process with its U.K. workforce with regard to future pension provision. This consultation is ongoing and is currently expected to conclude in January 2019.

Our primary sources of liquidity are cash flows from operations, our existing cash balance, and as necessary, borrowings under available credit facilities and the issuance of long-term debt. To the extent we generate discretionary cash flow we may consider using this additional cash flow for optional prepayments of indebtedness, to undertake new capital investment projects, make acquisitions, to return capital to shareholders and/or for general corporate purposes.

As of September 30, 2018 , we had cash and cash equivalents of $340 million . During 2017 we entered into the Credit Agreement and completed the offering of the Senior Notes, as defined below. As of September 30, 2018 , we had a total outstanding amount of debt, net of unamortized issuance costs and discounts, of approximately $1,535 million , primarily consisting of $736 million principal outstanding under the $750 million five -year term loan pursuant to the Credit Agreement and $800 million principal outstanding under the $800 million senior unsecured notes due 2025. As of September 30, 2018 , there were no amounts drawn on the Revolving Credit Facility, resulting in availability of $500 million . Refer to Note 9. Debt to the unaudited consolidated financial statements included herein for additional information.

We expect existing cash, available liquidity and cash flows from operations to continue to be sufficient to fund our global activities (including restructuring payments, any repurchases of outstanding ordinary shares pursuant to our approved share repurchase authorization as described below, any mandatory payments required under the Credit Agreement as described below, dividends on ordinary shares and capital expenditures) as well as to fund potential acquisitions as appropriate.

We also continue to expect to be able to move funds between different countries to manage our global liquidity needs without material adverse tax implications, subject to current monetary policies and to the terms of the Credit Agreement. We utilize a combination of strategies, including dividends, cash pooling arrangements, intercompany loan repayments and other distributions and advances to provide the funds necessary to meet our global liquidity needs. There are no significant restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Delphi Technologies.

Based on these factors, we believe we possess sufficient liquidity to fund our global operations and capital investments in 2018 and beyond.

Share Repurchases

In July 2018, the Board of Directors approved a $100 million share repurchase authorization, which commenced in September 2018. All repurchased shares were retired, and are reflected as a reduction of ordinary share capital for the par value of the shares, with the excess applied as reductions to additional paid-in-capital and retained earnings.

A summary of the ordinary shares repurchased during the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total number of shares repurchased	293,695	—	293,695	—
Average price paid per share	$ 34.05	$ —	$ 34.05	$ —
Total (in millions)	$ 10	$ —	$ 10	$ —

The timing and amount of any share repurchases will be based on market conditions, share price and other factors. Repurchases may be made in the open market or in privately negotiated transactions. Repurchases under this authorization will be funded from one or a combination of existing cash balances and future free cash flow. The repurchase authorization has no time limit, does not obligate the Company to make any repurchases and may be suspended for periods or discontinued at any time.

Dividends to Holders of Ordinary Shares

The Company has declared and paid cash dividends per ordinary share during the periods presented as follows:

	Dividend Per Share	Amount (in millions)
2018:		
Third quarter	$ 0.17	$ 15
Second quarter	0.17	15
First quarter	0.17	15
Total	$ 0.51	$ 45

In addition, in October 2018, the Board of Directors declared a regular quarterly cash dividend of $0.17 per ordinary share, payable November 14, 2018 to shareholders of record at the close of business on November 6, 2018.

Credit Agreement

On September 7, 2017 , Delphi Technologies and its wholly-owned subsidiary Delphi Powertrain Corporation entered into a credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), with respect to $1.25 billion in senior secured credit facilities. The Credit Agreement consists of a senior secured five-year $750 million term loan facility (the "Term Loan A Facility") and a $500 million five-year senior secured revolving credit facility (the "Revolving Credit Facility") (collectively, the "Credit Facilities") with the lenders party thereto and JPMorgan Chase Bank, N.A. We incurred approximately $9 million of issuance costs in connection with the Credit Agreement.

The Credit Facilities are subject to an interest rate, at our option, of either (a) the Administrative Agent's Alternate Base Rate ("ABR" as defined in the Credit Agreement) or (b) the London Interbank Offered Rate (the "Adjusted LIBOR Rate" as defined in the Credit Agreement) ("LIBOR"), in each case, plus an applicable margin that is based on our corporate credit ratings, as more particularly described below (the "Applicable Rate"). In addition, the Credit Agreement requires payment of additional interest on certain overdue obligations on terms and conditions customary for financings of this type. The interest rate period with respect to LIBOR interest rate options can be set at one-, two-, three-, or six-months as selected by us in accordance with the terms of the Credit Agreement (or other period as may be agreed by the applicable lenders), but payable no less than quarterly. We may elect to change the selected interest rate over the term of the Credit Facilities in accordance with the provisions of the Credit Agreement. The Applicable Rates under the Credit Agreement on the specified date are set forth below:

	September 30, 2018		December 31, 2017	
	LIBOR plus	ABR plus	LIBOR plus	ABR plus
Revolving Credit Facility	1.45%	0.45%	1.45%	0.45%
Term Loan A Facility	1.75%	0.75%	1.75%	0.75%

The applicable interest rate margins for the Term Loan A Facility will increase or decrease from time to time between 1.50% and 2.00% per annum (for LIBOR loans) and between 0.50% and 1.00% per annum (for ABR loans), in each case based upon changes to our corporate credit ratings. The applicable interest rate margins for the Revolving Credit Facility will increase or decrease from time to time between 1.30% and 1.55% per annum (for LIBOR loans) and between 0.30% and 0.55% per annum (for ABR loans), in each case based upon changes to our corporate credit ratings. Accordingly, the Applicable Rates for the Credit Facilities will fluctuate during the term of the Credit Agreement based on changes in the ABR, LIBOR or future changes in our corporate credit ratings. The Credit Agreement also requires that we pay certain facility fees on the aggregate commitments under the Revolving Credit Facility and certain letter of credit issuance and fronting fees. Amounts outstanding and the rate effective as of September 30, 2018 , are detailed below:

	Applicable Rate	Borrowings as of September 30, 2018 (in millions)	Rate effective as of September 30, 2018
Term Loan A Facility	LIBOR plus 1.75%	$ 736	3.88%

Letters of credit are available for issuance under the Credit Agreement on terms and conditions customary for financings of this type, which issuances reduce availability under the Revolving Credit Facility. No such letters of credit were outstanding as of September 30, 2018 .

We are obligated to make quarterly principal payments throughout the term of the Term Loan A Facility according to the amortization provisions in the Credit Agreement, as such payments may be reduced from time to time in accordance with the terms of the Credit Agreement as a result of the application of loan prepayments made by us, if any, prior to the scheduled date of payment thereof.

Borrowings under the Credit Agreement are prepayable at our option without premium or penalty. We may request that all or a portion of the Credit Facilities be converted to extend the scheduled maturity date(s) with respect to all or a portion of any principal amount of such Credit Facilities under certain conditions customary for financings of this type. The Credit Agreement also contains certain mandatory prepayment provisions in the event that we receive net cash proceeds from certain non-ordinary course asset sales, casualty events and debt offerings, in each case subject to terms and conditions customary for financings of this type.

The Credit Agreement contains certain affirmative and negative covenants customary for financings of this type that, among other things, limit our and our subsidiaries' ability to incur additional indebtedness or liens, to dispose of assets, to make certain fundamental changes, to designate subsidiaries as unrestricted, to make certain investments, to prepay certain indebtedness and to pay dividends, or to make other distributions or redemptions/repurchases, with respect to our and our subsidiaries' equity interests. In addition, the Credit Agreement requires that we maintain a consolidated net leverage ratio (the ratio of Consolidated Total Indebtedness to Consolidated Adjusted EBITDA, each as defined in the Credit Agreement) of not greater than 3.5 to 1.0 . The Credit Agreement also contains events of default customary for financings of this type, including certain customary change of control events. The Company was in compliance with the Credit Agreement covenants as of September 30, 2018 .

The borrowers under the Credit Agreement comprise Delphi Technologies and its wholly-owned Delaware-organized subsidiary, Delphi Powertrain Corporation. Additional subsidiaries of Delphi Technologies may be added as co-borrowers or guarantors under the Credit Agreement from time to time on the terms and conditions set forth in the Credit Agreement. The obligations of each borrower under the Credit Agreement will be jointly and severally guaranteed by each other borrower and by certain of our existing and future direct and indirect subsidiaries, subject to certain exceptions customary for financings of this type. All obligations of the borrowers and the guarantors are secured by certain assets of such borrowers and guarantors, including a perfected first-priority pledge of all of the capital stock in Delphi Powertrain Corporation.

In addition, the Credit Agreement contains provisions pursuant to which, based upon our achievement of certain corporate credit ratings, certain covenants and/or our obligation to provide collateral to secure the Credit Facilities, will be suspended.

Senior Notes

On September 28, 2017 , Delphi Technologies PLC issued $800 million in aggregate principal amount of 5.00% senior unsecured notes due 2025 in a transaction exempt from registration under the Securities Act (the "Senior Notes"). The Senior Notes were priced at 99.5% of par, resulting in a yield to maturity of 5.077% . Approximately $14 million of issuance costs were incurred in connection with the Senior Notes offering. Interest is payable semi-annually on April 1 and October 1 of each year to holders of record at the close of business on March 15 or September 15 immediately preceding the interest payment date. The proceeds received from the Senior Notes offering were deposited into escrow and subsequently released to Delphi Technologies PLC upon satisfaction of certain conditions, including completion of the Separation, in December 2017. From the date of the satisfaction of the escrow conditions, the notes are guaranteed, jointly and severally, on an unsecured basis, by each of our current and future domestic subsidiaries that guarantee our Credit Facilities, as described above. The proceeds from the Senior Notes, together with the proceeds from the borrowings under the Credit Agreement, were used to fund a dividend to the Former Parent, fund operating cash and pay taxes and related fees and expenses.

The Senior Notes indenture contains certain restrictive covenants, including with respect to Delphi Technologies' (and subsidiaries) ability to incur liens, enter into sale and leaseback transactions and merge with or into other entities. The Company was in compliance with the Senior Notes covenants as of September 30, 2018 .

Other Financing

Receivable factoring —The Company entered into arrangements with various financial institutions to sell eligible trade receivables from certain aftermarket customers in North America and Europe. These arrangements can be terminated at any time subject to prior written notice. The receivables under these arrangements are sold to a third party without recourse to the Company and are therefore accounted for as true sales. During the three and nine months ended September 30, 2018 , $30 million and $75 million of receivables were sold under these arrangements, and expenses of $1 million and $3 million , respectively, were recognized within interest expense. During the three and nine months ended September 30, 2017 , $25 million and $63 million of receivables were sold under these arrangements, and expenses of $1 million and $1 million , respectively, were recognized within interest expense.

In addition, during the nine months ended September 30, 2018 , one of the Company's European subsidiaries factored, without recourse, receivables related to certain foreign research credits to a financial institution. These transactions were accounted for as true sales of the receivables, and the Company therefore derecognized approximately $22 million from other long-term assets in the consolidated balance sheet as of September 30, 2018 , as a result of these transactions. During the three and nine months ended September 30, 2018 , less than $1 million of expenses were recognized within interest expense.

Capital leases —There were approximately $13 million and $1 million of capital lease obligations outstanding as of September 30, 2018 and December 31, 2017 , respectively.

Interest —Cash paid for interest related to debt outstanding totaled $46 million and $2 million , for the nine months ended September 30, 2018 and 2017 , respectively.

Cash Flows

Intra-month cash flow cycles vary by region, but in general we are users of cash through the first half of a typical month and we generate cash during the latter half of a typical month. Due to this cycle of cash flows, we may utilize short-term financing, including our Revolving Credit Facility, to manage our intra-month working capital needs. Our cash balance typically peaks at month end.

We utilize a combination of strategies, including dividends, cash pooling arrangements, intercompany loan structures and other distributions and advances to provide the funds necessary to meet our global liquidity needs. We utilize a global cash pooling arrangement to consolidate and manage our global cash balances, which enables us to efficiently move cash into and out of a number of the countries in which we operate.

Operating activities —Net cash provided by operating activities totaled $293 million and $293 million for the nine months ended September 30, 2018 and 2017 , respectively. Cash flow from operating activities for the nine months ended September 30, 2018 consisted primarily of net earnings of $238 million increased by $181 million for non-cash charges for depreciation, amortization and pension costs, partially offset by $140 million related to changes in operating assets and liabilities, net of restructuring and pension contributions. Cash flow from operating activities for the nine months ended September 30, 2017 consisted primarily of net earnings of $254 million increased by $179 million for non-cash charges for depreciation, amortization, and pension costs, partially offset by $151 million related to changes in operating assets and liabilities, net of restructuring and pension contributions.

Investing activities —Net cash used in investing activities totaled $191 million for the nine months ended September 30, 2018 , as compared to $104 million for the nine months ended September 30, 2017 . The increase in usage is primarily attributable to $74 million of increased capital expenditures and the investment in PolyCharge of $7 million during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 .

Financing activities —Net cash used in financing activities totaled $87 million and $200 million for the nine months ended September 30, 2018 and 2017 , respectively. Cash flows used in financing activities for the nine months ended September 30, 2018 primarily included $12 million of dividend payments of consolidated affiliates to minority shareholders, $45 million of dividend payments on ordinary shares and $9 million paid to repurchase ordinary shares. Cash flows used in financing activities for the nine months ended September 30, 2017 , primarily included $189 million of net transfers to the Former Parent and $10 million of dividend payments of consolidated affiliates to minority shareholders.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contingencies and Environmental Matters

For a description of contingencies, including environmental contingencies and the amount currently held in reserve for environmental matters, see Note 11. Commitments and Contingencies to the unaudited consolidated financial statements included herein.

Recently Issued Accounting Pronouncements

The information concerning recently issued accounting pronouncements see Note 2. Significant Accounting Policies to the unaudited consolidated financial statements included herein.

Critical Accounting Estimates

There have been no significant changes in our critical accounting estimates during the nine months ended September 30, 2018 .

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the information concerning our exposures to market risk as stated in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. As described in the Form 10-K, we have currency exposures related to buying, selling and financing in currencies other than the local functional currencies in which we operate ("transactional exposure"). We also have currency exposures related to the translation of the financial statements of our non-U.S. subsidiaries that use the local currency as their functional currency into U.S. dollars, the Company's reporting currency ("translational exposure"). As described in Note. 16. Derivatives and Hedging Activities to the unaudited consolidated financial statements included in Part I, Item 1 of this report, to manage this risk the Company designates certain qualifying instruments as net investment hedges of certain non-U.S. subsidiaries. The effective portion of the gains or losses on instruments designated as net investment hedges are recognized within the cumulative translation adjustment component of OCI to offset changes in the value of the net investment in these foreign currency-denominated operations.

ITEM 4. CONTROLS AND PROCEDURES

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934. The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance of achieving their objectives.

As of September 30, 2018 , the Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated, for disclosure purposes, the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to provide reasonable assurance that the desired control objectives were achieved as of September 30, 2018 .

Changes in Internal Control over Financial Reporting

There were no material changes in the Company's internal controls over financial reporting during the nine months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are from time to time subject to various actions, claims, suits, government investigations, and other proceedings incidental to our business, including those arising out of alleged defects, breach of contracts, competition and antitrust matters, product warranties, intellectual property matters, personal injury claims and employment-related matters. For a description of risks related to various legal proceedings and claims, see Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017. For a description of our outstanding material legal proceedings, see Note 11. Commitments and Contingencies to the unaudited consolidated financial statements included herein.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors as previously described in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our ordinary shares repurchased during the three months ended September 30, 2018 , is shown below:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Program (in millions) (2)
July 1, 2018 to July 31, 2018	—	$ —	—	$ 100
August 1, 2018 to August 31, 2018	—	$ —	—	$ 100
September 1, 2018 to September 30, 2018	293,695	$ 34.05	293,695	$ 90
Total	293,695	$ 34.05	293,695	

(1) The total number of shares purchased under the authorization approved by the Board of Directors are described below.

(2) In July 2018, the Board of Directors approved a $100 million share repurchase authorization, which commenced in September 2018. The timing and amount of share repurchases is dependent on market conditions, share price and other factors. The repurchase authorization has no time limit.

ITEM 6. EXHIBITS

Exhibit Number	Description
*31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
*31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
*32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DELPHI TECHNOLOGIES PLC

/s/ Vivid Sehgal

By: Vivid Sehgal
Chief Financial Officer

Dated: November 7, 2018

Exhibit 31.1

CERTIFICATIONS

Certification of Principal Executive Officer

I, Hari Nair, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delphi Technologies PLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2018

/s/ Hari Nair

Hari Nair

Interim Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

Certification of Principal Financial Officer

I, Vivid Sehgal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delphi Technologies PLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2018

/s/ Vivid Sehgal

Vivid Sehgal
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report on Form 10-Q of Delphi Technologies PLC (the "Company") for the period ended September 30, 2018 , with the Securities and Exchange Commission on the date hereof (the "Report"), I, Hari Nair, Interim Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2018

/s/ Hari Nair

Hari Nair
Interim Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report on Form 10-Q of Delphi Technologies PLC (the "Company") for the period ended September 30, 2018 , with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vivid Sehgal, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2018

/s/ Vivid Sehgal

Vivid Sehgal
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.