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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION
FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EC NO. 596/2014)

TI Fluid Systems plc

Q1 2020 Trading Update and Final Dividend for 2019

TI Fluid Systems plc, a leading global manufacturer of highly engineered automotive fluid storage, carrying and delivery systems for light vehicles, issues this trading update for the three months ended 31 March 2020.

Group Results

The Group achieved revenue of €717.3 million in the first quarter, despite a significantly lowered global light vehicle production environment due to the impact of the COVID-19 pandemic. The unprecedented suspension of economic activity resulted in a global light vehicle production volume decline of 23.0% versus Q1 2019. On a constant currency basis, Group revenue decreased by 16.0% year over year, representing a 7.0% outperformance of global light vehicle production volume.

€m	3 months ended March 2019	3 months ended March 2020	% Change	% Change at constant currency
Group Revenue	849.8	717.3	-15.6%	-16.0%
By Region				
Europe and Africa	354.2	303.3	-14.3%	-14.3%
Asia Pacific	242.4	181.5	-25.1%	-24.9%
North America	237.0	219.4	-7.4%	-10.2%
Latin America	16.2	13.1	-19.6%	-7.0%
By Segment				
Fluid Carrying Systems ("FCS")	478.6	396.8	-17.1%	-17.4%
Fuel Tank and Delivery Systems ("FTDS")	371.2	320.5	-13.7%	-14.1%

Source: IHS Markit, April 2020 v2 and Company estimates

Revenue by Region

Europe and Africa was impacted by customer shutdowns due to the COVID-19 situation towards the end of the quarter and, as a result, revenue decreased 14.3% at constant currency but still outperformed light vehicle production volume in that region by 4.9% mainly attributable to a resilient performance in FTDS in spite of the slowing activity and new programme launches in FCS.

Asia Pacific revenue was impacted by the earlier COVID-19 shutdown from the end of January and decreased by 24.9% at constant currency but, again, outperformed light vehicle production volume in that region by 5.2% with both segments of the businesses managing to stay ahead of the market declines due to the ramp up impacts of new business awards.

North America felt less of the COVID-19 impact in the quarter although revenue decreased by 10.2% at constant currency or 0.1% higher than light vehicle production volume in that region. Both segments of the business moved broadly in line with the regional volumes.

Revenue by Segment

FCS revenue decreased by 17.4% at constant currency and was heavily impacted by the COVID-19 factory closures in Asia Pacific and Europe.

FTDS revenue decreased by 14.1% at constant currency with lower exposure to the Asia Pacific market being offset by higher market exposure in Europe.

Covid-19 Response

In light of the COVID-19 pandemic, the Group has taken a number of steps to protect and prioritise the safety of our employees, their families and our communities, including compliance with relevant government directives. This response consists of a global travel ban and the transition to a remote work environment for all applicable staff employees as well as the implementation of enhanced workplace and manufacturing measures such as social distancing, improved hygiene procedures and modified shift patterns. We have temporarily closed certain facilities to all but essential personnel in order to maintain safety and a sustainable business environment.

In addition, to provide humanitarian support to front line health workers, the Group has collaborated with Ford Motor Co. and 3M to prototype, develop and produce within just two weeks air flex tube assemblies for powered air-purifying respiratory systems (PAPR). Thanks to the incredible dedication and resilience of our employees and design teams, the Group was able to rapidly leverage its design and manufacturing capabilities to mass produce quick connectors and a new 'one size fits all' air flex tube solution for the PAPR system to meet the demand of much needed protection for health care workers. See our website (tifluidsystems.com) for more details on this project.

Outlook

Given the unprecedented uncertainty of the impact and duration of the COVID-19 pandemic the Company is withdrawing the 2020 outlook it provided in its full year 2019 results announcement on 17 March 2020.

Source: IHS Markit, April 2020 v2 and Company estimates

While we are not able to provide 2020 outlook, the Group has taken, and will continue to take, actions to significantly reduce operating costs and conserve cash. This comprehensive global initiative is focused across all manufacturing locations and functional areas and includes a hiring freeze, postponement of salary increases, salary reductions, and utilization of worker furlough programs. Our Board and senior management have agreed to a temporary 10% reduction in their fees or base salary, and most other salaried employees have agreed to a similar 5% reduction, which will be reinstated for all when conditions are deemed appropriate. In addition, the Group continues to monitor its capital allocation and working capital in relation to related customer and regional volume recoveries.

The Group ended 2019 in a strong liquidity and financial position. In response to the significant economic impact of the COVID-19 pandemic and to ensure sufficient cash availability in the event of a prolonged reduction in global light vehicle production, we took the precautionary decision at the end of March to draw €146 million of our approximate €192 million revolving credit facilities. Including this cash, our liquidity position was approximately €600 million at 31 March 2020.

Dividend

The Board is confident that the Group will continue to effectively manage the impact of the COVID-19 pandemic and, after carefully considering the Group's Q1 performance and overall liquidity and financial position, supports payment of the 2019 final dividend as previously announced.

The 2019 final dividend amount of 5.94 euro cents was converted from Euro to Sterling using the London closing spot rate on 24 April 2020. Accordingly, subject to shareholder approval at the upcoming AGM on 14 May 2020, the Sterling dividend payable in cash on 29 May 2020 to holders of ordinary shares of the Company on the register on the record date of 24 April 2020 will be 5.20 pence per ordinary share.

Given the Group's strong customer relationships and efficient global footprint, we believe the Group is well positioned to recover as and when vehicle production volumes begin to increase. The Group's highly experienced management team will continue to focus on cash, fixed costs and operational flexibility in order to manage through the current uncertain production volume environment.

More information on the progress of the business will be included in the half year results announcement, which we are planning to release in August.

Trading update call

TI Fluid Systems plc is holding a call for analysts and investors at 09:00am UK time today.

Conference Call Dial-In Details:

UK: +44 (0)330 336 9105

Conference Code: 4577447

The audio recording will be available on www.tifluidsystems.com later today.

Enquiries

TI Fluid Systems plc
David J Royce
Investor Relations
Tel: +1 248 376 8624

FTI Consulting
Richard Mountain
Nick Hasell
Tel: +44 (0) 20 3727 1340

Cautionary Statement

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “will”, “may”, “should” and similar expressions identify forward-looking statements. Others can be identified from the context in which they are made. By their nature, forward-looking statements involve risks and uncertainties, and such forward-looking statements are made only as of the date of this announcement. Accordingly, no assurance can be given that the forward-looking statements will prove to be accurate and you are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty therein. Past performance of the Group cannot be relied on as a guide to future performance. Nothing in this announcement should be construed as a profit forecast.

References in this announcement to the “Company” are to TI Fluid Systems plc and references to the “Group” are to the Company and its subsidiary undertakings.