

2021 Half Year Results Presentation

TI Fluid Systems plc

9 August 2021



A close-up, high-angle photograph of numerous industrial metal pipes and fittings. The pipes are dark, possibly black or dark grey, and are arranged in a dense, overlapping pattern. The lighting is dramatic, highlighting the metallic textures and creating strong shadows and highlights. The background is blurred, focusing attention on the intricate details of the piping system.

Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of TI Fluid Systems plc (the “Company”). 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 presentation. 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 Company cannot be relied on as a guide to future performance. Nothing in this presentation should be construed as a profit forecast.

The financial information in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. For more detailed information, please see the half year results announcement for the six months ended 30 June 2021.

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Key Highlights

Key Investment Propositions



Experienced management team with proven track record of strong growth and financial performance and support of the commitment to enhanced diversity and inclusivity



Demonstrated above-market growth with leading technologies, strong market positions, global low-cost footprint (including China strength) and diversification



Significant growth opportunities aligned with electrification of HEVs and BEVs and TI's strength in thermal management systems and pressure resistant HEV fuel tanks



Strong revenue growth, superior margins and free cash flow generation



Awarded the London Stock Exchange Green Economy Mark

Committed to significantly reduce our GHG emissions by 2039

**Sustainable business model – ‘doing what we said we would do’
and making the world a cleaner place to live**

TIFS ESG Approach Update



TIFS is pleased to provide an update on its ongoing ESG focus and initiatives

- The Board established an ESG Steering Committee in March 2021 to provide direction and oversight of ESG strategy
- ISS Quality Score improvement will be used as one way to measure our overall ESG progress and is included as a vesting criteria of the Long-Term Incentive Plan
- Updated Greenhouse Gas (GHG) Reduction Target
 - Our target is to reduce our GHG emissions by 37.5% from our 2019 baseline by 2039
 - Target is based on absolute contraction approach, representing a reduction of 196k tonnes of CO₂(e) Scope 1 and 2 combined emissions by 2039
 - Target is consistent with the Paris Agreement, is designed to meet the “Well Below 2 Degree” scenario and supports the UN Sustainable Development Goal 13 - Climate Action
- Various other ESG initiatives are underway – more to come



Consistent with, and as an extension of, our updated GHG reduction target, we ultimately aspire to become carbon neutral

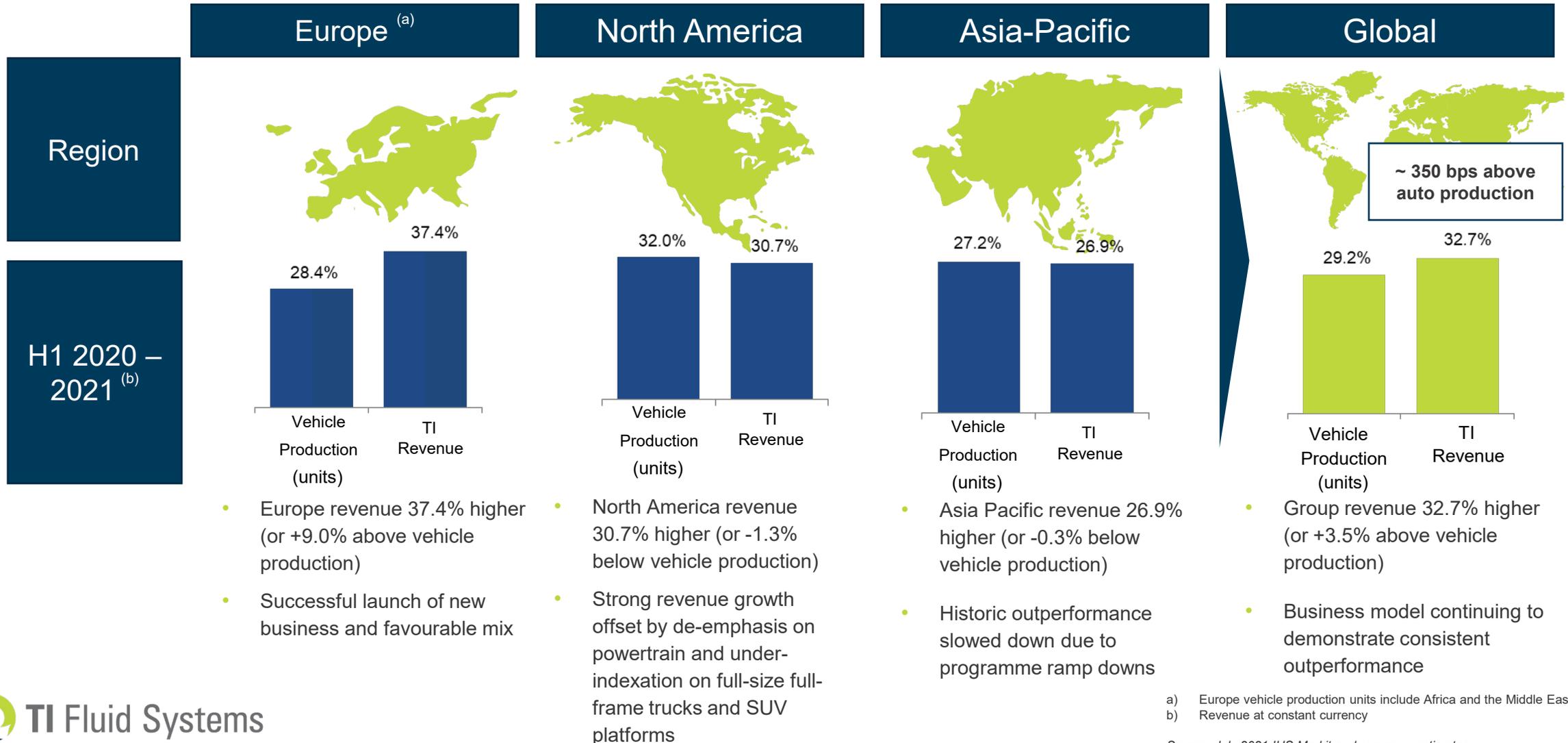
Key Highlights – 2021 Half Year Results

- 🕒 **First half results demonstrate resilience with the ongoing light vehicle production recovery and volatile production schedules impacted by supply chain disruption**
 - ✓ **Revenue continuing to outperform underlying global light vehicle production**
 - 3.5% outperformance above global light vehicle production volume increase of **29.2%** versus prior period
 - ✓ **Robust EBIT margin improvement despite volatile production schedules**
 - 8.4% Adj. EBIT margin ^(a)
 - ✓ **Significant Adj. Free Cash Flow generation**
 - €46 million in H1 2021 ^(b)
- 🕒 **Continued execution of fixed cost reduction restructuring programme started in H1 2020**
- 🕒 **Successfully refinanced borrowings, reducing the weighted average cost of debt and extending debt maturities**
- 🕒 **Focus on highly engineered fluid storage, carrying and delivery systems for light vehicles**
 - Approximately 50% of first half 2021 total new business wins were on electric vehicle platforms
 - Awarded a high-volume pressure resistant plastic fuel tank programme with a Japanese supplier in Asia Pacific
 - Successfully launching HEV and BEV vehicle programmes with European, North American and Asian OEMS across all major light vehicle production regions
 - Our successful transition to electrified vehicles is becoming more and more evident

H1 2021 vs H1 2020 Revenue and Vehicle Production



Revenue Outperformance Continues



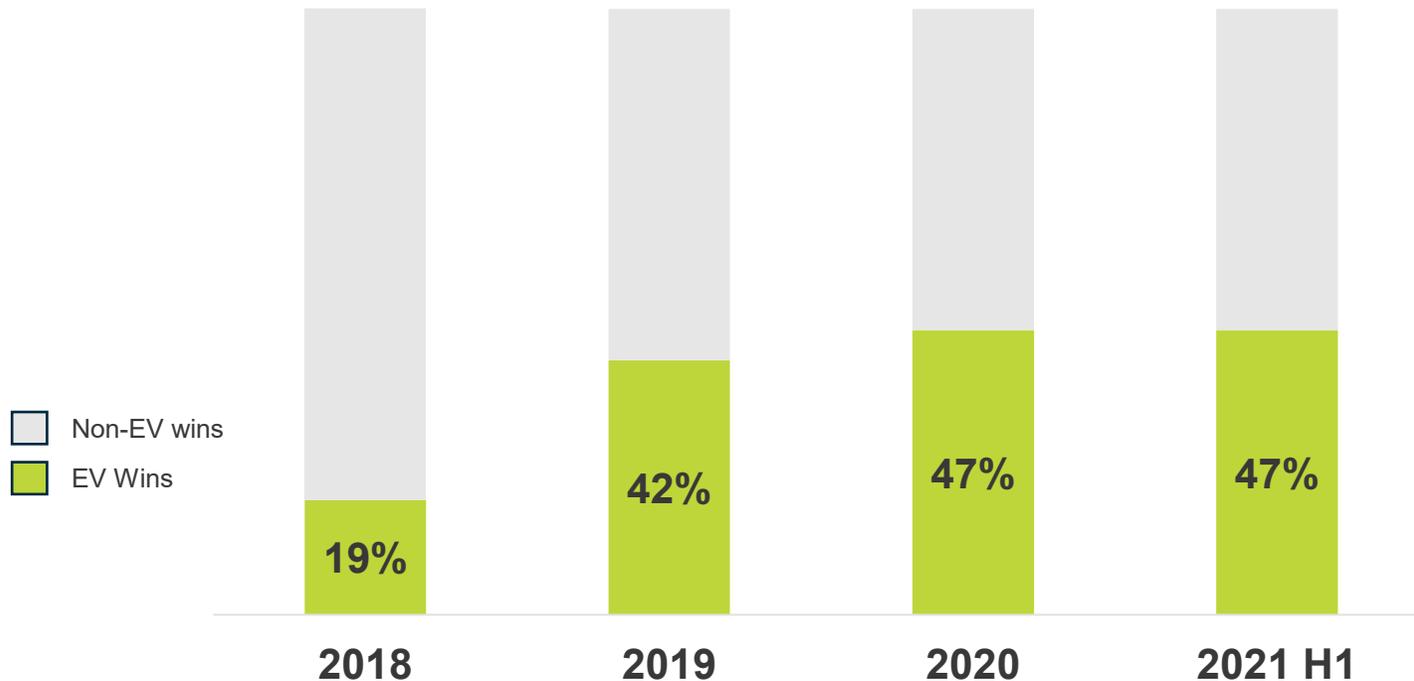


Fluid EVolution

EV Wins Continue



EV Wins as % of Total Wins



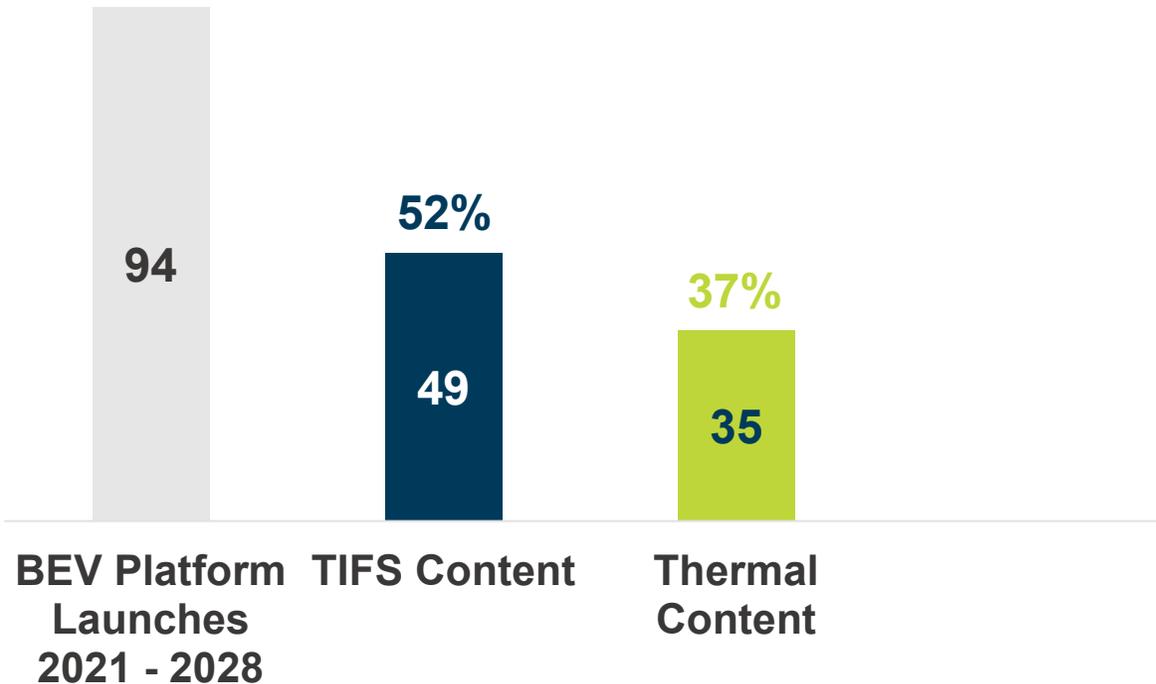
- H1 2021 EV wins approximately half of all total business wins for the period
- Additional evidence of TIFS electrification strategy progressing well

New business wins on EV continuing to support changing propulsion landscape – CPV's on EV wins progressing well

BEV Presence Robust

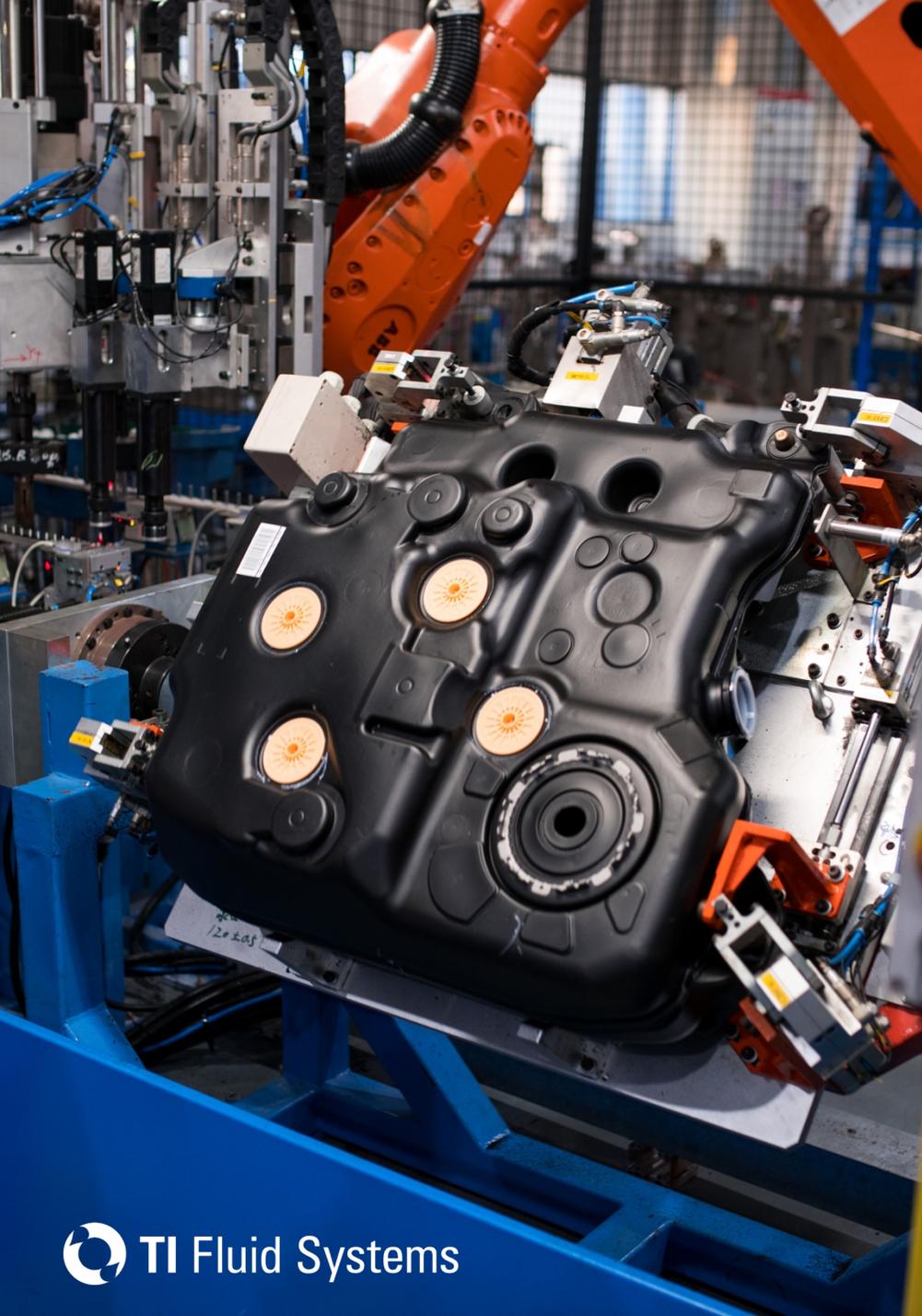


TIFS Content on Key BEV Launches 2021 – 2028^{a)}



- Continued leading representation on 94 key BEV platforms identified by JP Morgan to launch primarily in Europe and North America between 2021 and 2028
- 37% have TIFS thermal content with 12% of the 94 BEVs having TIFS heat pump content

TIFS thermal refrigerant and coolant product lines are well represented in key BEVs

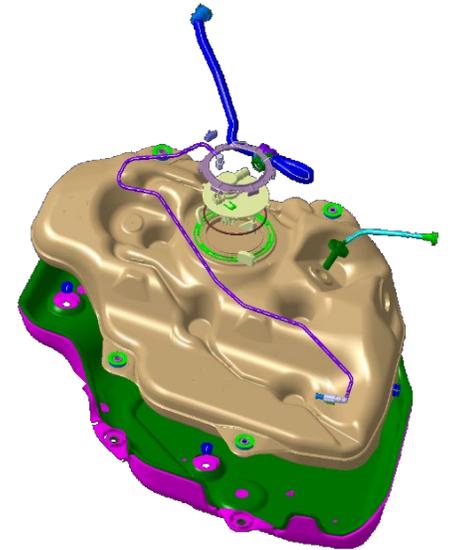


HEV Fuel Tank Award



Leveraging our technology to continue to drive share gain in HEV pressure resistant fuel tanks

- HEVs continues to offer CPV opportunity up to €700 as an important element of our strategy
- We Continue to be awarded advanced technology products required to reduce emissions and improve fuel economy in hybrid electric vehicles (HEV)
- Award of high-volume pressure resistant plastic fuel tanks for a Japanese OEM HEV in Asia Pacific
- TI's unique technology, customer relationships, global footprint and position as a leading fluid systems provider contribute to securing new HEV pressure resistant fuel tank new business awards



Finance

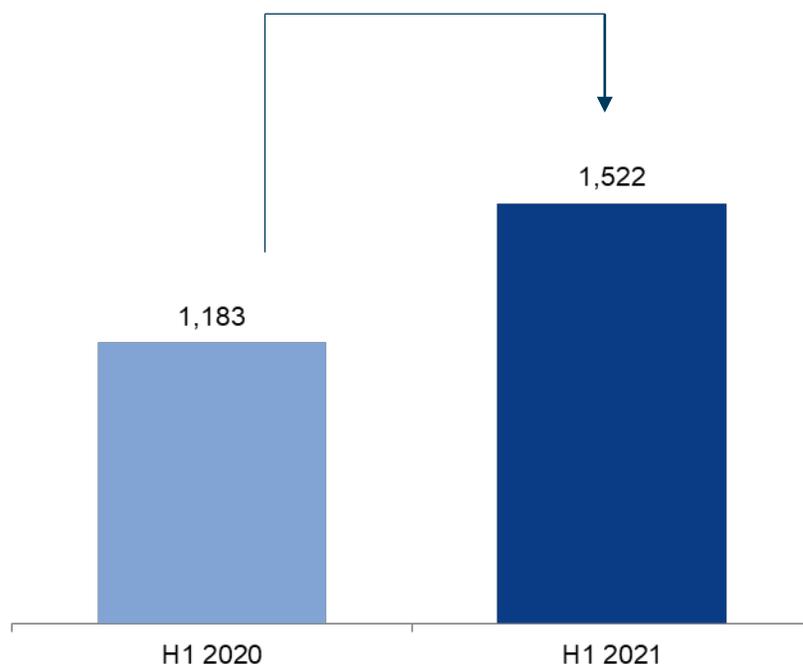
Revenue Outperformance Continues



Continued outperformance of global vehicle production in the first half of 2021

Group Revenue (€m)

YoY change **+32.7% at constant currency**



Global Auto Production (YoY)

29.2%

Key Comments

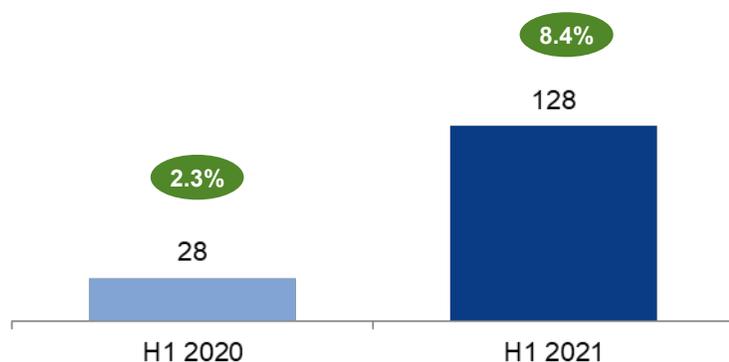
- Revenue increased by **32.7%** at constant currency and by 28.7% at reported rates
 - Global light vehicle production increase of **29.2%**
 - Revenue outperformance of **+ 3.5%**
- Europe revenue continued to outperform regional vehicle production
 - Europe – 41% of the Group’s revenue with strong BEV/HEV launch activity
 - North America – 23% of the Group’s revenue; strong revenue growth despite Powertrain de-emphasis
 - Asia Pacific – 34% of the Group’s revenue broadly in line with market growth

Rapid Expansion of Adj. EBIT and Adj. EBITDA Margins

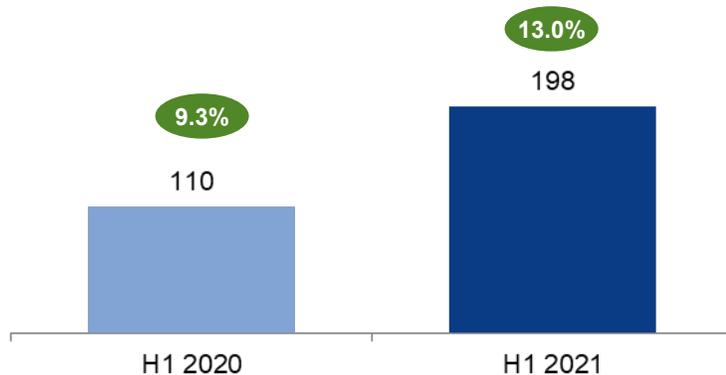


Margins rebound due to market recovery from COVID-19 impacts

Adj. EBIT (€m) ^(a)



Adj. EBITDA (€m) ^(b)



Key Comments

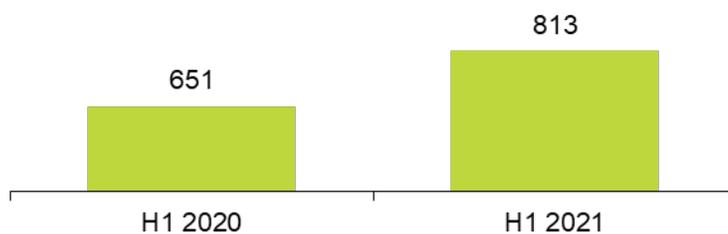
- Adj. EBIT ^(a) of €128m or **8.4%** margin
 - Adj. EBIT 100m higher – 29.5% incremental impact
 - Global vehicle production volumes grew at 29.2%
 - 350% increase in Adj. EBIT earnings
- Adj. EBITDA ^(b) of €198m or **13.0%** margin
 - Strength of business model with ability to flex costs in different volume environments
- Maintaining commitment to financial resilience through all economic cycles
 - Restructuring plans commenced in 2020 continue to be implemented in 2021

Segment Revenue and Adj. EBIT Margins



Both FCS and FTDS impacted by conversion on higher revenue

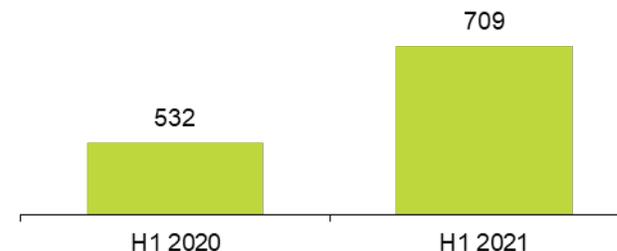
FCS Revenue (€m)



Adj. EBIT Margin	H1 2020	H1 2021
	2.2%	8.6%

- Revenue increase of 29.8% at constant currency
 - At reported rates, YoY change of 24.9%
- Adj. EBIT margin 640 basis points higher
 - YoY margin growth driven by market rebound from COVID-19 impacts particularly in Europe and Asia Pacific

FTDS Revenue (€m)



Adj. EBIT Margin	H1 2020	H1 2021
	2.5%	8.2%

- Revenue increase of 36.2% at constant currency
 - At reported rates, YoY change of 33.3%
- Adj. EBIT margin 570 basis points higher
 - Increase in margin reflects the conversion of higher revenues as a result of recovery from COVID-19 impacts, particularly in Europe and North America

Adj. Net Income, Adj. Basic EPS and Dividend per Share



Adj. Basic EPS of 8.75 € cents with interim dividend of 1.93 € cents per share

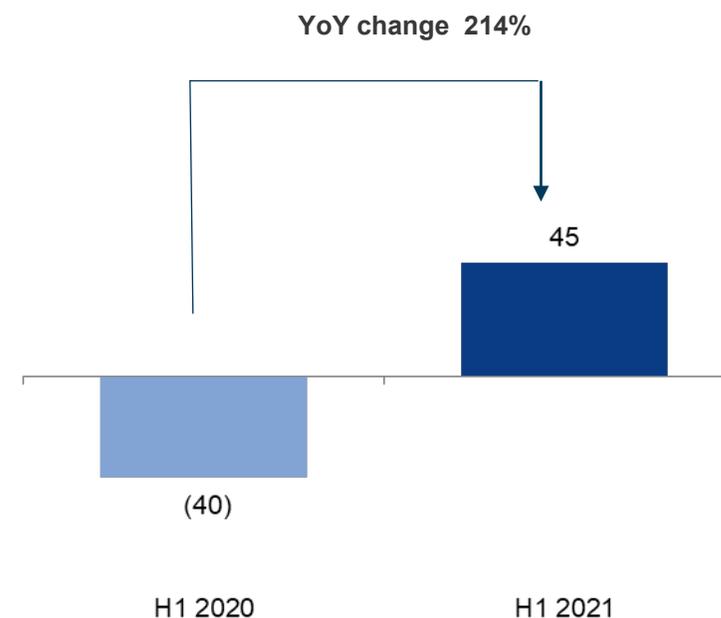
Adj. Net Income Reconciliation (€m)

	H1 2020	H1 2021
(Loss) / Profit for the Period	(321)	11
Non-Controlling Interests	(1)	(1)
Net FX (Gains) / Losses	(1)	8
Exceptional Asset Impairment	305	-
Exceptional Deferred Tax credit	(29)	(3)
Exceptional Finance expense	-	12
Other Reconciling Items	7	18
Adj. Net Income^(a)	(40)	45

Dividend

- 2021 interim dividend of 1.93 euro cents per share
- Payout of €10m on 519.3m shares outstanding

Adj. Net Income (€m)



	H1 2020	H1 2021
Adj. Basic EPS^(b)	(7.61) euro cents	8.75 euro cents

Adj. Free Cash Flow Growth – Robust Business Model

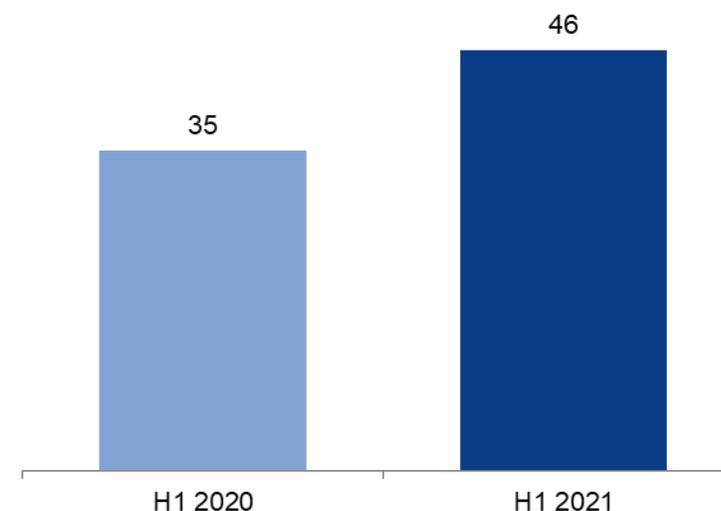


Significant Adj. Free Cash Flow generation

Adj. EBITDA to Adj. Free Cash Flow Reconciliation (€m)

	H1 2020	H1 2021
Adj. EBITDA	110	198
Cash Interest	(28)	(23)
Cash Tax	(21)	(28)
Working Capital, Provisions and Other	42	(37)
PP&E and Intangibles	(51)	(64)
Cash Received on Settlement of Derivatives	(17)	-
Adj. Free Cash Flow	35	46

Adj. Free Cash Flow (€m) ^(a)



- Able to maintain positive adjusted free cash flow generation through careful management of working capital, tax and treatment of PP&E and intangibles

Strong Capital Structure and Liquidity



Capital Structure Evolution

€m	Interest Rate	Dec 2020	Jun 2021
Financial Liabilities			
Secured Term Loan	US LIBOR+ 3.25% Euribor + 3.25%	1,102	516
Unsecured Senior Notes	3.75%	-	600
Revolver	US LIBOR+ 3.25%	181	188
Unamortised Fees		(25)	(25)
Total		1,258	1,279
Cash and Cash Equivalents ^(a)		(487)	(470)
Net Debt (exc revolver)		590	621
Net Debt / Adj. EBITDA LTM		1.8x	1.5x

Leverage (Net Debt / Adj. EBITDA)



Key Comments

- Capital allocation priority remains on deleveraging through free cash flow generation in the medium term
- Refinancing carried out in April 2021
 - ✓ Extended debt maturities
 - ✓ Issued inaugural European unsecured bond
 - ✓ Lowered weighted average cost of debt

H1 2021 Summary

TI Fluid Systems continuing to do what we say we will do

- Continue to protect health and safety of our employees and our sustainable business model
- Strong revenue outperformance of +350bps
- Robust Adj. EBIT of 8.4%
- Significant Free Cash Flow of €46m
- Strong balance sheet and cash position
- Electrification strategy progressing well
- Target to reduce our GHG emissions by 37.5% by 2039



A person is using a handheld 3D scanner to scan a mechanical part. The scanner has two red laser dots on its front. The background shows a workshop with computer monitors and various tools.

Q & A



Appendix

High Level Income Statement

Adjustments to EBITDA and EBIT – non-cash and non-operational

Income Statement Summary

Key Comments

€m	H1 2020	H1 2021
Revenue	1,183	1,522
Adj. EBIT	28	128
<i>Adj. EBIT %</i>	2.3%	8.4%
PPA	(28)	(26)
D&A	110	96
Adj. EBITDA	110	198
<i>Adj. EBITDA %</i>	9.3%	13.0%
D&A	(110)	(96)
Net FX Gains / (Losses)	1	(8)
Exceptional Cost of Sales	(305)	-
Other Reconciling Items	(8)	(17)
Operating (Loss) / Profit ^(a)	(312)	77
Net finance expense	(41)	(31)
Exceptional finance expense	-	(12)
Tax	3	(25)
Exceptional Deferred Tax Credit	29	3
Profit / (Loss) for the Period	(321)	11

- Adjustments primarily relate to certain non-cash and non-operational expenses
- **Purchase Price Accounting (“PPA”)** - depreciation and amortisation arising on the fair value uplifts related to the Bain Capital and Millennium acquisitions
- **Net FX gains / losses** - primarily FX impact from US to UK inter-company loans in USD
- **Other Reconciling Items** - primarily restructuring charges incurred in the period

Adj. Effective Tax Rate

Adj. Effective Tax Rate ~ 35%

Effective Tax Rate Adjustments ^(a)

Key Comments

€m	H1 2020	H1 2021
(Loss) / Profit before Income Tax	(48)	45
UK losses	43	26
Share of associate loss	-	1
Adj. (Loss) / Profit before Income Tax	(5)	72
Income tax (credit)/charge	(3)	25
Prior year tax provisions / adjustments	1	-
Adj. Income Tax	(2)	25
Adj. Effective Tax Rate	41%	35%

- **Adjusted effective tax rate** - approximately 35%
- **Adjustments to reported profit before tax** – primarily relate to expenses in the UK that are either not deductible or not tax effected because of the UK loss position including interest, financing and operating costs
- **Adjustments to income tax** – relate to changes arising in the year affecting items originally provided for in prior periods