TI Fluid Systems

2024 Half Year Results Presentation

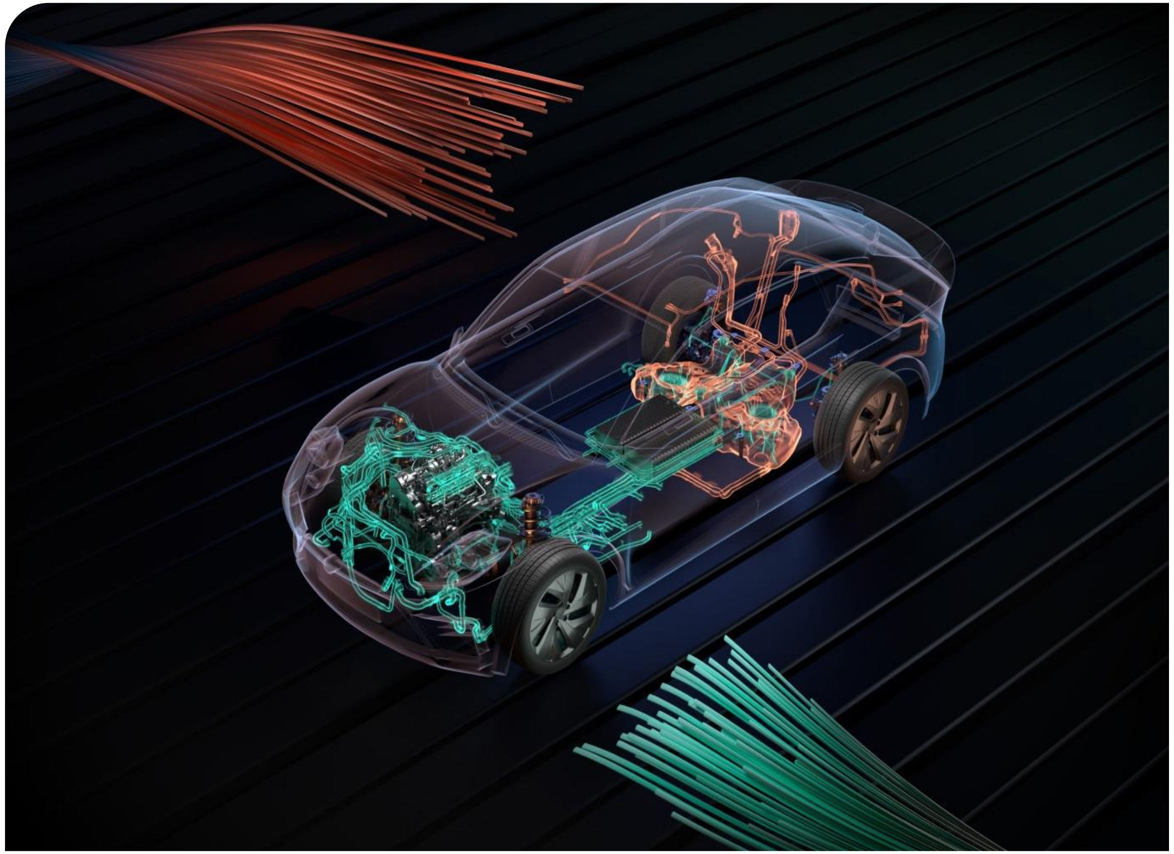
8 August 2024

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 Company’s published financial data at tifluidsystems.com

Agenda



1. Highlights
2. Financial Performance & FY Outlook
3. Strategic Progress

01
Highlights

Hans Dieltjens
Chief Executive Officer & President

Delivering on our commitments

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1

Strong margin expansion in a flat market

Adjusted EBIT margin
7.9%
+40 bps

Productivity contribution
150 basis points

Agility and resilience in a volatile market

2

Bookings to support future growth

Total bookings
€1.5 billion
+11%

BEV bookings
€0.3 billion

Propulsion agnostic portfolio

3

Enhancing our position in China

New launches
40
Half with Local OEMs

Wins with BYD
5 awards

Breakthrough wins with largest Chinese OEM

4

Capital allocation – investing in growth, increasing shareholder returns

Interim dividend
2.40 € cents
+4.3%

H1 shareholder cash returns
€45.3 million
through dividend and buyback

Capital allocation policy delivering

Strong performance in a flat market and continued strategic progress

Revenue and Vehicle Production

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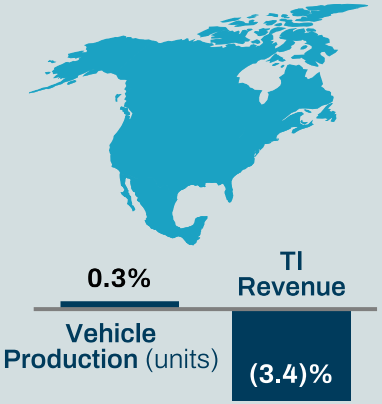
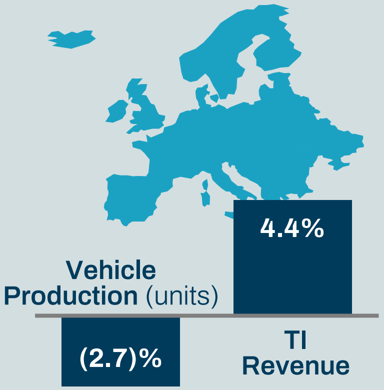
H1 2024 y/y growth by region*

Americas



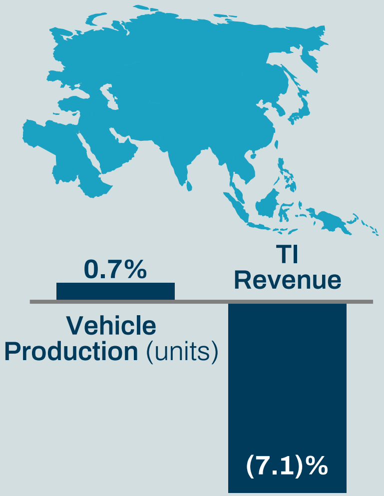
- 480bps headwind from planned product line exit
- Strong growth in our conventional ICE portfolio
- Destocking at US OEMs in Q2

EMEA



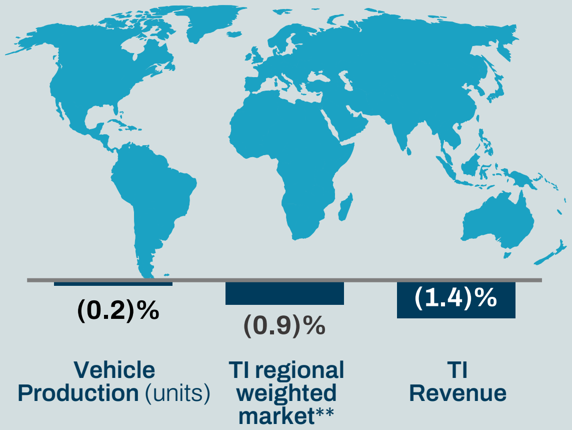
- Growth in tanks for ICE, HEV and PHEV more than offsetting softer thermal demand for BEVs
- Cascade acquisition performing well, contributing ca. 250bps

Asia-Pacific



- China revenue down in line with Global OEM decline
- Growth ahead of the market in India and Japan

Global



- Weaker industry volumes due to slower BEV growth and destocking
- 70bps headwind from regional mix
- 40bps net headwind from product line exit partially offset by Cascade acquisition

Resilient in a volatile market

* Revenue at constant currency

** Market growth weighted to TI geographic mix

Source: July 2024 S&P Global Mobility and company estimates

02

Financial Performance & FY outlook

Alexander De Bock
Chief Financial Officer

Financial Highlights

Revenue
€1,719 million
(1.4)% at constant currency

Adjusted EBIT
€135.5 million
+2.7% / +40bps

Adjusted EPS
13.9 €cents
+14.6%

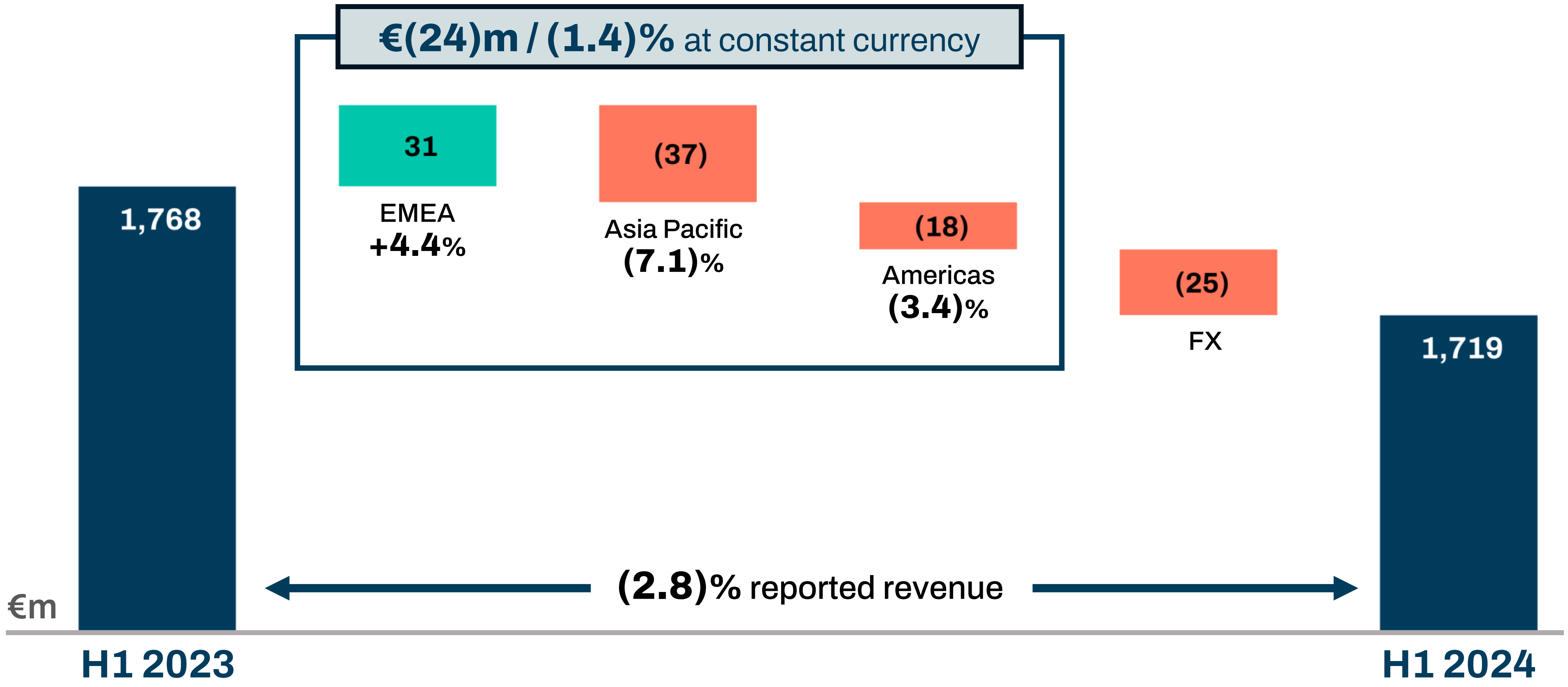
Adjusted Free Cash Flow
€(14.4) million
H1 2023: €2.3 million

Adjusted ROCE
25.4%
+370bps

Net debt / Adjusted EBITDA
1.7 x
H1 2023: 1.8 x

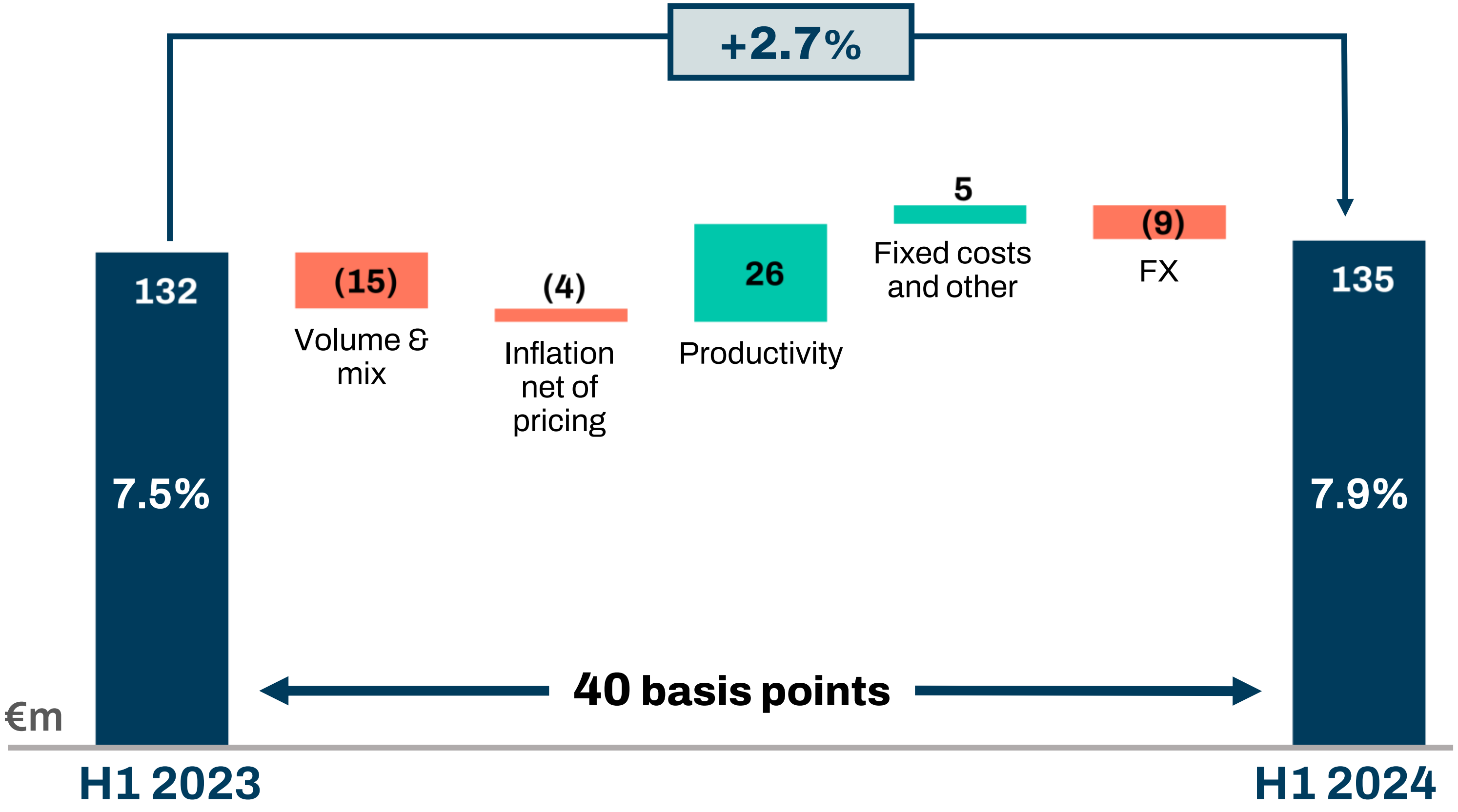
Strong financial performance

Revenue



Revenue slightly lower due to FX, product line exit and regional mix

Adjusted EBIT



- Volume and mix due to market decline and lower revenue in higher margin geographies
- Intensifying productivity programmes across purchasing, footprint optimisation and operational efficiency
- Fixed cost improvement from regional structure synergies and lean activities resulting in a 3% headcount reduction

Expanding margin despite market, inflation and FX headwinds

Segment revenue and Adjusted EBIT margins

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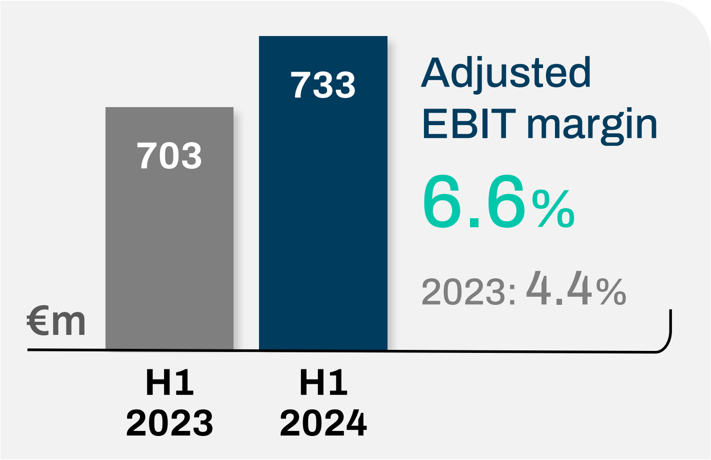
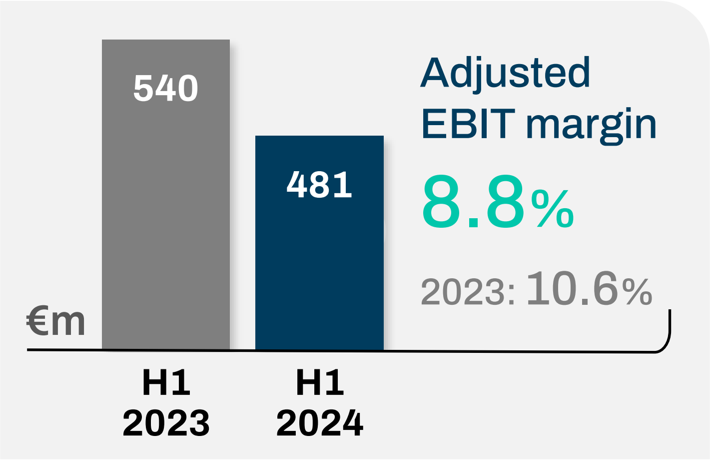
EMEA



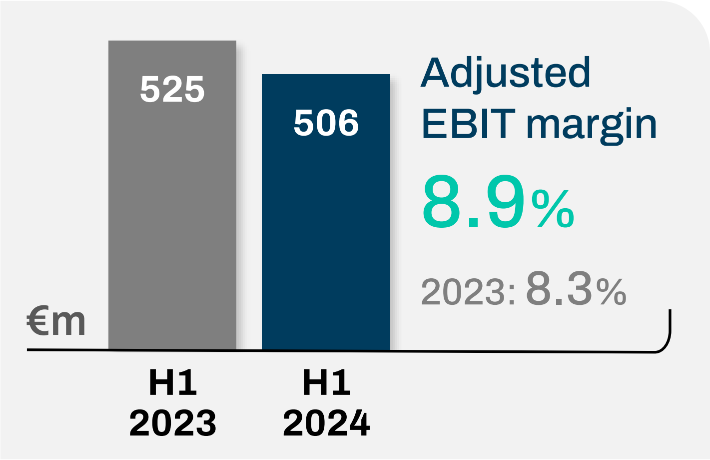
- **4.4% constant currency revenue growth**
  - Cascade contribution ca. 250bps
  - Strength in fuel tanks & delivery systems, incl. for PHEVs
- **Adjusted EBIT margin +220 bps**
  - Productivity & purchasing initiatives
  - Good commercial performance
  - Restructuring benefits

Asia Pacific



- **7.1% constant currency revenue decline**
  - Lower revenue in China
  - Strength in Japan & India
- **Adjusted EBIT margin (180) bps**
  - Operational leverage on lower revenue
  - Strong purchasing productivity
  - Footprint & fixed cost adjustments

Americas



- **3.4% constant currency revenue decline**
  - 1.4% growth excl. planned product line exit
  - Growth in fuel tanks
- **Adjusted EBIT margin +60bps**
  - Productivity & fixed cost reductions
  - Positive mix effect from product line exit

Agile response to diverging regional dynamics

Adjusted Net Income & EPS

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€m	H1 2024	H1 2023	y/y growth
Adjusted EBIT	**135**	**132**	**+2.7%**
Net Finance Expense	(35)	(36)	(4.2)%
Adjusted Tax Charge	(30)	(33)	(9.9)%
Adjusted Effective Tax rate	*29.9%*	*34.7%*	*(480)bps*
Adjusted Net Income	**71**	**63**	**+13.0%**
Adjusted Basic EPS (€ cents / share)	**13.9**	**12.1**	**+14.6%**
Total Dividend (€ cents / share)	**2.40**	**2.30**	**+4.3%**

Adjusted EBIT increase of 2.7% translating into 14.6% increase in Adjusted EPS:

- Reduction in Adjusted Effective Tax rate supports confidence in low-30% rate mid-term
- Interim dividend +4.3% reflecting our progressive dividend policy

Adjusted EPS +14.6% in a flat market

Adjusted Free Cash Flow

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€m	H1 2024	H1 2023	y/y growth
Adjusted EBITDA	**203**	**199**	**+2%**
PP&E and Intangibles	(64)	(59)	+9%
Working Capital, Provisions and Other	(88)	(77)	+15%
Cash Interest	(30)	(32)	(6)%
Cash Tax	(35)	(29)	+21%
Adjusted Free Cash Flow	**(14)**	**2**	

Working capital outflow expected to unwind in H2 due to

- Timing of recovery payments
- Modest inventory build due to Q2 production schedule volatility

Confirming 30% Adjusted Free Cash Flow conversion guidance

Capital structure and leverage

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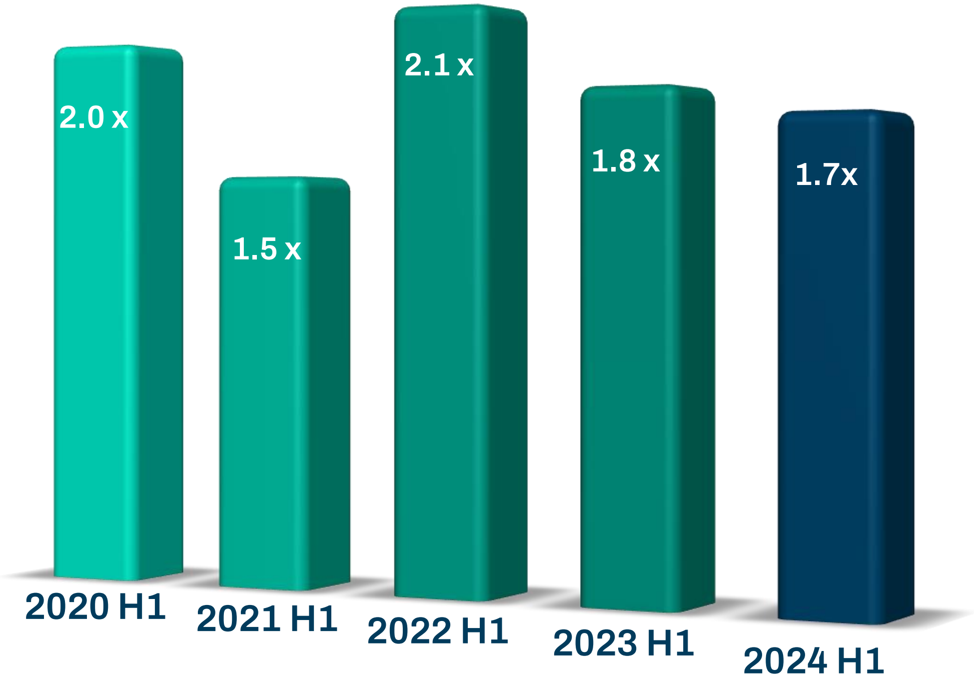
Capital Structure

€m	Interest rate	H1 2024	H1 2023
Secured Term Loan (2026)	SOFR* + 3.25% Euribor +3.25%	429	528
Unsecured Senior Notes (2029)	Fixed at 3.75%	600	600
Unamortised Fees		(12)	(18)
Total borrowings		**1,017**	1,110
Cash and cash equivalents		**(335)**	(442)
Net Debt		**683**	668

* Including Credit Support Element of 0.11448%

Leverage Evolution (Net Debt / Adj. EBITDA)



Credit ratings upgrades in last 12 months:

- Moody's – to Ba3 (Stable) in May 2024
- S&P – to BB (Stable) in October 2023

Strong balance sheet with net leverage 1.7x

Capital allocation

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Capex / Capitalised R&D	Dividends	Share Buyback
Continue to invest 4-5% of revenue to support organic growth	Progressive growth Start at €35m for 2023	Up to €40m starting in 2023
✔ **3.7% invested in H1 2024**	✔ **Interim dividend +4.3%**	✔ **13.3m shares repurchased in H1**

Targeting net leverage of ~ 1.5 x Adjusted EBITDA, retaining a strong financial position

Driving future growth and shareholder returns

2024 market volume outlook

	Previous outlook	Current outlook
Europe	Modest decline	Mid-single digit decline
North America	Modest growth	Flat
China	Flat	Flat
Asia Pacific excluding China	Modest decline	Mid-single digit decline
Global Light Vehicle Production	-0.5%*	-2.0%*

* **Source**: previous outlook S&P February 2024; current outlook S&P July 2024

Softer short-term volume outlook

2024 outlook

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	2024 Previous	2024 Current	2026
1 Revenue	Flat to low single digit growth	Slightly lower y/y at constant currency	€3.8-4.2bn*
2 Adjusted EBIT margin	Above 7.4%	Above 7.6%	Trending towards double-digit
3 Adjusted Free Cash Flow conversion	~30% Adjusted EBITDA	~30% Adjusted EBITDA	~30% Adjusted EBITDA

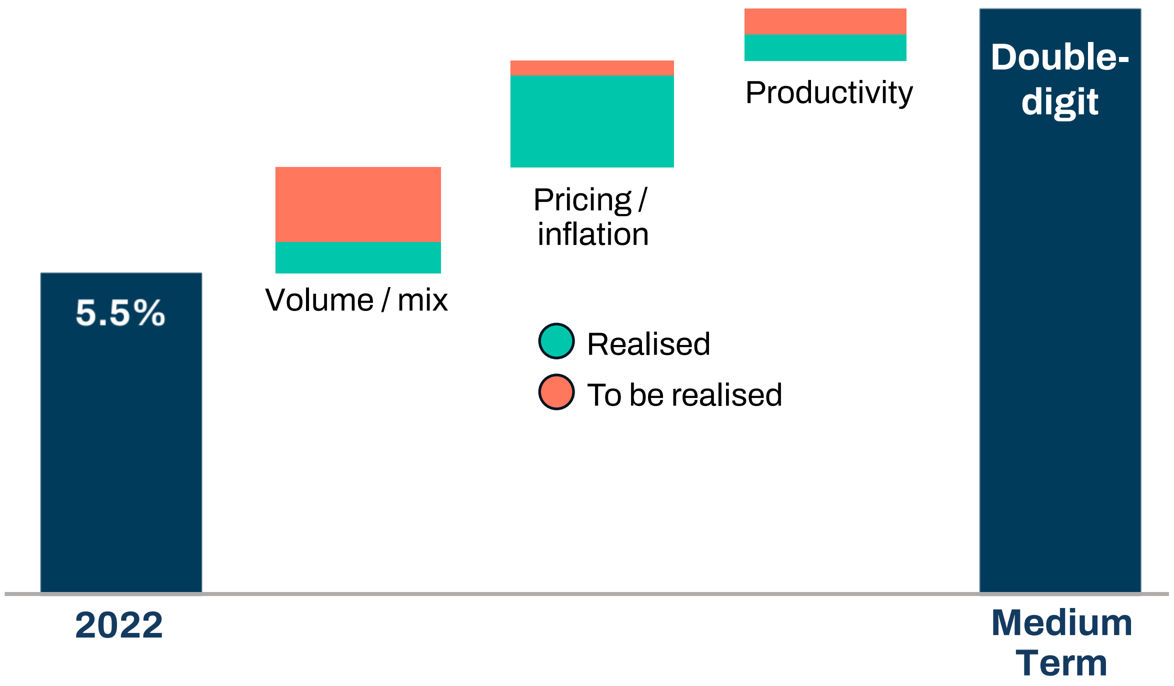
Other assumptions

- Foreign exchange ~(1)% of revenue at current exchange rates
- Interest costs €60-65 million
- Effective tax rate low 30%
- Capex 3-5% of revenue

Continued progress towards our mid-term targets

* Revenue target at constant currency, average 2022 foreign exchange rates

Returning to a double-digit margin



Drivers for returning to a double-digit margin

1. **Volume / mix**
   - Mid-term market volume growth and low margin platforms rolling off
2. **Price adjustments for volume and inflation largely realised**
3. **Productivity**
   - Major step forward with purchasing and fixed cost optimisation in H1
   - Continued footprint optimisation and efficiency improvements across all locations
   - Further strengthened mid-term productivity pipeline

Executing on all components of our margin recovery

03
Strategic Progress

Hans Dieltjens
Chief Executive Officer & President

Benefiting from a propulsion agnostic portfolio

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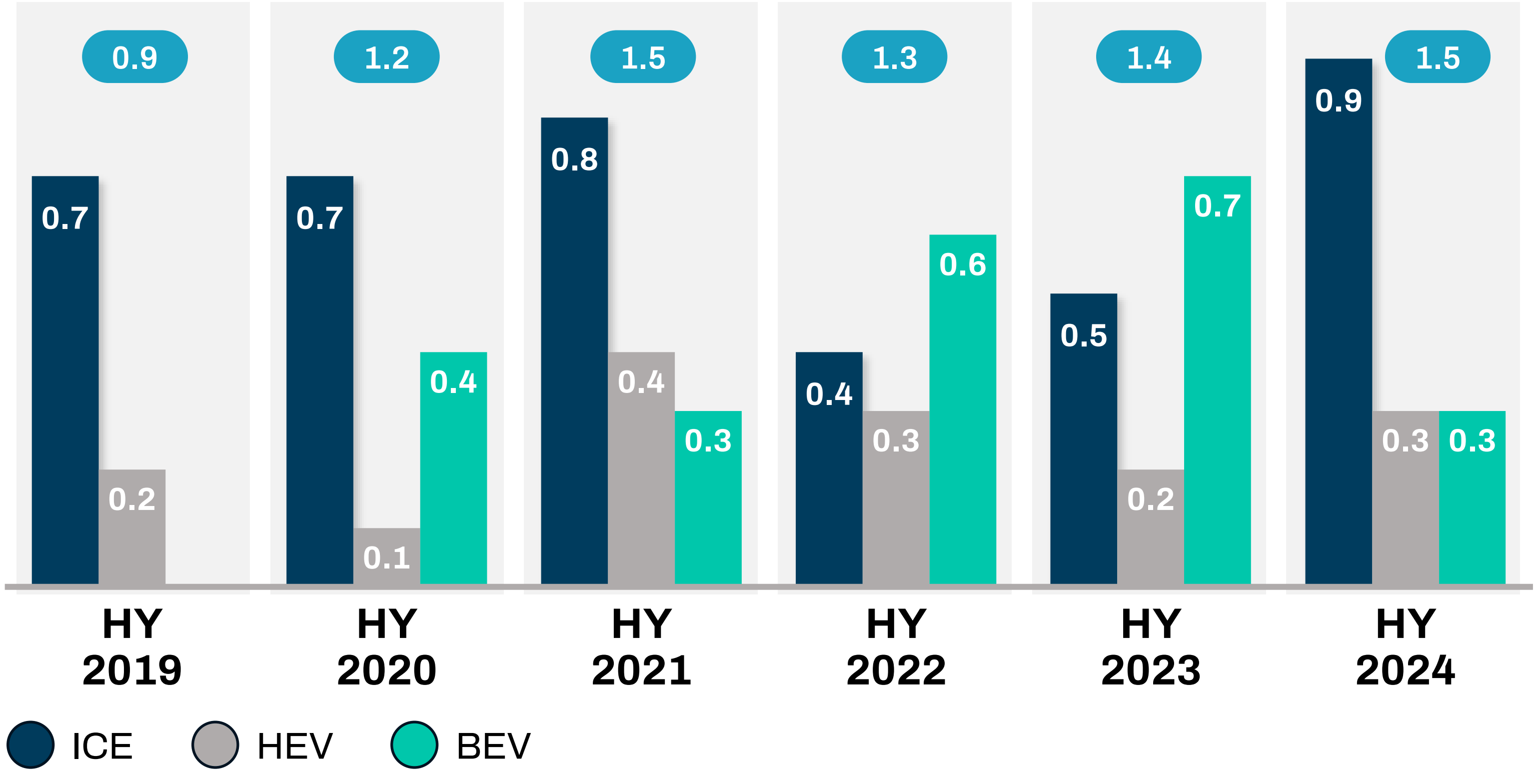
Bookings (€ billion)



- Total bookings +11% to €1.5bn
- ICE wins for new platforms as well as extensions
- BEV bookings in line with wider industry slowdown
- Breakthrough wins in China with largest Local OEM

Strong H1 bookings

Key launches in H1 2024

ICE

Maruti-Suzuki Swift Dzire
Fuel Pump
Lifetime revenue: **€53m**

PHEV

VW Caddy
Fuel Tank
Lifetime revenue: **€25m**

BEV

Lixiang Auto E-MVP
A/C Lines
Lifetime revenue: **€60m**

HEV / ICE

Toyota Avalon
Fuel Tank
Lifetime revenue: **€101m**

HEV / ICE

Hyundai Santa Fe
Brake & Fuel Lines
Lifetime revenue: **€54m**

PHEV

Hongqi E-MPV
Coolant Lines
Lifetime revenue: **€9m**

ICE

GM/Chevrolet Terrain / Equinox
A/C Lines
Lifetime revenue: **€59m**

Further successful launches

Further strengthening EV offering

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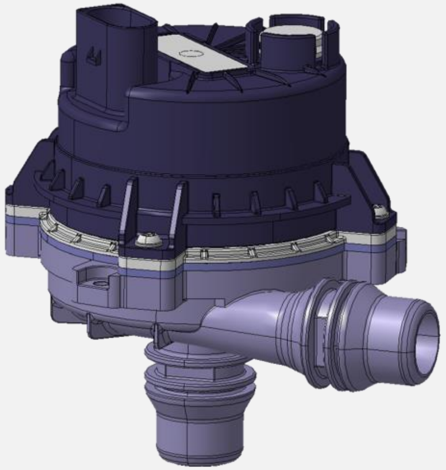
Electric coolant pump



- Industrialisation phase in China
- Ready to launch early 2025

Pressurised fuel tank SPT 2.0 for PHEVs

- ✓ Lower cost
- ✓ 5-10% lower weight whilst withstanding high pressures
- ✓ Optimising emissions

7 awards	**3** Local Chinese OEMs	**Multiple** RFQs

Innovating to capture growth

China progress with Local OEMs

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40 launches
over half with Local OEMs

Multiple awards with BYD
demonstrating our technology leadership and cost competitiveness

5 awards

3 platforms

BEV PHEV

Brake Lines

Tanks

Strengthening our position with Local OEMs and multiple BYD wins

Productivity framework

1 **Purchasing**	• Systematic benchmarking and product line consolidation • Maximising regional & global leverage • Redesign to cost
2 **Operational efficiency**	• Labour – increasing agility to respond to market • Scrap reduction • Variable costs – freight, energy • Quality focus • Launch efficiencies
3 **Restructuring**	• Plants closed in Sweden and Beijing, multiple others downsized • Fixed cost headcount reduced 3% • H2 – 1 plant closure, further downsizings and fixed cost headcount

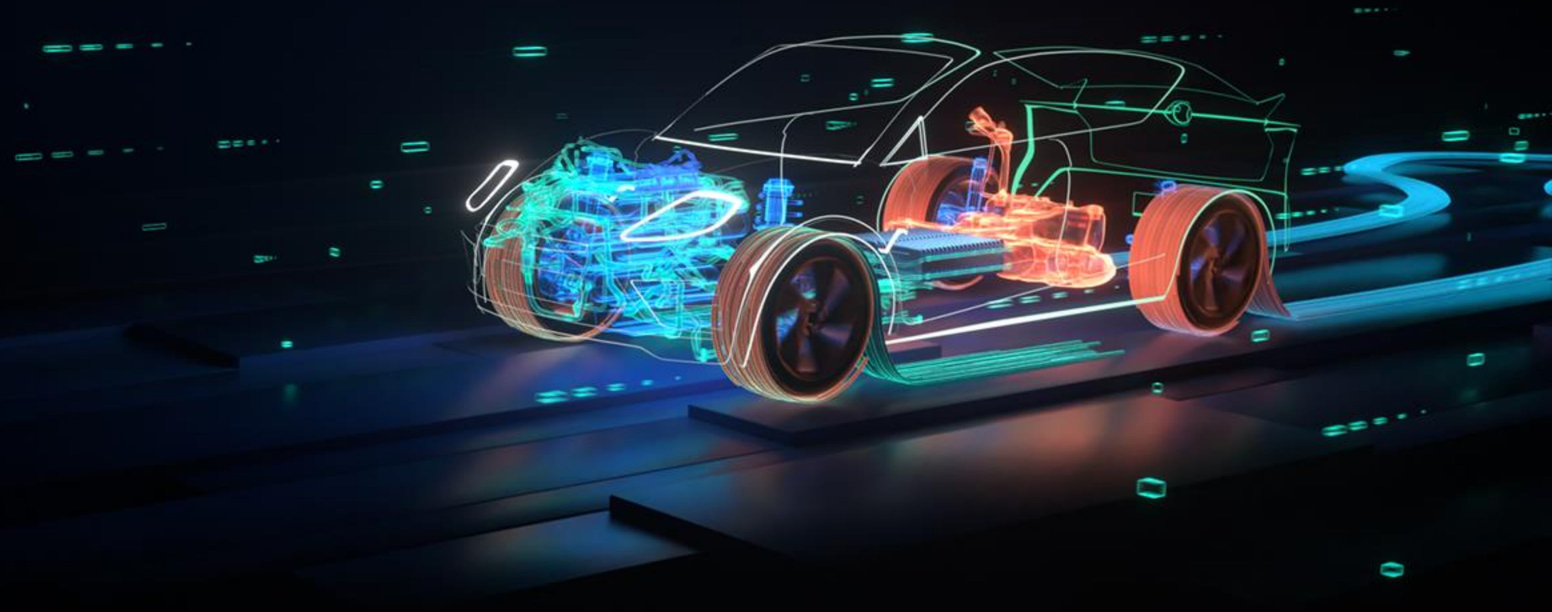
Relentless execution across all productivity drivers

Conclusion

1. Taking-the-Turn strategy continues to deliver results
2. Margin expansion in a flat market with persistent labour inflation
3. Propulsion agnostic portfolio translating into 11% growth in bookings
4. Increasing full year Adjusted EBIT margin guidance despite a softer production outlook

On track

Q&A

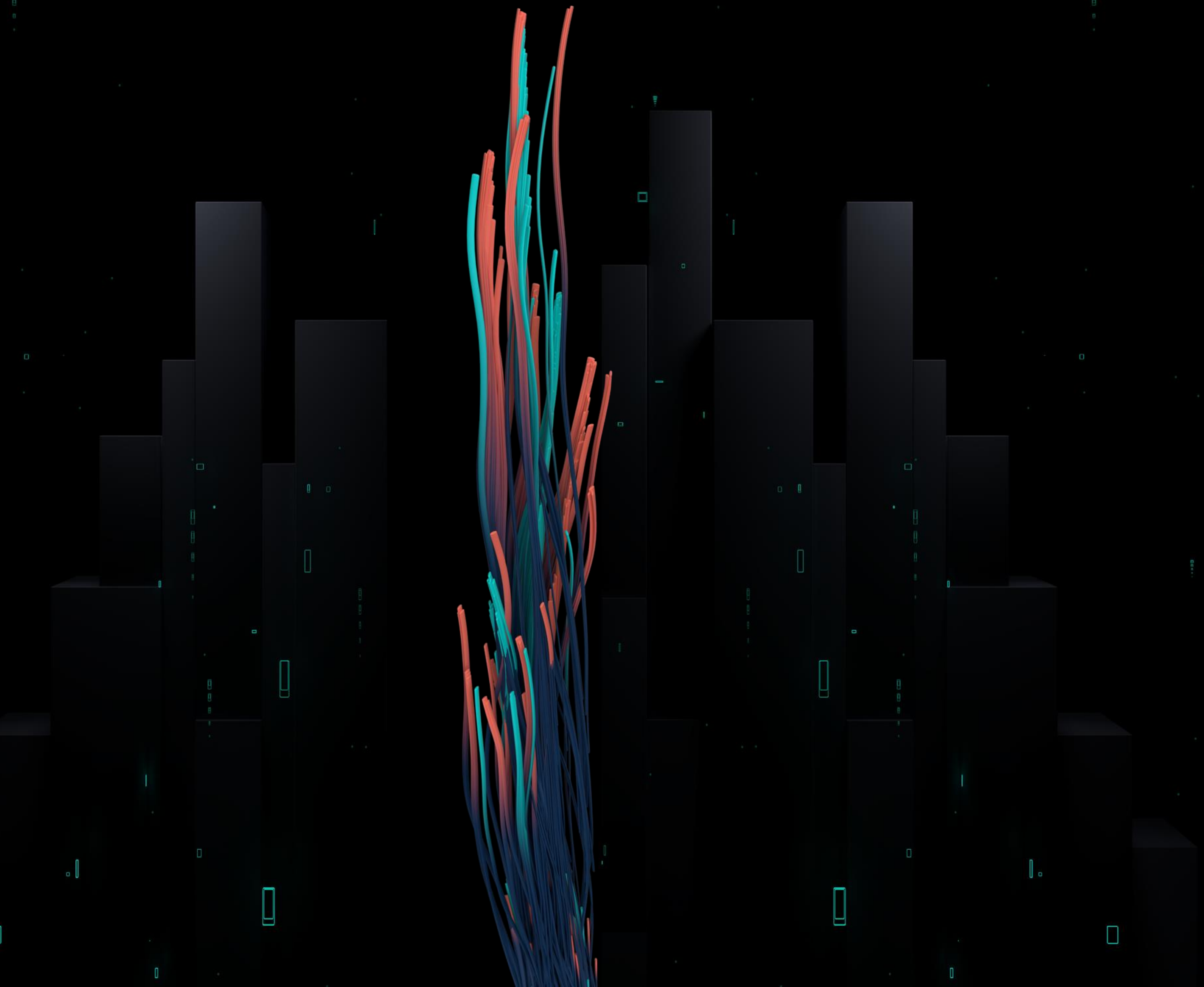


Investment Proposition

TI Fluid Systems

1. **Leading market positions** rooted in innovation, diverse automotive customer base and global presence
2. **Clear strategy** to drive growth and capitalise on the electrification transition
3. On track to return to **double-digit margins** with strong cash conversion
4. **Capital allocation** focused on short- and long-term shareholder value creation while maintaining a strong balance sheet
5. **Clear ESG strategy** and implementation commitment with activities on track

Appendix



Reconciliation of Adjusted EBITDA / EBIT to statutory measures

€m	H1 2024	H1 2023
Revenue	**1,718**	**1,768**
Adjusted EBIT	**135**	**132**
Adjusted EBIT %	*7.9%*	*7.5%*
D&A (excluding PPA)	67	67
Adjusted EBITDA	**203**	**199**
Adjusted EBITDA %	*11.8%*	*11.2%*
D&A	(89)	(92)
Net FX Losses	(4)	(3)
Net restructuring costs	(14)	(7)
Other reconciling items*	-	(2)
Operating profit	**96**	**95**
Net finance expense	(35)	(36)
Tax	(21)	(26)
Profit for the period	**40**	**33**

* Other reconciling items include non-exceptional restructuring charges, adjustments for associate income, M&A associated costs, SaaS implementation costs, and loss on disposal of associate

- **Adjustments** primarily relate to certain non-operational and non-cash expenses
- **Purchase Price Accounting (PPA)** depreciation and amortisation arising on the fair value uplifts related to the Bain Capital, Millennium and Cascade acquisitions

Glossary of terms

Adjusting Items - Adjusting items represent transactions that in Management's view do not form part of the substance of the trading activities of the Group, such as large-scale reorganisations, system implementations, acquisition costs and certain non-cash accounting measures. At the reporting date, Adjusting Items comprise: depreciation and amortisation arising on purchase accounting, net foreign exchange losses/(gains), restructuring costs, customisation and configuration costs of significant software as a service ("SaaS") arrangements and costs associated with business acquisitions or disposals.

Adjusted Basic EPS - Adjusted Net Income divided by the weighted average number of shares in issue in the period.

Adjusted EBIT - Operating profit excluding Adjusting Items.

Adjusted EBITDA - Adjusted EBIT plus depreciation, amortisation and non-exceptional impairments on non-purchase accounting.

Adjusted Free Cash Flow - Free Cash Flow adjusted for cash movements in financial assets at fair value through Profit or Loss, and the net cash flows arising on Adjusting Items.

Adjusted Net Income - Profit or Loss for the period attributable to ordinary shareholders, excluding Adjusting Items, net of their tax effect.

BEV – Battery Electric Vehicles.

Constant currency - The remeasurement of prior period results at current exchange rates to eliminate fluctuations in translation rates and achieve a like-for-like comparison.

GLVP - Global Light Vehicle Production of light vehicles.

HEV - Hybrid Electric Vehicles, excluding mild hybrid vehicles.

ICE - Internal Combustion Engine vehicles.

Net debt - The total of current and non-current borrowings excluding lease liabilities, net of cash and cash equivalents and financial assets at fair value through profit or loss.

Net leverage - Net debt divided by last 12 months' Adjusted EBITDA.

OEM - Original Equipment Manufacturer, used to refer to vehicle manufacturers the main customers of the Group.

NEV – New Energy Vehicle.

**PHEV - **Plug in Hybrid electric vehicles .

Revenue outperformance - The growth in revenue at constant currency compared to the growth in light vehicle production volumes.

Adjusted Return on Capital Employed - Adjusted EBIT divided by the two-year trailing average of capital employed, which is defined as total equity, excluding taxation balances, derivatives, net debt and lease liabilities, restructuring provisions and balances related to Bain acquisition accounting (goodwill, intangible assets and purchase price allocation adjustments).

SBTi - Science-Based Target Initiative which is used to refer to the climate change targets aligned to the Paris Agreement targets.