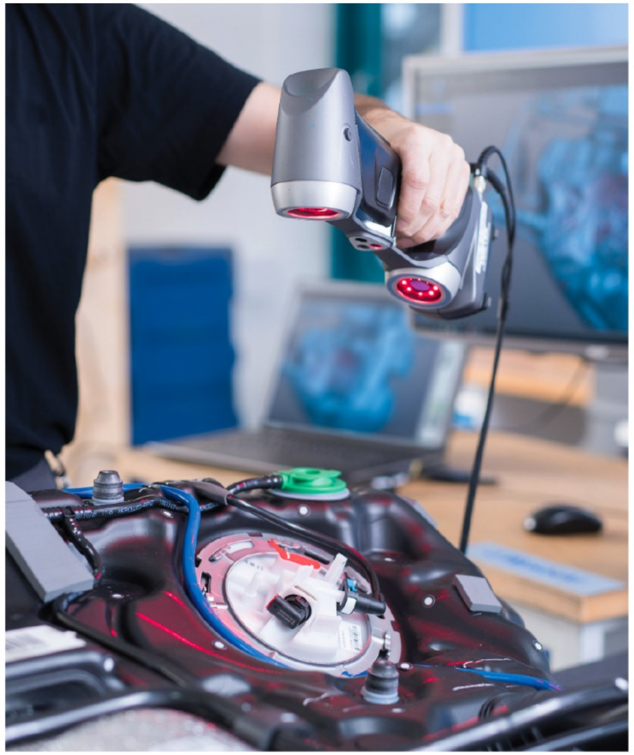
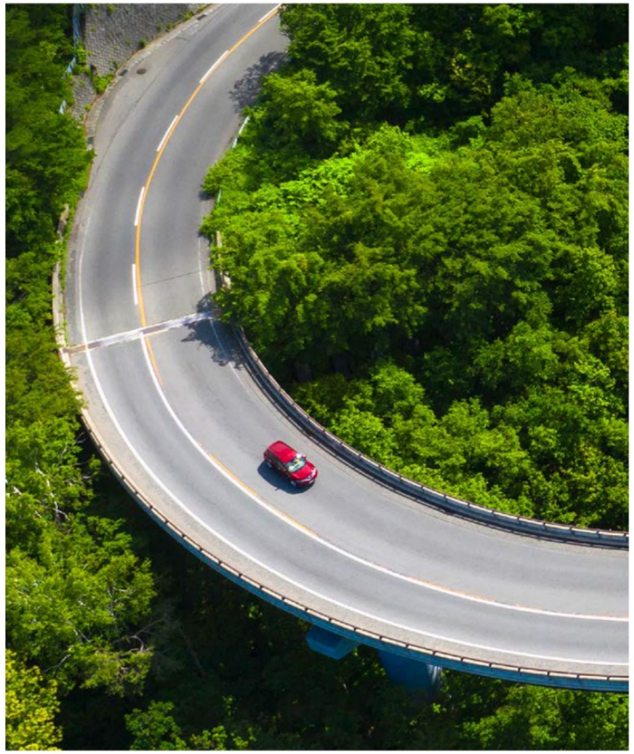
2020 Full Year Results Presentation

TI Fluid Systems plc

16 March 2021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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 preliminary results announcement for the year ended 31 December 2020.

Agenda

1	Key Highlights for 2020 – Bill Kozyra
2	Financial Performance – Ron Hundzinski
3	Q & A

Key Investment Propositions

Experienced management team with proven track record of strong growth and financial performance and support of ESG initiatives, including 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 recognizing the environmental benefit our products provide to the global automotive market

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

Key Highlights – Bill Kozyra

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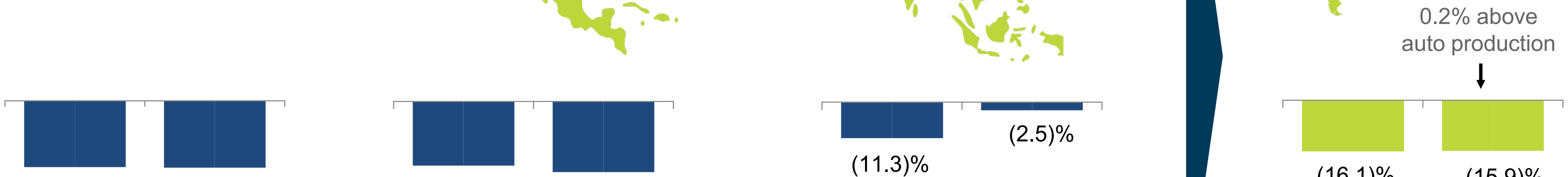
Key Highlights – 2020 Full Year Results

- **Solid full year results despite unprecedented market uncertainty and historic light vehicle production decline due to global COVID-19 pandemic**
  - ✓ **Revenue continues to be resilient**
    - 0.2% outperformance above global light vehicle production [a)]
  - ✓ **Flexible cost structure with cost savings and cash preservation measures delivering robust positive margins**
    - 6.2% Adj. EBIT margin [b)]
  - ✓ **Strong and positive Adj. Free Cash Flow**
    - €148 million [c)]
- **Acted early and quickly to protect our employees and supported healthcare providers at COVID-19 outset**
- **Initiated fixed cost restructuring of manufacturing capacity and fixed cost base – positioning for new volume reality**
- **Awarded the London Stock Exchange Green Economy Mark – helping the world transition to a greener, cleaner place to live**
- **Commitment to diversity and inclusion through the establishment of Diversity Committee and assessment process**
- **Continued to focus on organic strategy for electrification with advanced EV thermal products and systems and HEV fuel tanks**
  - Continuing to win thermal products and systems with key customers for global and regional BEVs
  - Launched production of coolant assemblies and sole supply of high technology cabin comfort heat pump on VW ID.3/ ID.4
  - Average CPV wins for BEV increasing with leading representation on key BEVs coming to market
  - Continuing to use our leading technology in pressure resistant fuel tanks to win share at greater rates than overall tank share

a) February 2021 IHS Markit
b) Adj. EBIT defined as Adj. EBITDA less depreciation, amortisation & impairments of tangible and intangible assets net of depreciation and amortisation arising on purchase price accounting adjustments
c) Adj. Free Cash Flow defined as cash generated from operating activities, less cash used by investing activities, cash movements in financial assets at fair value through the profit and loss, cash payments related to IPO costs, net cashflows relating to restructuring and settlement of derivatives
Presentation subject to rounding

Global Light Vehicle Production 2019 - 2020

	Europe[(a)]	North America	Asia-Pacific	Global
Region				



2019 – 2020 [(b)]	Vehicle Production (units)	TI Revenue
Europe[(a)]	(20.8)%	(21.0)%
North America	(20.2)%	(22.2)%
Asia-Pacific	(11.3)%	(2.5)%
Global	(16.1)%	(15.9)%

Europe
- Europe revenue (21.0)% lower (or 0.2% below vehicle production)
- Programme ramp downs impacts
- New business and HEV/ BEV launches

North America
- North America revenue (22.2)% lower (or 2.0% below vehicle production)
- Ramp downs of powertrain programmes
- Under-indexed on large trucks & SUVs

Asia-Pacific
- Asia Pacific revenue (2.5)% lower (or +8.8% above vehicle production)
- Positive trend in fuel tanks with new business

Global
- Group revenue 15.9% lower (or +0.2% above vehicle production)
- Business model continuing to demonstrate resilience

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(a) Europe vehicle production units include Africa and the Middle East
(b) Revenue at constant currency

Source: February 2021 IHS Markit and company estimates

Covid-19 Response

- Quick response in early 2020 to fast-changing business conditions to protect our employees and operations as the COVID-19 pandemic spread globally
  - Amongst first of global suppliers to mandate remote work and global travel restrictions
  - Temporarily closed our plants to protect our workers starting in Asia Pacific and then moving to Europe and North America as the crisis expanded globally
  - Implemented enhanced workplace and manufacturing measures such as temperature checks, protective facial coverings, social distancing, improved hygiene procedures and modified work proximities and altered shift patterns
- Collaborated with Ford Motor Company and 3M to produce air flex tube assemblies for powered air-purifying respiratory systems (PAPR) for front line health workers
- Supported the design, engineering, manufacturing and assembly locally in the USA to allow Ford and 3M to rapidly meet demand for much-needed protection for healthcare professionals
  - Quick connector production and subassembly - TIFS New Haven, Michigan
  - Final tube assembly – TIFS Ashley, Indiana

Early actions limited the impact of COVID-19 infection across our employees and enabled facilities to safely re-open to support OEM customer production

Our Continued BEV Success

VW MEB ID.3/ ID.4 BEV

- Production launch of thermal coolant assemblies for thermal fluid management on Volkswagen's newly introduced ID.3 and ID.4 BEVs
- Sole supplier of the BEV cabin comfort CO_2 heat pump valve unit assembly – delivering increased operating efficiency and supports extended driving range
- Lifetime production volume: 2.9m units [a)]
- Product Technology: Thermal coolant assemblies, CO_2 Cabin comfort heat pump valve assembly
- Average CPV: ~€80 - ~€460

- Continuation of new BEV business across 8 global and regional OEMs and includes all three major vehicle production regions
- These awards further demonstrate our ability to meet the fluid handling and thermal management needs of all propulsion modes including electrification

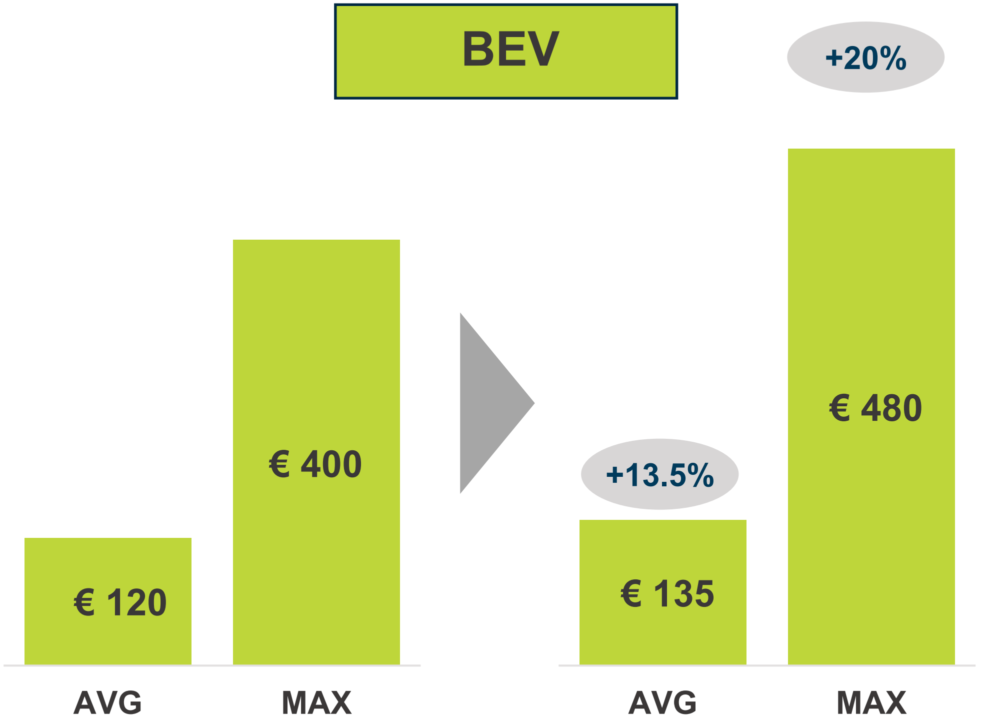
2020 BEV success with 30% of total business wins on BEV platforms

Source: Company information, a) based on customer planning volumes

Demonstrating Success: Accretive BEV Award CPVs

Meaningful increase in BEV win CPVs – more than 2x ICE average CPVs

2020
ICE CPV
All Products



2018
BEV Business Win CPV
Thermal Products

2020
BEV Business Win CPV
Thermal Products

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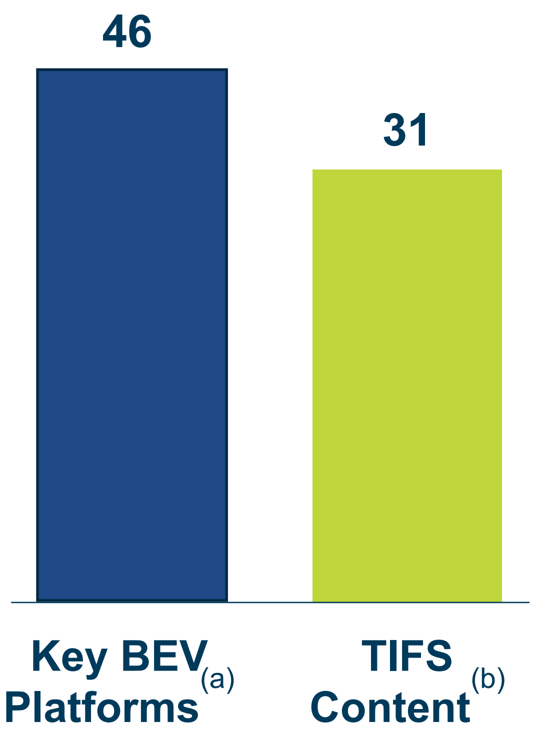
Source: Company information

Demonstrating Success: BEV Platform Representation

Developing a significant leading representation on key BEV launches

Key BEV's Entering Market 2020 - 2022



67%

- **46 key BEV platforms** have been identified to come to market in Europe and North America between 2020 and 2022
- TIFS estimated to have product content on more than **two-thirds** of the 46 BEVs including **~50% with thermal** product content -- **leading product representation**

Product representation higher than ICE today!

- Validation evidence of **TIFS electrification strategy progressing well**

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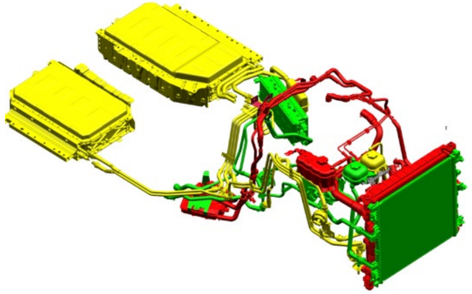
Source: a) JP Morgan Europe Equity Research: EV Deep Dive: European Focus 10 July 2020, b) Company information identified as having at least on TIFS product on specific key BEV platforms won and targeted to win (2022 only)

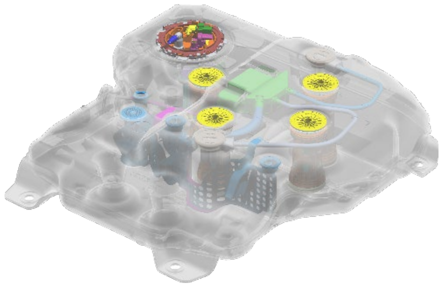
Our Continued HEV Success - Examples

Thermal Products: Jeep Grand Cherokee PHEV



- Lifetime production volume: 1.1m units [a)]
- Product Technology: Reinforced rubber hose, aluminum tube, plastic tube
- Average CPV: ~€245

HEV Fuel Tank Example: Volkswagen Passat

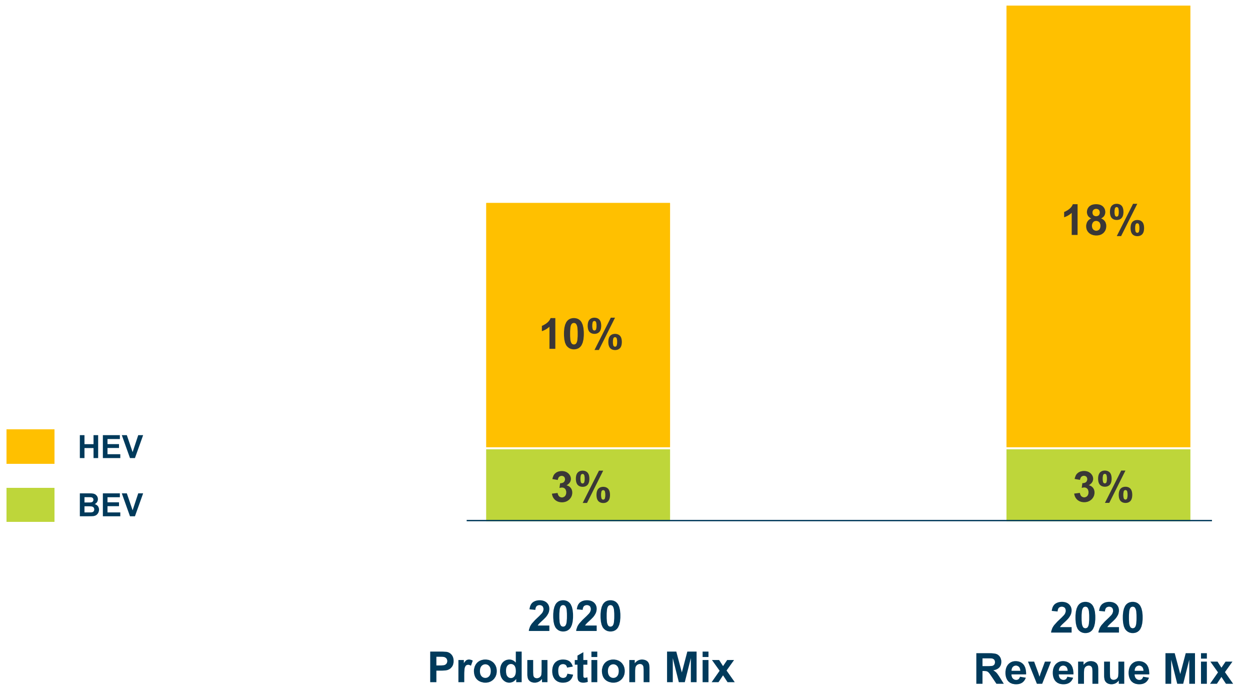


- Lifetime production volume: 413k units [a)]
- Product Technology: Pressure resistant LPT tanks technology
- Average CPV: ~€270

2020 HEV success with 17% of total business wins on HEV platforms

Source: Company information, a) based on customer planning volumes

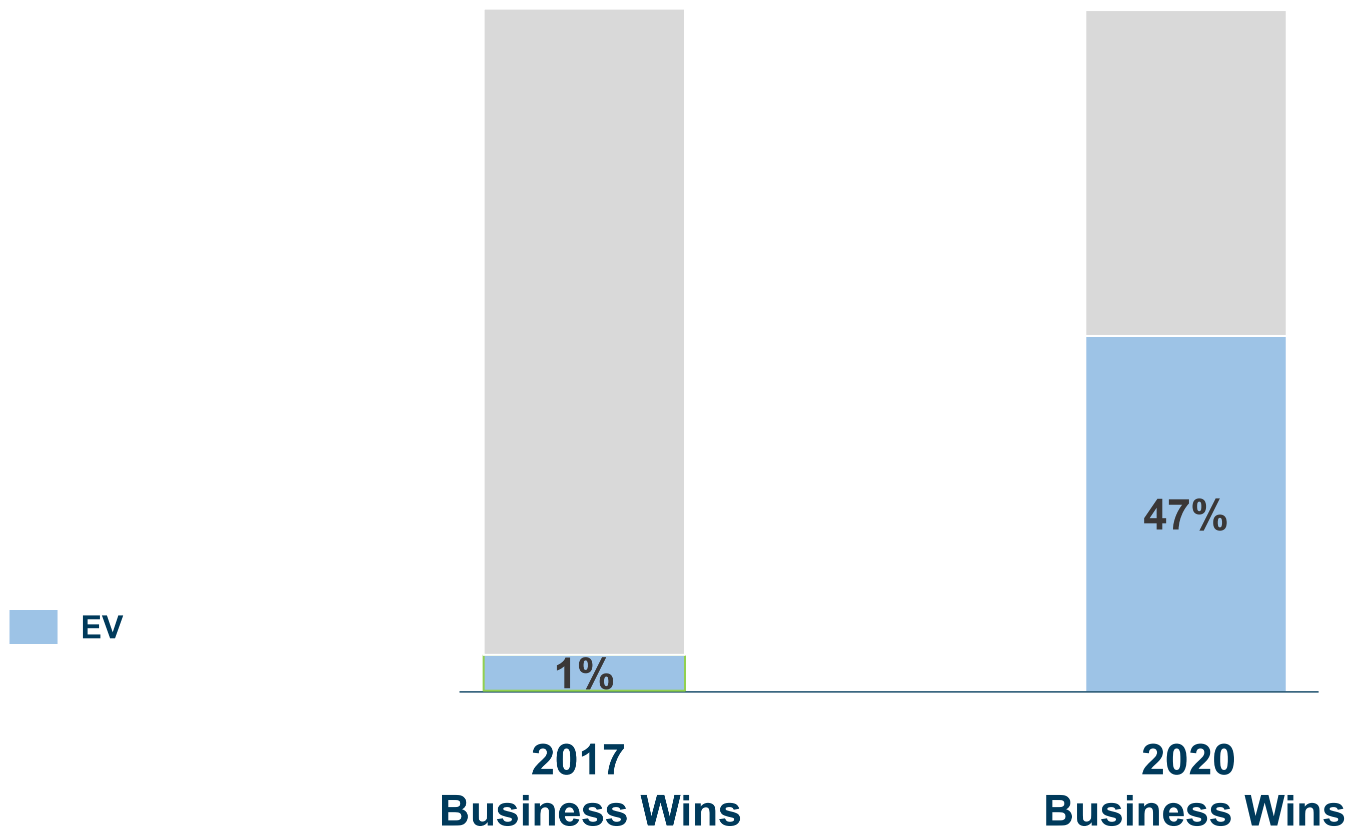
TI Revenue on EVs



TI's EV revenue outperforms EV production mix

Source: Company information, January 2021 IHS Markit, Note: Revenue excludes aftermarket

New Business Wins on EVs



47% of 2020 new business wins on EVs

Source: Company information

London Stock Exchange Green Economy Mark Award

- TI Fluid Systems is pleased to be awarded the London Stock Exchange's Green Economy Mark, recognizing the scale of environmental benefit TI Fluid Systems products provide to the global automotive market
- The Green Economy Mark:
  - Recognises companies that generate over 50% of revenue from environmentally positive goods, products and services
  - Is developed and managed by FTSE Russell for its global investor clients
- As a leading global manufacturer of highly engineered fluid and thermal management systems, TI Fluid Systems enables vehicle manufacturers to sustainably reduce CO_2 emissions and improve fuel economy across all vehicle types, especially hybrid and battery electric vehicles

Lightweight nylon fluid lines ● Thermal fluid products & Systems ● Zero emission fuel tanks ● Pressure resistant fuel tanks

Helping the world transition to a greener, cleaner and better place to live

Our Commitment to Diversity and Inclusivity

Focusing on Diversity and Inclusivity

- Not withstanding the challenges of COVID-19, TI Fluid Systems made significant progress in our commitment to diversity *through* inclusion

- Our simple D&I strategy focuses on evaluating and improving top and middle management inclusivity behaviour to create a fertile work environment for current and prospective employees

  - By partnering with Canadian firm MESH/Diversity and Dr. Leeno Karumanchery, TIFS uses the science behind management behaviour to create change
  - By the end of 2020, we assessed 1/3 of the Company's middle and top management and plan to assess the balance of the team in 2021

- Other D&I initiatives in 2020 included:

  - Making diversity and inclusion a topic in all monthly All Employee Meetings
  - Establish a US based diversity committee, which will expand globally in 2021

- Looking ahead, we will:

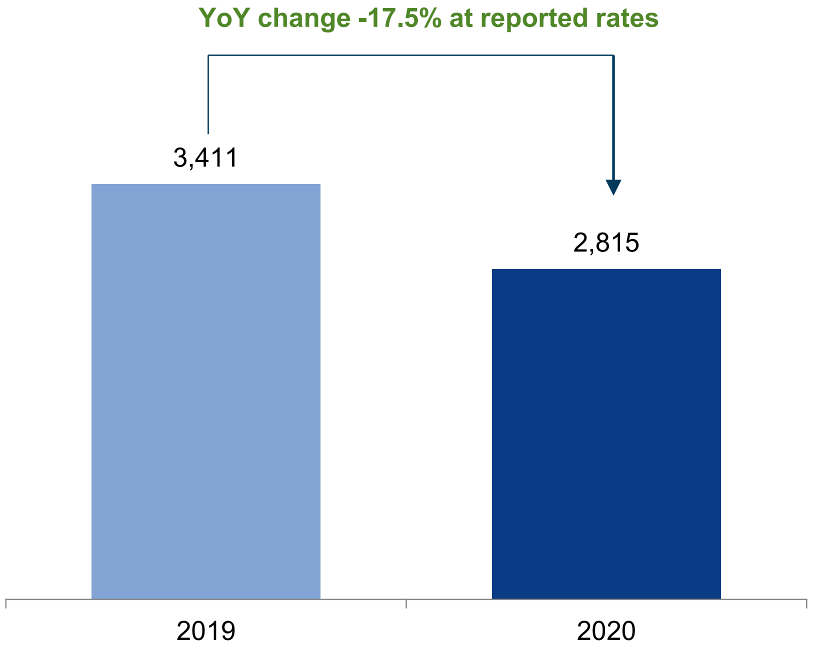
  - Expand the initiatives starting in the United States to all regions
  - Implement anti-bias training, globally, across our more than 100 locations around the world
  - Continue to evaluate and implement ideas and initiatives raised by our diversity committee

Financial Performance – Ronald Hundzinski

Revenue Performance

Continued resilience during significant falls in global vehicle production in 2020

Group Revenue (€m)



Global Auto Production (YoY)	- 16.1%

Key Comments

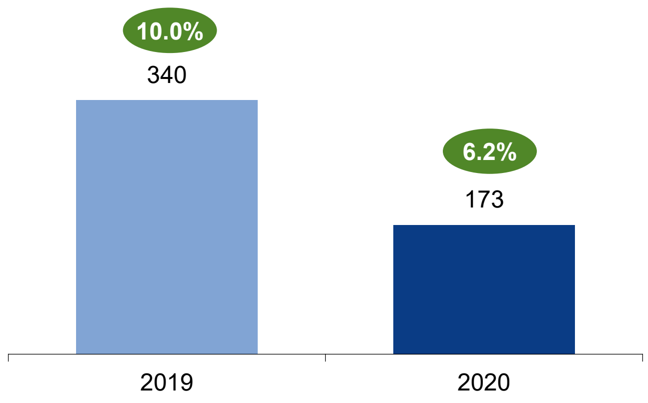
- Revenue declined by **15.9%** at constant currency (or –17.5% at reported rates)
  - Global light vehicle production level of **(16.1)%**[(a)]
  - Revenue outperformance of + **0.2%**
- Asia Pacific revenue continued to outperform regional vehicle production
  - Europe – **38%** of the Group's revenue with programme ramp downs offset by HEV/EV launch activity
  - North America – **26%** of the Group's revenue impacted by vehicle mix and powertrain programme ramp downs
  - Asia Pacific – **35%** of the Group's revenue benefiting from new business for FTDS in China

(a) February 2021 IHS Markit and company estimates
Note: Latin America represents 1% of the Group's revenue

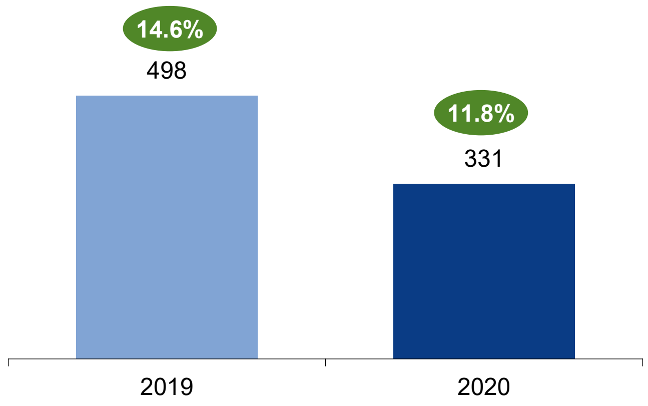
Adj. EBIT and Adj. EBITDA Margin Solid

Highly flexible cost structure leading to relatively stable margins

Adj. EBIT (€m)[b]



Adj. EBITDA (€m)[b]



Key Comments

- Adj. EBIT of €173m or **6.2%** margin
- Solid margin in light of current global environment:
  - Significant decrease in global vehicle production volumes due to COVID-19 pandemic
  - High operating leverage and flexible cost structure
  - Adj. EBITDA[a] of €331m or **11.8%** margin
  - Stable and strong margins demonstrate strength of business model with ability to adjust costs in different volume environments

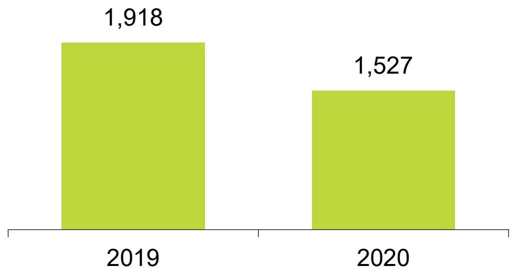
a) Adjusted EBITDA defined as profit or loss before tax for the period before exceptional items, net finance expense, share of profits or losses of associates, foreign exchange gains or losses and depreciation, amortisation & impairments of tangible and intangible assets adjusted for net restructuring charges and associate dividends received

b) The main adjusting item relates to €16m restructuring where we took action in our operations in Europe and North America

Segment Revenue and Adj. EBIT Margins

FCS impacted by market weakness with FTDS performing well

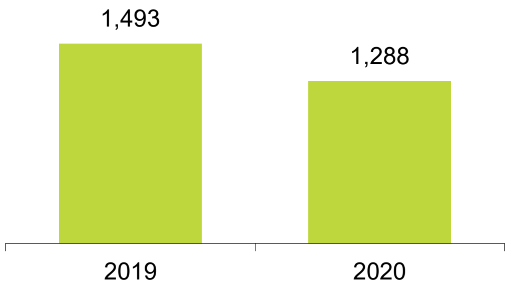
FCS Revenue (€m)



Adj. EBIT Margin	10.4%	6.4%

- Revenue decline of 18.4% at constant currency
  - At reported rates, YoY change of (20.4)%
- Continue to deliver solid Adj. EBIT margin at 6.4%
  - YoY margin reduction largely driven by the impact of market volume reductions particularly in Europe and North America

FTDS Revenue (€m)



Adj. EBIT Margin	9.4%	5.9%

- Revenue decline of 12.7% at constant currency
  - At reported rates, YoY decline of 13.8%
- Adj. EBIT margin of 5.9%
  - Decrease in margin due to reduced volumes, despite underlying strong operational performance and new business launches

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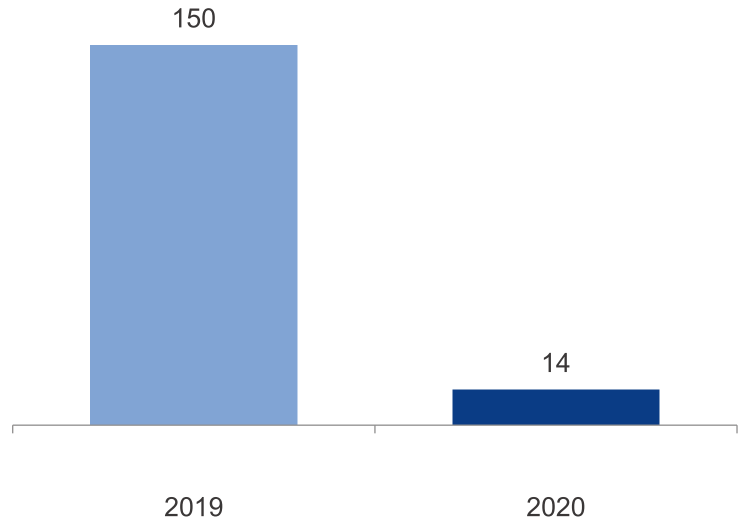
Adj. Net Income, Adj. Basic EPS and Dividend Per Share

Adj. Basic EPS of 2.6 € cents with final dividend of 6.74 € cents per share

Adj. Net Income Reconciliation (€m)

	2019	2020
Profit / (loss) for the period	**145**	**(252)**
Non Controlling Interests	(3)	(2)
Net FX gains	(1)	(27)
Exceptional items	-	275
Other reconciling items	9	20
Adj. Net Income [(a)]	**150**	**14**

Adj. Net Income (€m)



	2019	2020
Adj. Basic EPS [(b)]	28.9 euro cents	2.6 euro cents

Dividend

- 2020 interim dividend of **6.74 euro cents** per share [(c)]
- Represents full year dividend and is in excess of our 30% of Adjusted Net Income dividend policy
- Payout of **€35.0m** on **520m** shares outstanding
- Committed to annual dividend policy

(a) Adjusted Net Income defined as Profit or Loss for the period attributable to the ordinary shareholders before exceptional items adjusted to reflect associate dividends received and eliminate the impact of net restructuring charges and foreign exchange gains or losses
(b) Adjusted Basic EPS defined as Adjusted Net Income divided by the weighted average number of shares for the year
(c) Dividend exchange rate of EUR to GBP set at ex-dividend date. Dividend payment date of 19 February 2021

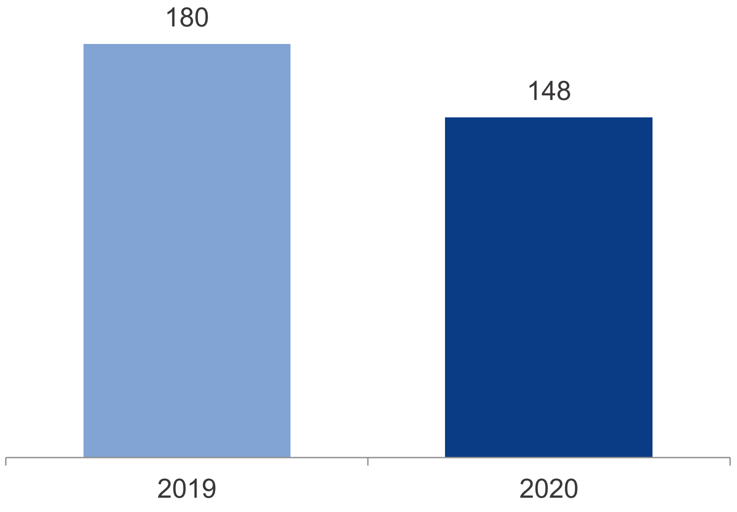
Adj. Free Cash Flow Growth – Solid Business Model

Strong Adj. Free Cash Flow generation

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

	2019	2020
Adj. EBITDA	**498**	**331**
Cash Interest	(62)	(54)
Cash Tax	(80)	(60)
Working Capital, Provisions and Other	(20)	57
PP&E and Intangibles	(159)	(112)
Cash Received on Settlement of Derivatives	(6)	(17)
Net restructuring cash	9	3
Adj. Free Cash Flow	**180**	**148**

Adj. Free Cash Flow (€m)[a]



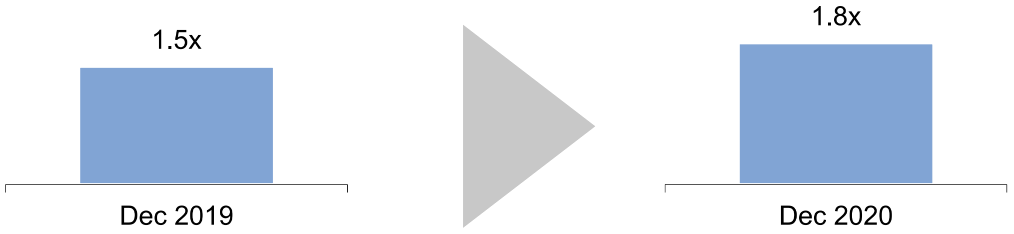
a) Adj. Free Cash Flow defined as cash generated from operating activities, less cash used by Investing activities, cash movements in financial assets at fair value through the profit and loss, cash payments related to IPO costs, net cashflows relating to restructuring and settlement of derivatives

Strong Capital Structure – Continuing to De-lever

Capital Structure Evolution

€m	Interest rate	2019	2020
Financial liabilities			
Secured Term Loan	US LIBOR+ 3.75% Euribor + 3.75%	1,168	1,102
Unamortised Fees		(17)	(25)
Total borrowings		**1,151**	**1,077**
Cash and cash equivalents [(a)]		**(413)**	**(487)**
Net Debt		**738**	**590**
Net Debt / Adj. EBITDA LTM [(b)]		**1.5x**	**1.8x**

Leverage (Net Debt / Adj. EBITDA)



Key Comments

- Capital allocation priority remains on deleveraging through free cash flow generation in the medium term
  - Successful refinancing in September 2020 – maturity dates extended to 2024
  - Continue to deliver through free cash flow generation

(a) Cash and cash equivalents includes financial assets at Fair Value Through Profit or Loss ("FVTPL")
(b) With IFRS 16 lease liabilities, net debt would be €741 million (2019: €905 million) and leverage 2.2x Adj. EBITDA Last Twelve Months (LTM) as at 31 December 2020 (2019: 1.8x)

Fixed Cost Restructuring Summary

Consolidation of capacity to remain competitive through production recovery

- Structural changes necessary given the likelihood of a prolonged period of light vehicle production recovery
- Restructuring focus targeted to reduce Fixed Cost by 16.2%
- Workforce reduction:
  - Reduction in workforce of at least ~ 1,000 associates from our global workforce of 25,700
- Cash expenditures and savings of restructuring plan
  - Cash expenditures of ~ €17m 2020 and ~ €30m in 2021, totaling ~ €47m
  - Savings in 2022 of ~ €74m and cumulative savings through 2022 of ~ €94m
- 6 Plant closures and 2 partial closures
  - 4 in Europe | 2 in North America
- Plant equipment and development cost asset impairments recorded

Capital Structure – Extend and Amend Summary

Extended and amended existing capital structure – no additional capital raised

Term Loans

Euro

- €422m increased by €78m to €500m
- Extended from 30 June 2022 to 16 December 2024
- Interest rate increased by 1%:
  - Old: EURIBOR (minimum 0.75% p.a.) +2.75% p.a.
  - New: EURIBOR (minimum 0.75% p.a.) +3.75% p.a.

US Dollar

- $834.2m decreased by $94.2m to $740m
- Extended from 30 June 2022 to 16 December 2024
- Interest rate increased by 1.25%:
  - Old: US$ LIBOR (minimum 0.75% p.a.) +2.5% p.a.
  - New: US$ LIBOR (minimum 0.75% p.a.) +3.75% p.a.

Revolving Facilities

Revolving facilities

- Asset Backed Loan (ABL) $100m extinguished
- Revolving Credit Facility increased by $100m to $225m
- Eliminated variable ABL element from prior agreement
- Extended from 16 July 2023 to 16 July 2024
- Interest payable range on the facility was increased:
  - Old: US$ LIBOR +3.0% to US$ LIBOR + 3.5% p.a. (depending on leverage ratios)
  - New: US$ LIBOR +3.0% to US$ LIBOR + 3.75% p.a. (depending on total net leverage ratio)

Increased revolver flexibility and maturities extended through 2024

Capital Allocation Priorities

Capital allocation priorities aligned with TI Fluid Systems' strategic objectives

Net cash generated from operations

Capex & Capitalised R&D	Dividends	Deleveraging
Continue to invest ~ 4% - 5% of revenue to support organic growth	Target pay-out ratio of 30% of Adjusted Net Income	Target leverage levels in line with UK/ European peers

Other Considerations

Continually assess other options that may benefit shareholders including M&A

2021 Outlook

€m	2019	2020	2021 Outlook
Revenue Outperformance	2.1% above auto production (at constant currency)	0.2% above auto production (at constant currency)	Outperformance Continues
Adj. EBIT Margin	10.0%	6.2%	High Single Digit
Adj. Free Cash Flow	180	148	Conversion Similar to pre-2020 levels
Net Leverage	1.5 x LTM Adj. EBITDA	1.8 x LTM Adj. EBITDA	Continue to De-lever
Dividend Payout Ratio	10% of Adj. Net Income	Pay-out reflecting strong cash generation - €35m	Target 30% of Adj. Net Income

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(a) Net Debt / Adj. EBITDA

Summary

Experienced management team with proven track record of strong growth and financial performance and commitment to support ESG initiatives, including 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 based on financial discipline and stakeholder aligned capital allocation

Recognized for the environmental benefit our products provide to the global automotive market

Q & A

Appendix

High Level Income Statement

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

Income Statement Summary

€m	2019	2020
Revenue	**3,411**	**2,815**
Adj. EBIT	**340**	**173**
Adj. EBIT %	*10.0%*	*6.2%*
PPA	(72)	(55)
D&A	230	213
Adj. EBITDA	**498**	**331**
Adj. EBITDA %	*14.6%*	*11.7%*
D&A	(230)	(213)
Net FX Gains	1	27
Exceptional impairment	-	(305)
Other Reconciling Items [(a)]	(10)	(16)
Operating Profit / (Loss)	**259**	**(176)**
Net finance expense	(58)	(74)
Tax	(57)	2
Associate profit / (loss)	-	(4)
Profit / (Loss) for the Period	**145**	**(252)**

Key Comments

- 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
- **Exceptional impairment**- recognised in H1 2020 and relates to the likelihood of business performance in the medium term given the context of a prolonged period of light vehicle production recovery. This impairment had an associated deferred tax credit of €30 million
- **Net FX gains / losses** - primarily FX impact on unhedged 2020 US to UK inter-company loans in USD upon unwinding hedging program in March 2020

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(a) Other reconciling items include non-exceptional restructuring charges and adjustments for associate income

Adj. Effective Tax Rate

Adj. Effective Tax Rate ~ 43%

Effective Tax Rate Adjustments[a]

€m	2019	2020
Profit before Income Tax	**202**	**51**
UK losses	35	26
Adj. Profit before Income Tax	**227**	**77**
Income tax before exceptional items	**(57)**	**(28)**
Prior year tax provisions / adjustments	(19)	(6)
Adj. Income Tax before exceptional items	**(76)**	**(34)**
Adj. Effective Tax Rate	***32%***	***43%***

(a) Amounts in the table do not include the exceptional impairment charge of €304.6 million and exceptional tax benefit of €29.7 million

Key Comments

- **Adjusted effective tax rate** - approximately 43%
- **Adjustments to reported profit before tax** – 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