**TI Fluid Systems plc - Full year results 2021**
Released: 15 March 2022

**TI Fluid Systems plc**
**Results for the year ended 31 December 2021**

TI Fluid Systems plc (TIFS), a leading global manufacturer of automotive fluid storage, carrying and delivery systems including thermal management products and systems for light vehicles announces its results for the year ended 31 December 2021.

| | **Management basis*** | | | **As reported** | | |
|---|---|---|---|---|---|---|
| €m | **2021** | 2020 | Change | **2021** | 2020 | Change |
| Revenue | **2,956.6** | 2,814.5 | 142.1 | **2,956.6** | 2,814.5 | 142.1 |
| % Change at constant / actual currency | | | 5.6 % | | | 4.9 % |
| Adjusted EBIT / Operating Profit or (Loss) | **212.6** | 173.3 | 39.3 | **126.8** | (176.3) | 303.1 |
| Margin | **7.2 %** | 6.2 % | 1.0 % | **4.3%** | (6.3)% | 10.6 % |
| Adjusted Net Income / Profit or (Loss) for the year | **58.3** | 13.7 | 44.6 | **16.0** | (252.2) | 268.2 |
| Earnings per share (€ cents) | **11.23** | 2.64 | 8.59 | **2.76** | (48.88) | 51.64 |
| Adjusted Free Cash Flow** | **117.3** | 148.2 | (30.9) | | | |
| Dividend (€ cents) | **3.39** | 6.74 | (3.35) | **3.39** | 6.74 | (3.35) |

*Management basis metrics are Non - IFRS measures as defined on pages 21 to 22
** No equivalent GAAP measure - see table 8a for reconciliation to statutory cash flow items

**Group Highlights:**

- The Group managed through another volatile year successfully, delivering results in line with expectations:
    - Revenue of €2,956.6 million outperformed global light vehicle production by 220 bps at constant currency and grew 4.9% at actual exchange rates
    - Adjusted EBIT margin of 7.2%; Operating Profit returned to normalised levels due to recovering revenues and the non-repeat of the prior year exceptional impairment charge
    - Adjusted Free Cash Flow generation of €117.3 million and net cash generated from operating activities of €215.1 million
    - Strong balance sheet and liquidity, with cash position of €499.1 million at 31 December 2021
    - Issue of €600 million Bonds repayable in 2029, with the proceeds used to reduce term loan facilities
- The Group FY2021 final dividend of 1.46 euro cents per share when combined with the interim dividend of 1.93 euro per share represents a full year pay-out in line with our 30% of Adjusted Net Income dividend policy

- Reinforcing and enhancing the business with the $T^3$ - Take The Turn strategy which is focused on:
    - Technology development in our products;
    - Transforming our business to embrace environmental, social and governance (ESG) best practices; and
    - Talent development to upskill our most important asset - our people

**Hans Dieltjens, Chief Executive Officer and President, commented:**
"I am happy to report a strong performance in 2021 despite the ongoing impact of the COVID-19 pandemic. Our results, achieved in the face of lower production volumes, global supply disruptions, labour shortages, rising costs, and volatile customer orders, demonstrate the resilience of our business and our ability to successfully manage through difficult market conditions. Notwithstanding these headwinds, the Group continued to deliver market outperformance, improved profit and positive cash flow. Our balance sheet, liquidity and cash position remain strong and our successful refinancing earlier in the year has created a more balanced debt portfolio and reduced interest costs.

"We are reinforcing our commitment towards a Green economy. We continue to develop products for electrical vehicles that will contribute to make vehicles cleaner. We have also increased our efforts to transform our operations and make them more environmentally friendly, reducing greenhouse gas (GHG) emissions, making better use of water, controlling and eliminating waste and setting up targets and tracking mechanisms.

"Additionally, we continue to progress our growth strategy by winning significant HEV and BEV programmes with multiple customers across all major production regions. In 2021 our bookings in BEVs reached €1bn lifetime revenue, representing approximately 30% of our total awards. We continue to win significant contracts in the electrification market by using our lightweight technology, our modular designs and assembly knowhow, and our global footprint.

The Group continued to demonstrate its ability to outperform global light vehicle production in 2021 and improve profitability, despite the market headwinds. We remain confident in our strategy, flexible business model and our committed workforce to continue to create value for our shareholders."

**Outlook**
While annual global light vehicle production volumes are forecast to return to pre-COVID levels by the end of 2023, we expect industry production volumes to remain uncertain and volatile in the near term given the geopolitical conflicts and macro-economic environment. Assuming no material and prolonged impact to the market and our business, we continue to expect our 2022 revenue to outperform global light vehicle production volume while delivering resilient margins and Cash Flow.

**Results presentation**

TI Fluid Systems plc will host a teleconference for analysts and investors at 9.00 am UK time on 15 March 2022.

Analysts wishing to join may listen to the presentation live by using the details below.

Conference Call Dial-In Details:

UK: +44 (0) 330 336 9601

Conference Code:  6475081

The presentation will be available at 7:00 am UK time from www.tifluidsystems.com. An audio recording will be available on our website in due course.

**Enquiries**

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## Chief Executive Officer's review

I am pleased and proud to give my first report as the CEO of TI Fluid Systems and it is especially meaningful given that 2022 is our Company's historic centennial year. I have been a part of TI Fluid Systems for nearly 25 years and feel very privileged to have the opportunity to lead this great Company at such a pivotal time.

Unfortunately, as I write this statement, the entire world is reacting to Russia's terrible military invasion of Ukraine. We are profoundly shocked and saddened by the events unfolding in Ukraine and our thoughts are with all those affected. While we do not have any facilities in Ukraine, we do have two facilities in St. Petersburg and Tolyatti, Russia. Production at those facilities is being suspended in an orderly manner. While our operations in Russia do not represent a material portion of our global business, we are monitoring the situation closely for any potential wider impacts resulting from the conflict on the Group, such as inflationary cost increases and disruptions to wider supply chains and vehicle production.

Over the longer term, the automotive industry must play a key role in addressing climate change and is doing so by accelerating the transition to electric vehicles and striving to produce those vehicles and their components in a sustainable way. This transformation is happening faster than many would have imagined. The Group's technology, products, engineering capabilities, customer relationships and global footprint, built over the last 100 years, put us in an ideal strategic position to be a leader in this new era for the automotive industry. The Company is now going to ***Take the Turn*** so that our next century will be even more successful than our past.

While we plan and prepare for the future, I am happy to report strong performance in 2021 despite the ongoing impact of the COVID-19 pandemic. Our results, achieved in the face of lower production volumes, global supply disruptions, labour shortages, rising costs, and volatile customer orders, demonstrate the resilience of our business and our ability to successfully manage through difficult market conditions, all supported by the hard work and dedication of our most important asset, our people.

### 2021 performance

Global light vehicle production volume increased from 2020 by 3.4%, albeit this still remains some 13.3% below 2019 levels. The Group delivered revenue of €2.96 billion (+5.6% at constant currency), a 2.2% (220 basis points) outperformance of global light vehicle production growth. Including the impact of currency translation, revenue increased by 4.9%.

Against this backdrop, we continued to generate robust results which compared well with our sector. Adjusted EBITDA was €353 million (11.9% margin) and Adjusted EBIT €213 million (7.2% margin). Profit for the year was €16 million (2020: €252 million loss) and Adjusted Free Cash Flow amounted to €117 million.

The Group also continued its restructuring initiatives that started in 2020 by downsizing or closing certain manufacturing plants and optimising fixed costs.

Maintaining our financial performance with consistent margins and positive cash flow in the face of the prevailing market conditions demonstrated the strength and resilience of our strategy, business model and management focus.

**Continuing impact of the COVID-19 pandemic**

The COVID-19 pandemic that began to quickly spread around the globe in early 2020 has, unfortunately continued throughout 2021. The pandemic created persistent supply chain disruptions and shortages together with cost inflation, all of which continue to create difficulties for our business and the entire automotive industry.

The increasing availability of vaccines, testing and therapeutic treatments is encouraging, and we are optimistic that COVID-19 will become more manageable with less impact on people and businesses. However, with new variants and transmission surges, it is uncertain when conditions might return to normal.

*Health and safety*

At all times, the Group prioritises the health of our employees. At the beginning of the COVID-19 pandemic in 2020, the Group moved swiftly to implement a range of safety protocols at our locations around the world, including the use of masks, social distancing, enhanced cleaning, screening, and quarantine procedures. In addition, travel was, and continues to be, limited and remote work and hybrid work arrangements have been put in place. We have encouraged vaccination for all employees through education and messaging and have also provided paid time off for vaccinations and coordinated with local health authorities to host vaccine clinics at or near many of our manufacturing locations.

As a result of these health and safety actions, the Group was able to protect our workforce while maintaining operations and avoiding any significant disruptions to our customers in 2021.

*Microchip and other shortages*

The COVID-19 pandemic has precipitated a number of material shortages and supply chain disruptions. The most notable for the automotive industry being the microchip shortage that started in 2020 and continued throughout 2021.

For the most part, the Group is impacted only indirectly by these shortages. For example, when our OEM customers are unable to obtain microchips (or components that include microchips), they slow, reduce, or suspend their vehicle production and, in turn, adjust orders (releases) for our products, sometimes at short notice. Lower production volumes reduced our revenues and margins. Order volatility compounded the problem by creating supply chain difficulties and driving extra costs and working capital.

The lagging impact of these shortages and disruptions is reflected in 2021 light vehicle production volume which was only marginally higher than 2020 (by 3.4%) and was 14.5% lower in the second half of 2021

compared to the second half of 2020. By comparison, light vehicle production volume in 2021 was 13.3% lower than 2019 (before COIVD-19 and the shortages).

Production volume forecasts for 2022 and 2023 reflect the general industry expectation that the supply of microchips and other key materials will gradually stabilise and improve throughout 2022, especially during the second half of the year. Nonetheless, significant uncertainty remains with cautious messaging from key microchip manufacturers and potential impacts of the Russia-Ukraine conflict.

**Take the Turn - $T^3$**

The Group has further refined its strategy, referred to as ***Take the Turn*** or ***$T^3$***, to reflect three main pillars that we believe will combine to drive sustainable growth: ***Technology*** *(Electrification),* ***Transformation*** *(Sustainability)* ***and Talent*** *(Learning).*

*Technology*

At the heart of our ***Take the Turn*** strategy is product development and application engineering to support the electrification of the automotive industry. To meet the unique requirements of HEVs and BEVs, the Group is capitalising on its extensive knowledge of fluid components, lighter weight materials, systems architecture and manufacturing processes to provide our OEM customers with advanced designs and products, especially thermal management systems that are efficient and economical.

Our OEM customers have all introduced ambitious plans to launch a record number of hybrid electric vehicle (HEV) and battery electric vehicle (BEV) programmes in the next several years. HEVs and BEVs are forecast to become a significant portion of the global light vehicle market – from 13.2% of total production volume in 2021 (10 million units) to 47.3% in 2028 (48.2 million units) according to IHS Markit's recent production forecast by propulsion system (issued in January 2022).

The introduction of HEVs and BEVs will result in a gradual decline in revenues from our ICE products. However, that decline will be offset by a significant opportunity to increase the Group's revenue on HEVs and BEVs, especially thermal products to manage the heating and cooling of EV batteries. Our engineering and capital investment efforts are being re-allocated accordingly, balancing our manufacturing footprint and resources in order to build a long-term sustainable business.

In 2021, the Group was awarded BEV business with €1 billion of expected lifetime revenue, representing 30% of our total 2021 awards and increasing our share of the EV market. Our products are present in over 37% of the BEV vehicles for nameplates launched during 2021. We are also pleased that, in the last two years, HEV programmes represent 19% of our bookings (based on expected lifetime revenue).

Of particular note, and to provide a good example of our EV progress, in the first quarter of 2021, we launched production of thermal fluid management lines and hoses on Mercedes newly introduced EQS and C Class BEV

models. Also, in Q4 2021, we launched the production of heat pump AC lines on small and mid-range BEVs for Stellantis.

*Transformation*

Climate change is a significant issue, and the need to decarbonise our industry is crucial. The Group is committed to being an automotive industry leader to reduce greenhouse gas emissions and build a more sustainable future. While it is key that our technology and advanced products support the automotive industry's transition to cleaner and greener electric vehicles with lightweight, energy efficient system solutions, we recognise that we must also transform our business in line with new standards and expectations of environmental responsibility in order to deliver sustainable value to our stakeholders – investors, customers, suppliers, employers and the communities where we operate.

The Group has begun a number of initiatives to reduce our $CO_2$(e) emissions and impact on the environment, including energy conservation programmes, increased use of energy from renewable sources, water reduction, and waste elimination. All of these initiatives will be driven by data, clear targets and enhanced reporting.

Although we are at the beginning of our transformational journey, I am very proud of the commitment and enthusiasm shown by the entire organisation as we embrace our sustainability mission.

*Talent*

At the core of our ***T***$^3$ strategy is the talent of our entire workforce. The Group's success is directly linked to our ability to recruit, retain, motivate, educate, and develop a diverse and talented workforce ready for the new electrified future.

In 2021, we introduced our 'Fluid Learning' online learning platform that provides every salaried employee with access to a variety of relevant educational and developmental tools to improve their skills and ability to be a valuable and enthusiastic participant in our collaborative organisation.

This year we again engaged directly with our workforce though our Global Employee Engagement Survey. We were pleased to see that our engagement levels have not diminished, despite the prolonged work from home due to COVID-19. We learned the importance that our employees place on work-life balance and implemented a Group-wide hybrid work model that provides many employees the opportunity to work from home 40% of the time. We continue to evaluate the effectiveness of this hybrid work model and will make enhancements where possible.

We are also progressing our diversity initiatives, including inclusivity education and assessment for top management, regional diversity committees, programmes to increase gender diversity, and mentoring programmes for women. I am pleased that we continued to increase the gender diversity of our senior executive team.

The Group has also sharpened its focus on safety for the wider workforce with enhanced procedures, reporting, audits, and education together with the expansion of our ISO 45001 safety management scheme which will cover every manufacturing location within the next few years.

I could not be more proud of, and impressed by, the Group's more than 25,600 employees everywhere around the world for their outstanding personal commitment in 2021. The entire executive leadership team and I continue to strive to ensure that all of our employees are happy, engaged, and proud to work for TI Fluid Systems.

*Cost increases*

Many raw materials used by the Group experienced extraordinary price increases in 2021. Similarly, transportation and energy costs rose sharply. Wages in most countries also increased due to labour shortages and rising cost of living.

The Group is seeking recovery from customers through ongoing commercial discussions. Such discussions are complex and take time. These recoveries will, in most cases, significantly trail the initial cost impact.

**Climate Change**

The recently published World Economic Forum 2022 Global Risks Report highlights climate change as the top risk concern for global world economic leaders. The COP26 Conference held in November 2021 resulting in adoption of the Glasgow Climate Pact by nearly 200 countries which recognises the global climate emergency and expressing 'alarm and utmost concern that human activities have caused around 1.1°C of global warming to date and that impacts are already being felt in every region.' The Glasgow Climate Pact stresses the urgency of action 'in this critical decade' and calls on all countries to present stronger national climate action plans next year given that, despite many pledges and commitments, scientists expect a global temperature increase of 1.8°C by the end of the century with significant negative impacts.

The Group is taking climate change impacts very seriously and has performed various analysis of the potential impacts on our business. We have moved quickly to adapt our business planning and processes to ensure that the risks and opportunities driven by climate change are incorporated as we position the Group for future growth and success. Our Take the Turn strategy, $T^3$, addresses the transitional risks and opportunities associated with vehicle electrification as well as the need to operate our business in a more sustainable manner to address climate change.

**Leadership changes**

In addition to my appointment as CEO, the Company also expanded its executive team in 2021.

Stephanie Jett joined as Chief Commercial Officer, Johannes Helmich as Chief Technology Officer and Mark Sullivan as Chief Operating Officer.

These talented additions to our already strong executive group will help reinforce and support our ***Take the Turn*** strategy and facilitate better coordination with our customers, cross divisional know-how and technology transfer, and the balancing of resources.

**Looking ahead**

We expect 2022 to be a year of stabilisation with many of the challenges in 2021 gradually diminishing. Although the timing and degree of any recovery is uncertain, especially given the unknown impact of the Russian invasion of Ukraine, IHS Markit forecasts that global light vehicle production will return to 2019 production levels in 2023.

With the benefit of prior restructurings, cost containment initiatives and management focus, I am confident the Group can continue to deliver steady performance and then capitalise on the recovery, when it comes.

In the longer term, the Group is well positioned to increase its BEV market share with revenue growth outperforming vehicle production increases and consistent cash generation and margins.

I am honoured to lead the Group as, together, we celebrate our 100-year anniversary and ***Take the Turn*** towards an exciting future.

**Hans Dieltjens**
Chief Executive Officer and President

14 March 2022

## Chief Financial Officer's Report

We are pleased to report another year of successful business performance through further headwinds in the global light vehicle production volume environment which saw the industry impacted by logistics and supply chain disruptions including microchip supply shortages. In 2021, we continued to deliver revenue growth outperforming the growth in global light vehicle production, progressed our margin recovery efforts and maintained cash generation despite working capital challenges. We have seen the benefits of our action and restructuring plans to protect the business and ensure the Group is positioned for an even stronger and more competitive future. Our balance sheet remains strong, and our liquidity position is very healthy with the in-year refinancing actions delivering a more balanced maturity profile to our external borrowing.

**Table 1: Key Performance measures** €m

| | Management basis* | | | As reported | | |
|---|---|---|---|---|---|---|
| | **2021** | 2020 | **Change** | **2021** | 2020 | **Change** |
| Revenue | **2,956.6** | 2,814.5 | 142.1 | **2,956.6** | 2,814.5 | 142.1 |
| % Change at constant / actual currency | | | 5.6 % | | | 4.9 % |
| Adjusted EBITDA | **352.9** | 330.9 | 22.0 | | | |
| Margin | **11.9%** | 11.8% | *0.1 %* | | | |
| Adjusted EBIT / Operating Profit or (Loss) | **212.6** | 173.3 | 39.3 | **126.8** | (176.3) | 303.1 |
| Margin | **7.2%** | 6.2% | 1.0 % | **4.3 %** | (6.3%) | 10.6 % |
| Adjusted Net Income / Profit or (Loss) for the year | **58.3** | 13.7 | 44.6 | **16.0** | (252.2) | 268.2 |
| Earnings per share (€ cents) | **11.23** | 2.64 | 8.59 | **2.76** | (48.88) | 51.64 |
| Adjusted Free Cash Flow ** | **117.3** | 148.2 | (30.9) | | | |
| Dividend (€ cents) | **3.39** | 6.74 | (3.35) | **3.39** | 6.74 | (3.35) |

*Management basis metrics are non - IFRS measures as defined on pages 21 to 22
**No equivalent GAAP measure - see table 8a for reconciliation to statutory cash flow items

Global light vehicle production remains the principal driver of the Group's performance. In 2021, global light vehicle production increased to 77.1 million vehicles or by 3.4% compared to the prior year, with all the increase in the first half of the year. The accelerated post-COVID-19 recovery seen in the first half of 2021 was partially offset by the impact of significant second half customer production volume volatility as adjustments were made in response to microchip shortages and other supply chain disruptions.

Despite these challenges, revenue increased by €157.0 million or 5.6% year over year on a constant currency basis, to €2,956.6 million, outperforming global light vehicle production by 220 bps in the year. If we include the negative currency impact of €14.9 million, reported revenue increased by €142.1 million, or 4.9% year over year.

We generated Adjusted EBIT of €212.6 million with a margin of 7.2%, an increase of 100 bps from the prior year. The increase in margin is directly related to the conversion of higher sales as well as lower fixed costs in the period as we continue to focus on cost management to address short term market conditions. On an 'as

reported' basis, we achieved an operating profit of €126.8 million, up €303.1 million from the prior year operating loss of €176.3 million which included an exceptional impairment charge of €304.6 million. This is discussed in more detail in the Operating Profit, Adjusted EBITDA and Adjusted EBIT section of this report.

Adjusted Net Income rose by €44.6 million to €58.3 million, compared to €13.7 million in the prior year. The reported profit for the year was €16.0 million compared to €252.2 million loss in 2020. Basic EPS was 2.76 Euro cents (2020: (48.88) Euro cents) and Adjusted Basic EPS was 11.23 Euro cents, an increase from 2.64 Euro cents in 2020.

Despite the adverse impact on working capital management from the volatile production environment the Group delivered a respectable Adjusted Free Cash Flow of €117.3 million (2020: €148.2 million). With financing net cash outflows amounting to €122.5 million (2020: €51.6 million) including €45.0 million (2020: €nil) in respect of dividend payments and a favourable currency impact of €24.3 million (2020: €36.5 million unfavourable), year end net debt was €600.3 million (2020: €590.0 million), inclusive of cash balances of €499.1 million (2020: €485.8 million).

**Automotive markets**

Global light vehicle production volumes increased by 3.4% in 2021 to 77.1 million vehicles as shown in table 2 - with the strong recovery in the first half of the year hampered by supply chain disruptions in the second half of the year.

**Table 2: Global light vehicle production volumes:** millions of units

| | **2021** | **% Change** |
|---|---|---|
| Europe, including Middle East and Africa | **17.9** | -2.3% |
| Asia Pacific | **43.6** | 6.4% |
| North America | **13.0** | 0.2% |
| Latin America | **2.6** | 16.1% |
| **Total global volumes** | **77.1** | 3.4% |

Source: IHS Markit, February 2022 and Company estimates
Change percentages calculated using unrounded data

**Revenue**

Our revenue in each of the regions and by segment is included in table 3.

**Table 3: Revenue by region and by segment** €m

| | **2021** | 2020 | **Change** | **% Change** | **% Change at constant currency** |
|---|---|---|---|---|---|
| **Total Group Revenue** | **2,956.6** | 2,814.5 | 142.1 | 4.9 % | 5.6% |
| **By Region** | | | | | |
| Europe and Africa | **1,138.4** | 1,077.5 | 60.9 | 5.7 % | 5.6% |
| Asia Pacific | **1,058.1** | 982.5 | 75.6 | 7.7 % | 6.2% |
| North America | **713.6** | 714.7 | (1.1) | (0.2)% | 3.5% |
| Latin America | **46.5** | 39.8 | 6.7 | 16.8 % | 29.3% |
| **By segment** | | | | | |
| Fluid Carrying Systems ('FCS') | **1,603.5** | 1,526.9 | 76.6 | 5.0 % | 6.0% |
| Fuel Tank and Delivery Systems ('FTDS') | **1,353.1** | 1,287.6 | 65.5 | 5.1 % | 5.3% |

Group revenue in 2021 was €2,956.6 million, an increase of 5.6% year over year at constant currency. In comparison, global light vehicle production volume increased by 3.4% in the year, resulting in a 220 bps outperformance primarily driven by our materialising electrification strategy.

In Europe and Africa, revenue at constant currency increased by 5.6% year over year compared to a light vehicle production volume change of -2.3%, giving an outperformance of 790 bps. This outperformance was driven by the successful launch of new HEV/BEV programmes for both FTDS and FCS, as well as full trading in 2021 compared to 2020 when the region experienced wide-ranging factory shutdowns.

In Asia Pacific, revenue at constant currency increased by 6.2% year over year compared to light vehicle production volume increase of 6.4%, for a slight underperformance of 20 bps. This underperformance was driven by the timing of programme ramp downs in FTDS and customer production volatilities which offset the benefit of new programme launches in FCS.

In North America, revenue at constant currency increased by 3.5% year over year compared to light vehicle production volume increase of 0.2%, reflecting an outperformance of 330 bps. Outperformance in this region was mainly driven by strong growth in FTDS due to new business launches and ramp ups, partially offset by the ramp down of powertrain programmes. FTDS outperformed the market in that region by 910 bps.

FCS revenue increased by €91.0 million, or 6.0% at constant currency from the prior year to €1,603.5 million, giving an outperformance of 260 bps when compared to global light vehicle production volume growth. The strong FCS revenue increase is driven by successful launches of thermal programmes in Europe and Asia Pacific.

FTDS revenue at constant currency increased by 5.3% to €1,353.1 million, outperforming global light vehicle production growth by 190 bps, primarily driven by new business launches in Europe and North America. Asia Pacific outperformance slowed down due to the timing of programme ramp downs and disruptions resulting from microchip shortages.

Revenue increased by 4.9% to €2,956.6 million at reported rates due to a net adverse currency exchange rate impact of €14.9 million compared with the prior year. This was mostly due to weakening of the US dollar and Korean Won against the Euro, partially offset by the strengthening of other key currencies in countries where the Group has manufacturing operations. Table 4 sets out the movement in exchange rates most relevant to our operations.

**Table 4: Exchange rates**

| **Key Euro exchange rates** | **2021 Average** | 2020 Average | % Change | **31 December 2021 Year End** | 31 December 2020 Year End | % Change |
|---|---|---|---|---|---|---|
| US dollar | **1.182** | 1.141 | 3.6 % | **1.137** | 1.224 | (7.1)% |
| Chinese renminbi | **7.628** | 7.869 | (3.1)% | **7.228** | 7.988 | (9.5)% |
| South Korean won | **1,354** | 1,344 | 0.7 % | **1,352** | 1,331 | 1.6 % |

**Operating profit, Adjusted EBITDA* and Adjusted EBIT***

We use several financial measures to manage our business, including Adjusted EBITDA and Adjusted EBIT, which are non-IFRS measures, but are measures of profitability that have been used consistently by the Group and give insight into the operating performance of the business. The metrics are also used in certain of our compensation plans and to communicate to our investors. Table 5 shows a reconciliation between the reported measure, operating profit, Adjusted EBITDA and Adjusted EBIT.

**Table 5: Calculation of Adjusted EBITDA* and Adjusted EBIT*** €m

| | **2021** | 2020 |
|---|---|---|
| **Operating profit / (loss)** | **126.8** | (176.3) |
| Depreciation and impairment of PP&E | **92.0** | 104.6 |
| Depreciation and impairment of right-of-use assets | **29.8** | 31.9 |
| Amortisation and impairment of intangible assets | **70.2** | 76.7 |
| Share of loss of associate | **(0.9)** | (3.5) |
| Exceptional impairment | **—** | 304.6 |
| **EBITDA** | **317.9** | 338.0 |
| Net foreign exchange losses / (gains) | **6.9** | (27.2) |
| Dividend received from associate | **—** | 0.5 |
| Net restructuring costs | **26.8** | 16.1 |
| Share of loss of associate | **0.9** | 3.5 |
| Other reconciling adjustments | **0.4** | — |
| **Adjusted EBITDA** | **352.9** | 330.9 |
| Less: | | |
| Depreciation and impairment of PP&E | **(92.0)** | (104.6) |
| Depreciation and impairment of right-of-use assets | **(29.8)** | (31.9) |
| Amortisation and impairment of intangible assets | **(70.2)** | (76.7) |
| Add back: | | |
| Depreciation uplift arising on purchase accounting | **10.6** | 12.9 |
| Amortisation uplift arising on purchase accounting | **41.1** | 42.7 |
| **Adjusted EBIT** | **212.6** | 173.3 |

* See Non-IFRS measures on pages 21 to 22

The operating profit of €126.8 million (2020: €176.3 million loss) represents a significant increase on the prior year principally as there was no repeat of the 2020 exceptional impairment charge of €304.6 million which was recognised following a full impairment review triggered by the significant change in projected volumes and forecast cash flows projected at that time. Our 2021 full impairment review (see Note 9) indicated no further impairment charges were necessary. Operating profit before exceptional items was €126.8 million, €1.5 million lower than last year (2020: €128.3 million) where the operating gains from higher revenues, were more than offset by the impact of the net foreign exchange gains/losses which moved from a gain of €27.2 million in the prior year, to a loss of €6.9 million in 2021.

The restructuring programme started in 2020 continued to be implemented in 2021, and in this regard we incurred further restructuring charges of €26.8 million related to permanent headcount reductions across all our businesses and the planned closure and downsizing of manufacturing plants in Europe, North America and Latin America. At the end of 2021 there was a restructuring provision of €15.8 million (2020: €11.0 million).

In December 2021 the Group sold its 20% associate stake in SeAH for €15.5 million. The impact of the disposal, which is not a trading item, was a pre-tax loss of €0.2 million. The disposal incurred a tax charge of €3.1 million.

Adjusted EBITDA was €352.9 million (2020: €330.9 million) and Adjusted EBITDA margin was 11.9% (2020: 11.8%) with the increase mainly attributable to the increase of operating profit due to the conversion on higher revenue. Our operating costs have been impacted by challenges in the supply chain relating to pricing pressure, inflation of input costs for metals and resin, and the adverse impact of non-flexed labour costs due to production level volatility. These cost increases have been offset by the benefits of the restructuring programme. In 2021 we have managed to weather this storm and deliver margin growth compared to the prior year.

Adjusted EBIT was €212.6 million (2020: €173.3 million) and Adjusted EBIT margin was 7.2% (2020: 6.2%), mainly reflecting the benefit of lower depreciation and amortisation charges in the year as a result of the large impairment recognised in the prior year. During the year there were programme specific impairment charges of €2.0 million (2020: €9.2 million).

By segment, FCS Adjusted EBIT grew by €20.7 million to €117.9 million (2020: €97.2 million) with Adjusted EBIT margin of 7.4% (2020: 6.4%). The year over year margin growth reflects the strong rebound from COVID-19 impacts, particularly in Europe and Asia Pacific.

FTDS Adjusted EBIT increased by €18.6 million to €94.7 million (2020: €76.1 million) with Adjusted EBIT margin of 7.0% (2020: 5.9%). The increase in margin reflects the conversion of higher revenues in 2021.

As a direct consequence of unwinding the Group's hedging programme in March 2020 to release 'in the money' contractual positions to cash, the Group has borne the translation impact on unhedged non-Euro currency inter-company loan positions. This is the primary constituent of the €6.9 million foreign exchange loss arising in the year, which was primarily incurred in the first half of the year. The refinancing completed in April 2021 sought to rebalance the currency split of the external borrowings to reduce the unhedged exposures.

**Net finance expense**

Net finance expense, before exceptional items for the year was €60.0 million, a decrease of €14.0 million from the prior year. The decrease was mainly due to fair value net losses on financial instruments and derivatives that were incurred in 2020, and reduced interest expense due to lower interest rates from our refinancing carried out in April 2021. As a result of the refinancing, an exceptional expense of €11.8 million associated with a non-cash capitalised fee write-off has been incurred. The expected annualised saving of the reduced interest expense as a result of the refinancing in April 2021 is expected to be approximately €9.0 million.

**Taxation**

The Group income tax charge, before exceptional items, is €40.9 million, up €12.8 million over 2020. This higher income tax charge results in an increase in the Effective Tax Rate to 62.0% (2020: 55.3%) on Group Profit Before Tax of €65.9 million. Adjusting for the one-off effect of the 2021 €3.1 million tax charge related to the disposal of the associate investment and the impact of accounting for associates on an after tax basis, the 2021

Effective Tax Rate is 56.4% (2020: 51.7%). The unusually high effective tax rate is reflective of the mix effect of the increase in the level of profits generating a tax charge and an increase in the level of losses where no deferred tax asset is recognised. The effective tax rate for those entities which are ordinarily subject to tax or where deferred tax assets are recognised is broadly consistent year on year, 26.3% (2020: 22.4%). The level of losses not subject to a tax charge was €46.9 million (2020: 38.6 million). More detail is available in Note 6.

The 2021 Adjusted Effective Tax Rate is 36.7% (2020: 42.6%). The Adjusted Effective Tax Rate, as shown in table 6, adjusts for the impact of the UK accounting loss of €42.5 million (2020: €26.4 million) on which no tax benefit is recognised and the prior year tax benefit movements of €2.4 million (2020: €6.3 million). The decreased Adjusted Effective Tax Rate of 36.7% reflects the adjusted income tax charge of €40.2 million on adjusted Group Profit Before Tax of €109.5 million.

The 2020 exceptional impairment charge of €304.6 million has an associated deferred tax credit of €29.7 million, an effective tax rate of 9.8%. The lower effective tax rate is due to the fact that the majority of the impairment is related to goodwill that does not carry a deferred tax balance and therefore this portion of the impairment is not tax effected.

For 2021, the Group is reporting an exceptional US refinancing charge of €11.8 million with a corporate tax benefit of €1.8 million and a deferred tax benefit of €1.0 million which results in an exceptional effective tax rate of 23.7% (the US 2021 effective tax rate).

**Table 6: Calculation of Effective and Adjusted Effective Tax rates for 2021 and 2020*** €m

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Profit before tax** | **Tax charge** | **Tax rate** | Profit before tax | Tax charge | Tax rate |
| **As reported** | **65.9** | **(40.9)** | **62.0 %** | 50.8 | (28.1) | 55.3% |
| Add back: | | | | | | |
| Disposal of associate investment impact | **0.2** | **3.1** | | — | — | |
| Share of associate loss | **0.9** | **—** | | 3.5 | — | |
| | **67.0** | **(37.8)** | **56.4 %** | 54.3 | (28.1) | 51.7 % |
| UK accounting loss** | **42.5** | **—** | | 26.4 | — | |
| Prior year deferred tax benefit / charge | | **0.3** | | | (0.7) | |
| Prior year corporate tax benefit | | **(2.7)** | | | (5.6) | |
| **Adjusted** | **109.5** | **(40.2)** | **36.7 %** | 80.7 | (34.4) | 42.6 % |

*See Non-IFRS measures on pages 21 to 22
** UK accounting loss is not tax effected due to the UK historical tax loss position

**Adjusted Net Income* and profit for the year**

Adjusted Net Income is a component of the Adjusted Basic EPS calculation and is also used to guide our dividend policy calculation. The calculation of Adjusted Net Income is shown in table 7a.

**Table 7a: Adjusted Net Income*** €m

| | **2021** | 2020 |
|---|---|---|
| Adjusted EBITDA (see table 5) | **352.9** | 330.9 |
| Less: | | |
| Net finance expense before exceptional items | **(60.0)** | (74.0) |
| Income tax expense before exceptional items | **(40.9)** | (28.1) |
| Depreciation and impairment of PP&E | **(92.0)** | (104.6) |
| Depreciation and impairment of right-of-use assets | **(29.8)** | (31.9) |
| Amortisation and impairment of intangible assets | **(70.2)** | (76.7) |
| Non-controlling interests' share of profit | **(1.7)** | (1.9) |
| **Adjusted Net Income** | **58.3** | 13.7 |

**Table 7b: Reconciliation of profit for the year to Adjusted Net Income*** €m

| | **2021** | 2020 |
|---|---|---|
| **Profit /(loss) for the year** | **16.0** | (252.2) |
| Less: | | |
| Non-controlling interests' share of profit | **(1.7)** | (1.9) |
| Net foreign exchange losses/ (gains) | **6.9** | (27.2) |
| Exceptional deferred tax credit | **(2.8)** | (29.7) |
| Add back: | | |
| Exceptional finance expenses | **11.8** | — |
| Exceptional asset impairment cost | **—** | 304.6 |
| Net restructuring costs | **26.8** | 16.1 |
| Associate loss less dividend received | **0.9** | 4.0 |
| Other reconciling items | **0.4** | — |
| **Adjusted Net Income** | **58.3** | 13.7 |

*See Non-IFRS measures on pages 21 to 22

Adjusted Net Income was €58.3 million in 2021, a significant increase from €13.7 million in 2020, primarily driven by the flow through of higher revenues in the year.

**Basic EPS and Adjusted Basic EPS***

On a statutory basis, Basic Earnings per Share ('EPS') was 2.76 Euro cents for the year (2020: (48.88) Euro cents), reflecting the significantly improved profit for the year. Adjusted Basic EPS was 11.23 Euro cents per share for the year (2020: 2.64 Euro cents per share) reflecting the increase in Adjusted Net Income as noted above.

*See Non-IFRS measures on pages 21 to 22

**Dividend**

The Company’s dividend policy is to target an annual dividend of approximately 30% of Adjusted Net Income, one third payable following half year results and two thirds following the Group’s final results.

The Board has decided to recommend a final dividend of 1.46 Euro cents per share amounting to €7.5 million. This final dividend together with the 2021 interim dividend of 1.93 Euro cents per share paid in September 2021, makes a total dividend for 2021 of 3.39 Euro cents per share totalling €17.5 million. The total dividend is 30% of Adjusted net income. Subject to shareholder approval at the Annual General Meeting on 18 May 2022, the final dividend will be paid on 23 June 2022 to those on the register on 27 May 2022, the Dividend Record Date and will be converted to Sterling at a fixed rate on the same date.

The Board paid a dividend of 6.74 Euro cents per share, amounting to €35.0 million on 19 February 2021. This dividend payment was not considered in determining the proposed final dividend.

The Group continues to remain confident in its business model, cost flexibility, strong cash generation, experienced management team, and successful transition to electrification.

**Cash flow performance**

The Group uses Adjusted Free Cash Flow as its primary operating measure of cash flow performance.

**Table 8a: Adjusted Free Cash Flow*** €m

| | **2021** | 2020 |
|---|---|---|
| Net cash generated from operating activities | **215.1** | 257.6 |
| Net cash used by investing activities | **(103.6)** | (95.4) |
| **Free Cash Flow*** | **111.5** | 162.2 |
| Deduct: | | |
| Cash received on settlement of derivatives | **—** | (16.6) |
| Proceeds from the sale of associate | **(15.5)** | — |
| Restructuring proceeds on sale of facilities | — | (10.4) |
| Add back: Net restructuring cash spend | **21.3** | 13.0 |
| **Adjusted Free Cash Flow** | **117.3** | 148.2 |

**Table 8b: Reconciliation of Adjusted EBITDA to Adjusted Free Cash Flow*** €m

| | **2021** | 2020 |
|---|---|---|
| Adjusted EBITDA | **352.9** | 330.9 |
| Less: | | |
| Net cash interest paid | **(47.5)** | (54.1) |
| Cash taxes paid | **(54.1)** | (59.7) |
| Payment for property, plant and equipment | **(88.2)** | (82.1) |
| Payment for intangible assets | **(35.4)** | (30.1) |
| Movement in working capital | **(9.3)** | 63.0 |
| Movement in retirement benefit obligations | **(4.6)** | (9.1) |
| Movement in provisions and other | **(2.3)** | 3.4 |
| **Free Cash Flow*** | **111.5** | 162.2 |
| Deduct: | | |
| Cash received on settlement of derivatives | **—** | (16.6) |
| Proceeds from the sale of associate | **(15.5)** | — |
| Restructuring proceeds on sale of facilities | — | (10.4) |
| Add back: Net restructuring cash spend | **21.3** | 13.0 |
| **Adjusted Free Cash Flow** | **117.3** | 148.2 |

*See Non-IFRS measures on pages 21 to 22

In 2021, we generated Adjusted Free Cash Flow of €117.3 million (2020: €148.2 million). The Adjusted EBITDA generated by the Group was used to fund investment in capital equipment and intangibles. There was a €11.4 million increase in property, plant and equipment and intangibles expenditure showing a return to pre-COVID-19 capital expenditure levels. Tax cash payments were €5.6 million higher primarily due to higher taxable profits. The outflow from working capital of €9.3 million was driven by the increase in working capital balances due to the recovery of activity levels compared to last year and higher inventory levels attributable to production level volatility. The net cash outflow on restructuring was €21.3 million, predominantly severance payments (2020: €13.0 million). In 2020 €16.6 million was received from foreign exchange hedges which were closed out in March 2020, and €10.4 million was received from the sale of facilities as part of our restructuring action.

Free cash flows of €111.5 million (2020: €162.2 million) were offset by cash outflows from financing of €122.5 million (2020: €51.6 million), resulting in a reported decrease in cash and cash equivalents of €11.0 million (2020: increase of €110.6 million). Financing outflows include the net impact of the 2021 refinancing and other borrowing repayments of €22.1 million (2020: €19.0 million), and €31.6 million (2020: €28.6 million) lease principal repayments. In December 2021 the Associate holding in SeAH FS Co. Ltd was sold for €15.5 million; the proceeds of this transaction are excluded from the calculation of Adjusted Free Cash Flow. Further details of the sale are included in note 10.

The 2021 total dividend cash outflow amounted to €45.0 million (2020: €nil).

**Retirement benefits**

We operate funded and unfunded defined benefit schemes across multiple jurisdictions with the largest being the US pension and retiree healthcare schemes, which represent 52% of our net unfunded position at 31 December 2021 (2020: 54%). We also have funded schemes in the UK and Canada 1% (2020: 2%) and Germany 20% (2020: 18%). While all our major plans are closed to new entrants, a few allow for future accrual. Our schemes are subject to periodic actuarial valuations. Our net unfunded position decreased by €32.6 million from December 2020 to €128.1 million at 31 December 2021 due primarily to discount rates differential year-on-year and overall pension investment performance.

**Net debt* and net leverage***

Net debt, a non-IFRS measure, as at 31 December 2021 was €600.3 million, a slight increase of €10.3 million from the prior year end with amortising payments, additional fees capitalised in association with the refinancing transaction, offset by adverse foreign exchange movements of €28.7 million. On 16 April 2021, the Group successfully completed the issue of a €600.0 million unsecured bond. The proceeds were used to pay down the existing term loans; in addition the term loan interest rates were lowered, and the maturity dates extended from December 2024 to December 2026. These facilities also include an additional $225.0 million revolving credit facility with an undrawn amount of $223.1 million (€196.2 million) at 31 December 2021. Full details of these changes are given in Note 11. These changes resulted in incremental costs of €9.1 million which were capitalised, as well as reduced interest costs, the annual impact of which is estimated at €9.0 million. Issuance fees and discounts of €24.6 million on the loans are carried forward for future amortisation.

The Group's net leverage ratio, also a non-IFRS measure, was 1.7 times Adjusted EBITDA as at 31 December 2021 (31 December 2020: 1.8 times); the decrease reflects the higher Adjusted EBITDA.

The Group excludes IFRS 16 lease liabilities from its net debt and net leverage ratio. If the IFRS 16 lease liabilities were to be included, the Group's net debt would be €750.2 million (31 December 2020: € 741.0 million) and net leverage ratio would be 2.1 times Adjusted EBITDA (31 December 2020: 2.2 times).

*See Non-IFRS measures on pages 21 to 22

**Liquidity**

Our principal sources of liquidity have historically been cash generated from operating activities and amounts available under our credit facilities, that currently consist of a revolving facility under our cash flow credit agreement of $225.0 million (€197.9 million). The refinancing completed in April 2021 maintains existing levels of liquidity, lowered our cost of debt and extended debt maturities to December 2026. Total available liquidity (cash plus available facilities) on 31 December 2021 was €695.3 million (31 December 2020: €666.5 million).

**Outlook**

While annual global light vehicle production volumes are forecast to return to pre-COVID levels by the end of 2023, we expect industry production volumes to remain uncertain and volatile in the near term given the

geopolitical conflicts and macro-economic environment. Assuming no material and prolonged impact to the market and our business, we continue to expect our 2022 revenue to outperform global light vehicle production volume while delivering resilient margins and Cash Flow.

**Non-IFRS measures**

In addition to the results reported under IFRS, we use certain non-IFRS financial measures to monitor and measure performance of our business and operations and the profitability of our Divisions. Such measures are also utilised by the Board as targets in determining compensation of certain executives and key members of management, as well as in our communications with investors. In particular, we use Adjusted EBIT, Adjusted EBITDA, Adjusted Net Income, Adjusted Basic EPS, Adjusted Free Cash Flow and Adjusted Effective Tax Rate. These non-IFRS measures are not recognised measurements of financial performance or liquidity under IFRS, and should be viewed as supplemental and not replacements or substitutes for any IFRS measures.

EBITDA is defined as profit or loss before tax, net finance expense, depreciation, amortisation and impairment of tangible and intangible assets, and associate share of profits or losses.

Adjusted EBITDA is defined as EBITDA adjusted for exceptional operating costs, net foreign exchange gains/(losses), net restructuring charges, associate share of profits or losses, associate dividends received and the impact of any business acquisitions or disposals.

Adjusted EBIT is defined as Adjusted EBITDA less depreciation, amortisation and non-exceptional impairment on tangible and intangible assets net of depreciation and amortisation on purchase price accounting.

Constant currency refers to the statement of prior year results at current exchange rates to eliminate fluctuations in translation rates and achieve a like-for-like comparison.

Revenue outperformance is defined as the growth in revenue at constant currency compared to the growth in global light vehicle production volumes.

Operating profit margin is defined as operating profit expressed as a percentage of revenue.

Adjusted Net Income is defined as Profit or Loss for the year attributable to the ordinary shareholders before exceptional items adjusted to reflect associate dividends received and eliminate the impact of net restructuring charges, foreign exchange gains or losses and the impact of any business acquisitions or disposals.

Adjusted Basic EPS is defined as Adjusted Net Income divided by the weighted average number of shares in issue in the year.

Free Cash Flow is defined as the total of net cash generated from operating activities and net cash used by investing activities.

Adjusted Free Cash Flow is defined as Free Cash Flow adjusted for cash movements in financial assets at fair value through the profit or loss, cash payments related to IPO costs, net cash flows relating to restructuring, settlement of derivatives and the impact of any business acquisitions or disposals. The restructuring cash adjustment is made to align the treatment of restructuring with the other adjusted measures.

Adjusted Income Tax before Exceptional items is defined as income tax before exceptional items adjusted for the tax impact of prior year tax provisions and adjustments, and tax arising on the impact of any business acquisitions or disposals.

Adjusted Profit before Income Tax is defined as profit before income tax adjusted for UK losses, share of associate loss, and the impact of any business acquisitions or disposals.

Adjusted Effective Tax Rate is defined as adjusted income tax before exceptional items as a percentage of adjusted profit before income tax.

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

Net leverage is defined as net debt divided by last 12 months' Adjusted EBITDA.

**Ronald Hundzinski**
Chief Financial Officer
14 March 2022

**Cautionary Statement**

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of TI Fluid Systems plc (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 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 announcement should be construed as a profit forecast.

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## Group Financial Statements
### Consolidated Income Statement

*For the year ended 31 December*

| Continuing operations | Note | **2021 Before exceptional items €m** | **Exceptional items €m** | **2021 After exceptional items €m** | 2020 Before exceptional items €m | Exceptional items €m | 2020 After exceptional items €m |
|---|---|---|---|---|---|---|---|
| Revenue | 3 | **2,956.6** | **—** | **2,956.6** | 2,814.5 | — | 2,814.5 |
| Cost of sales | | **(2,626.8)** | **—** | **(2,626.8)** | (2,493.1) | (120.4) | (2,613.5) |
| **Gross profit/(loss)** | | **329.8** | **—** | **329.8** | 321.4 | (120.4) | 201.0 |
| Distribution costs | | **(93.9)** | **—** | **(93.9)** | (83.7) | — | (83.7) |
| Administrative expenses | | **(105.8)** | **—** | **(105.8)** | (145.1) | (184.2) | (329.3) |
| Other income | | **3.6** | **—** | **3.6** | 8.5 | — | 8.5 |
| Net foreign exchange (losses)/gains | 4 | **(6.9)** | **—** | **(6.9)** | 27.2 | — | 27.2 |
| **Operating profit/(loss)** | | **126.8** | **—** | **126.8** | 128.3 | (304.6) | (176.3) |
| Finance income | 5 | **3.1** | **—** | **3.1** | 3.5 | — | 3.5 |
| Finance expense | 5 | **(63.1)** | **(11.8)** | **(74.9)** | (77.5) | — | (77.5) |
| Net finance expense | 5 | **(60.0)** | **(11.8)** | **(71.8)** | (74.0) | — | (74.0) |
| Share of loss of associate | | **(0.9)** | **—** | **(0.9)** | (3.5) | — | (3.5) |
| **Profit/(loss) before income tax** | | **65.9** | **(11.8)** | **54.1** | 50.8 | (304.6) | (253.8) |
| Income tax (expense)/credit | 6 | **(40.9)** | **2.8** | **(38.1)** | (28.1) | 29.7 | 1.6 |
| **Profit/(loss) for the year** | | **25.0** | **(9.0)** | **16.0** | 22.7 | (274.9) | (252.2) |
| Profit/(loss) for the year attributable to: | | | | | | | |
| Owners of the Parent Company | | **23.3** | **(9.0)** | **14.3** | 20.8 | (274.9) | (254.1) |
| Non-controlling interests | | **1.7** | **—** | **1.7** | 1.9 | — | 1.9 |
| | | **25.0** | **(9.0)** | **16.0** | 22.7 | (274.9) | (252.2) |
| **Total earnings per share (Euro, cents)** | | | | | | | |
| Basic | 7 | | | **2.76** | | | (48.88) |
| Diluted | 7 | | | **2.73** | | | (48.88) |

**Consolidated Statement of Comprehensive Income**

*For the year ended 31 December*

| | **2021**<br>**€m** | 2020<br>€m |
|---|---|---|
| **Profit/(loss) for the period** | **16.0** | (252.2) |
| **Other comprehensive income/(expense)** | | |
| ***Items that will not be reclassified to profit or loss*** | | |
| – Re-measurements of retirement benefit obligations | **36.3** | (21.1) |
| – Income tax (expense)/credit on retirement benefit obligations | **(6.8)** | 3.6 |
| | **29.5** | (17.5) |
| ***Items that may be subsequently reclassified to profit or loss*** | | |
| – Currency translation | **75.1** | (52.4) |
| – Cash flow hedges | **—** | 13.2 |
| – Net investment hedges | **0.9** | 6.9 |
| | **76.0** | (32.3) |
| **Total other comprehensive income/(expense) for the period** | **105.5** | (49.8) |
| **Total comprehensive income/(expense) for the period** | **121.5** | (302.0) |
| **Attributable to:** | | |
| – Owners of the Parent Company | **120.1** | (303.2) |
| – Non-controlling interests | **1.4** | 1.2 |
| **Total comprehensive income/(expense) for the period** | **121.5** | (302.0) |

**Consolidated Balance Sheet**

*As at 31 December*

| | Note | 2021 €m | 2020 €m |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 8 | **884.8** | 883.8 |
| Right-of-use assets | | **125.2** | 124.9 |
| Property, plant and equipment | | **595.4** | 590.8 |
| Investments in associates | 10 | **—** | 14.6 |
| Deferred income tax assets | 6 | **70.5** | 62.4 |
| Trade and other receivables | | **19.2** | 18.9 |
| | | **1,695.1** | 1,695.4 |
| **Current assets** | | | |
| Inventories | | **332.3** | 351.4 |
| Trade and other receivables | | **520.5** | 534.8 |
| Current income tax assets | 6 | **11.4** | 13.7 |
| Derivative financial instruments | | **0.9** | 0.4 |
| Financial assets at fair value through profit and loss | | **0.9** | 0.9 |
| Cash and cash equivalents | | **499.1** | 485.8 |
| | | **1,365.1** | 1,387.0 |
| **Total assets** | | **3,060.2** | 3,082.4 |
| **Equity** | | | |
| Share capital | | **6.8** | 6.8 |
| Share premium | | **2.2** | 2.2 |
| Other reserves | | **(61.4)** | (137.7) |
| Retained earnings | | **995.9** | 987.7 |
| **Equity attributable to owners of the Parent Company** | | **943.5** | 859.0 |
| Non-controlling interests | | **0.4** | 25.2 |
| **Total equity** | | **943.9** | 884.2 |
| **Non-current liabilities** | | | |
| Trade and other payables | | **14.6** | 20.0 |
| Borrowings | 11 | **1,098.5** | 1,069.3 |
| Lease liabilities | | **119.8** | 122.4 |
| Deferred income tax liabilities | 6 | **95.8** | 104.3 |
| Retirement benefit obligations | 12 | **128.1** | 160.7 |
| Provisions | 13 | **2.6** | 4.9 |
| | | **1,459.4** | 1,481.6 |
| **Current liabilities** | | | |
| Trade and other payables | | **546.1** | 614.1 |
| Current income tax liabilities | 6 | **49.9** | 40.7 |
| Borrowings | 11 | **1.8** | 7.4 |
| Lease liabilities | | **30.1** | 28.6 |
| Derivative financial instruments | | **0.3** | 0.2 |
| Provisions | 13 | **28.7** | 25.6 |
| | | **656.9** | 716.6 |
| **Total liabilities** | | **2,116.3** | 2,198.2 |
| **Total equity and liabilities** | | **3,060.2** | 3,082.4 |

**Consolidated Statement of Changes in Equity**

*For the year ended 31 December*

| | Ordinary shares €m | Share premium €m | Other reserves €m | Retained earnings €m | Total €m | Non-controlling interests €m | Total equity €m |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2021 | **6.8** | **2.2** | **(137.7)** | **987.7** | **859.0** | **25.2** | **884.2** |
| Profit for the year | — | — | — | **14.3** | **14.3** | **1.7** | **16.0** |
| Total other comprehensive income/(expense) for the year | — | — | **76.3** | **29.5** | **105.8** | **(0.3)** | **105.5** |
| **Total comprehensive income for the year** | — | — | **76.3** | **43.8** | **120.1** | **1.4** | **121.5** |
| Decrease in share held by Non-controlling interests | — | — | — | **26.2** | **26.2** | **(26.2)** | — |
| Purchase of NCI | — | — | — | **(15.5)** | **(15.5)** | — | **(15.5)** |
| Share-based payments charge | — | — | — | **6.8** | **6.8** | — | **6.8** |
| Shares issued from Employee Benefit Trust | | | | **1.1** | **1.1** | | **1.1** |
| Vested share awards | | | | **(0.9)** | **(0.9)** | | **(0.9)** |
| Purchase of own shares | — | — | — | **(8.3)** | **(8.3)** | — | **(8.3)** |
| Dividends | — | — | — | **(45.0)** | **(45.0)** | | **(45.0)** |
| **Balance at 31 December 2021** | **6.8** | **2.2** | **(61.4)** | **995.9** | **943.5** | **0.4** | **943.9** |

| | Ordinary shares €m | Share premium €m | Other reserves €m | Retained earnings €m | Total €m | Non-controlling interests €m | Total equity €m |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2020 | 6.8 | 2.2 | (106.1) | 1,261.7 | 1,164.6 | 24.5 | 1,189.1 |
| (Loss)/Profit for the year | — | — | — | (254.1) | (254.1) | 1.9 | (252.2) |
| Other comprehensive income | — | — | (31.6) | (17.5) | (49.1) | (0.7) | (49.8) |
| Total comprehensive income | — | — | (31.6) | (271.6) | (303.2) | 1.2 | (302.0) |
| Share-based payments charge | — | — | — | 0.9 | 0.9 | — | 0.9 |
| Dividends | — | — | — | — | — | (0.5) | (0.5) |
| Issue of own shares from EBT | — | — | — | 0.2 | 0.2 | — | 0.2 |
| Own shares purchased | — | — | — | (3.5) | (3.5) | — | (3.5) |
| Balance at 31 December 2020 | 6.8 | 2.2 | (137.7) | 987.7 | 859.0 | 25.2 | 884.2 |

**Consolidated Statement of Cash Flows**

*For the year ended 31 December*

| | Note | **2021** | 2020 |
|---|---|---|---|
| | | **€m** | €m |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 14 | **319.8** | 374.4 |
| Interest paid | | **(50.6)** | (57.1) |
| Income tax paid | | **(54.1)** | (59.7) |
| **Net cash generated from operating activities** | | **215.1** | 257.6 |
| **Cash flows from investing activities** | | | |
| Payment for property, plant and equipment | | **(88.2)** | (82.1) |
| Payment for intangible assets | | **(35.4)** | (30.1) |
| Proceeds from the sale of property, plant and equipment | | **1.4** | 13.8 |
| Proceeds from the sale of associated undertakings | | **15.5** | — |
| Interest received | | **3.1** | 3.0 |
| **Net cash used by investing activities** | | **(103.6)** | (95.4) |
| **Cash flows from financing activities** | | | |
| Purchase of own shares | | **(8.3)** | (3.5) |
| Purchase of non-controlling interests | 10 | **(15.5)** | — |
| Proceeds from new borrowings | 11 | **600.0** | 213.6 |
| Fees paid on proceeds from new borrowings | 11 | **(15.3)** | (17.7) |
| Voluntary repayments of borrowings | 11 | **(600.0)** | (209.6) |
| Scheduled repayments of borrowings | | **(6.8)** | (5.3) |
| Lease principal repayments | | **(31.6)** | (28.6) |
| Dividends paid | | **(45.0)** | — |
| Dividends paid to non-controlling interests | | **—** | (0.5) |
| **Net cash used by financing activities** | | **(122.5)** | (51.6) |
| **(Decrease)/Increase in cash and cash equivalents** | | **(11.0)** | 110.6 |
| Cash and cash equivalents at the beginning of the year | | **485.8** | 411.7 |
| Currency translation on cash and cash equivalents | | **24.3** | (36.5) |
| **Cash and cash equivalents at the end of the year** | | **499.1** | 485.8 |

**1. General Information**

The Group's full financial statements have been approved by the Board of Directors and reported on by the auditors on 14 March 2022. A copy of the statutory accounts for the year ended 31 December 2020 has been delivered to the Registrar of Companies, and those for the year ended 31 December 2021 will be delivered in due course. The independent auditors' report on the full financial statements for the year ended 31 December 2020 was unqualified and did not contain an emphasis of matter paragraph or any statement under section 498 of the Companies Act 2006.

**2. Basis of Preparation**

The consolidated financial statements included within this announcement have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with UK-adopted international accounting standards and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The previous annual consolidated financial statements for the year ended 31 December 2020 was prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the European Union ("EU"). This change in basis of preparation, effective from 1 January 2021, was required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change didn't constitute a change in accounting policy but rather a change in framework which was required to ground the use of IFRS in UK company law. There was no impact on recognition, measurement or disclosure between the two frameworks in the years reported.

The consolidated financial statements have been prepared under the historical cost convention, except for the fair valuation of assets and liabilities of subsidiary companies acquired, and financial assets and liabilities at fair value through profit and loss ('FVTPL') (including derivative instruments not in hedged relationships).

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge, actual results may differ from those estimates.

### 3. Segment Reporting

In accordance with the provisions of IFRS 8 'Operating Segments', the Group's segment reporting is based on the management approach with regard to segment identification; under which information regularly provided to the chief operating decision maker ('CODM') for decision-making purposes forms the basis of the disclosure. The Company's CODM is the Chief Executive Officer ('CEO'), Chief Operating Officer and the Chief Financial Officer. The CODM evaluates the performance of the Company's segments primarily on the basis of revenue and Adjusted EBITDA, and Adjusted EBIT, both non-IFRS measures.

Two operating segments have been identified by the Group: Fluid Carrying Systems ('FCS') and Fuel Tank and Delivery Systems ('FTDS').

Inter-segment revenue is attributable solely to the ordinary business activities of the respective segment and is conducted on an arm's-length basis.

| | **2021**<br>**€m** | 2020<br>€m |
|---|---|---|
| **Revenue** | | |
| – FCS - External | **1,603.5** | 1,526.9 |
| - Inter-segment | **63.1** | 67.9 |
| | **1,666.6** | 1,594.8 |
| – FTDS - External | **1,353.1** | 1,287.6 |
| - Inter-segment | **2.5** | 3.3 |
| | **1,355.6** | 1,290.9 |
| **Inter-segment elimination** | **(65.6)** | (71.2) |
| **Total consolidated revenue** | **2,956.6** | 2,814.5 |
| **Adjusted EBITDA** | | |
| – FCS | **177.1** | 170.8 |
| – FTDS | **175.8** | 160.1 |
| | **352.9** | 330.9 |
| **Adjusted EBITDA % of revenue** | | |
| – FCS | **11.0 %** | 11.2 % |
| – FTDS | **13.0 %** | 12.4 % |
| **Total** | **11.9 %** | 11.8 % |
| **Adjusted EBIT** | | |
| – FCS | **117.9** | 97.2 |
| – FTDS | **94.7** | 76.1 |
| | **212.6** | 173.3 |
| **Adjusted EBIT % of revenue** | | |
| – FCS | **7.4 %** | 6.4 % |
| – FTDS | **7.0 %** | 5.9 % |
| **Total** | **7.2 %** | 6.2 % |

Restructuring costs of €26.8 million (€15.3 million in FCS and €11.5 million in FTDS) are primarily severance costs related to the planned headcount reduction and site closures initiated in the prior year.

**4. Net Foreign Exchange Losses/ (Gains)**

Net foreign exchange losses recognised in the year of €6.9 million (2020: €27.2 million gain) primarily relate to losses on the Group's unhedged US dollar denominated intercompany borrowings in Euro functional currency companies. These mainly arose in the first quarter of the year, following termination of all the Group's forward foreign exchange contracts designated in cash flow hedge relationships in 2020, and before the refinancing completed in April 2021 which sought to rebalance the currency split of the external borrowings to reduce the unhedged exposures.

**5. Finance Income and Expense**

| | **2021 €m** | 2020 €m |
|---|---|---|
| **Finance income** | | |
| Interest on short-term deposits, other financial assets and other interest income | **2.6** | 2.2 |
| Fair value gains on derivatives and foreign exchange contracts not in hedged relationships | **0.5** | 1.3 |
| **Finance income** | **3.1** | 3.5 |
| **Finance expense** | | |
| Interest payable on term loans including expensed fees | **(33.5)** | (55.9) |
| Interest payable on unsecured senior notes including expensed fees | **(16.7)** | — |
| Net interest expense of retirement benefit obligations | **(2.5)** | (4.1) |
| Fair value net losses on financial instruments: ineffectiveness | **—** | (7.1) |
| Net interest expense related to specific uncertain tax positions | **(0.6)** | — |
| Interest payable on lease liabilities | **(9.8)** | (10.4) |
| **Finance expense excluding exceptional items** | **(63.1)** | (77.5) |
| Unamortised transaction costs expensed on voluntary repayments of borrowings | **(11.8)** | — |
| **Exceptional finance expense** | **(11.8)** | — |
| **Finance expense after exceptional items** | **(74.9)** | (77.5) |
| **Total net finance expense after exceptional items** | **(71.8)** | (74.0) |

| **Fees included in interest payable under the effective interest method** | **2021 €m** | 2020 €m |
|---|---|---|
| Fees included in interest payable on term loans | **(4.4)** | (8.0) |
| Fees included in interest payable on unsecured senior notes | **(0.8)** | — |

| **Fees expensed in exceptional finance expense** | **2021 €m** | 2020 €m |
|---|---|---|
| Fees expensed in respect of term loans | **(11.8)** | — |

Exceptional finance expenses in the year of €11.8 million (2020: €nil) relates to the expensing to the income statement of unamortised transaction costs following the voluntary repayment and partial extinguishment of the Group's Euro and US dollar term loans.

In the prior year, the Group terminated all its forward foreign exchange contracts designated in cash flow hedge relationships, its forward foreign exchange contracts designated in net investment hedges, and all its interest rate swaps. Termination of the hedges resulted in the recognition of ineffectiveness of €7.1 million.

## 6. Income Tax

### 6.1. Income Tax Credit /(Expense)

| | **2021** | 2020 |
|---|---|---|
| | **€m** | €m |
| Current tax on profit for the year | **(68.1)** | (58.5) |
| Exceptional - Current Tax Impact of US Refinancing Costs | **1.8** | 0.0 |
| Adjustments in respect of prior years | **2.7** | 5.5 |
| **Total current tax expense** | **(63.6)** | (53.0) |
| Origination and reversal of temporary deferred tax differences | **24.5** | 24.9 |
| Exceptional - Deferred Tax Impact of US Refinancing Charge | **1.0** | 0.0 |
| Exceptional - Deferred Tax Impact of Impairment Charge | **—** | 29.7 |
| Total deferred tax benefit | **25.5** | 54.6 |
| Income tax (expense)/benefit - Income Statement | **(38.1)** | 1.6 |
| Origination and reversal of temporary deferred tax differences | **(6.8)** | 3.6 |
| **Income tax (expense)/benefit - Statement of Comprehensive Income** | **(6.8)** | 3.6 |
| **Total income tax (expense)/benefit** | **(44.9)** | 5.2 |

For 2021, the Group is reporting an exceptional US refinancing charge of €11.8 million with a corporate tax benefit of €1.8 million and a deferred tax benefit of €1.0 million which results in an exceptional effective tax rate of 23.7% (the US 2021 effective tax rate).

For 2020, the Group reported an exceptional impairment charge of €304.6 million with a deferred tax benefit of €29.7 million which resulted in an exceptional effective tax rate of 9.8%. The low exceptional effective tax rate was due to the fact that the majority of the impairment was related to goodwill that does not carry a deferred tax balance and therefore this portion of the impairment was not tax affected.

The table below analyses the constituent elements of the Group income tax charge separately identifying the tax charges recognised in respect of entities that ordinarily pay tax or where the recognition of deferred tax assets is appropriate, the impact of entities where the level of tax losses limits the payment of tax or restricts the deferred tax recognition in respect of the losses, the impact of withholding taxes suffered in the Group, tax charges recognised in respect of unremitted overseas distributable reserves, and the impact of purchase accounting adjustments.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Profit before tax** | **Tax charge** | Profit before tax | Tax charge |
| | **€m** | **€m** | €m | €m |
| Results excluding exceptional items | **65.9** | **(40.9)** | 50.8 | (28.1) |
| Adjustments: | | | | |
| Disposal of associated undertaking impact | **0.2** | **3.1** | — | — |
| Share of associate losses | **0.9** | **—** | 3.5 | — |
| | **67.0** | **(37.8)** | 54.3 | (28.1) |
| Analysed as: | | | | |
| Tax charges (including deferred tax assets) recognised | **166.7** | **(43.8)** | 148.5 | (33.2) |
| Tax losses where no deferred tax assets recognised | **(46.9)** | **(0.3)** | (38.6) | (0.2) |
| Withholding tax and tax on unremitted distributable reserves | **—** | **(6.1)** | — | (8.5) |
| Annual amortisation and depreciation of assets with historic purchase price accounting adjustments | **(52.8)** | **12.4** | (55.6) | 13.8 |
| **Adjusted** | **67.0** | **(37.8)** | 54.3 | (28.1) |

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the UK statutory tax rate applicable to profits of the consolidated entities as follows:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Before exceptional item €m** | **Exceptional item €m** | **After exceptional item €m** | Before exceptional item €m | Exceptional item €m | After exceptional item €m |
| **Profit/(loss) before income tax** | **65.9** | **(11.8)** | **54.1** | 50.8 | (304.6) | (253.8) |
| Income tax calculated at UK statutory tax rate of 19% (2020: 19%) applicable to profits in respective countries | **(12.5)** | **2.2** | **(10.3)** | (9.7) | 57.9 | 48.2 |
| Tax effects of: | | | | | | |
| Overseas tax rates (excluding associates) | **(5.9)** | **0.6** | **(5.3)** | (5.1) | 9.0 | 3.9 |
| Income not subject to tax | **7.1** | **—** | **7.1** | 9.9 | — | 9.9 |
| Expenses not deductible for tax purposes - other & UK non-deductible interest/expenses | **(16.6)** | **—** | **(16.6)** | (14.7) | — | (14.7) |
| Expenses not deductible for tax purposes - goodwill impairment | **—** | **—** | **—** | — | (35.0) | (35.0) |
| Temporary differences on unremitted earnings | **0.6** | **—** | **0.6** | (3.3) | — | (3.3) |
| Specific tax provisions | **(2.9)** | **—** | **(2.9)** | (2.5) | — | (2.5) |
| Unrecognised deferred tax assets | **(7.1)** | **—** | **(7.1)** | (4.5) | (2.2) | (6.7) |
| Other taxes | **(10.7)** | **—** | **(10.7)** | (8.3) | — | (8.3) |
| Adjustment in respect of prior years - current tax adjustments | **2.7** | **—** | **2.7** | 5.5 | — | 5.5 |
| Adjustment in respect of prior years - deferred tax adjustments | **(0.3)** | **—** | **(0.3)** | 0.7 | — | 0.7 |
| Impact of changes in tax rate | **1.5** | **—** | **1.5** | (0.2) | — | (0.2) |
| Double Tax Relief and Other Tax Credits | **3.2** | **—** | **3.2** | 4.1 | — | 4.1 |
| **Income tax expense - Income Statement** | **(40.9)** | **2.8** | **(38.1)** | (28.1) | 29.7 | 1.6 |
| Deferred tax credit on re-measurement of retirement benefit obligations | **(6.8)** | **—** | **(6.8)** | 3.6 | — | 3.6 |
| **Income tax expense - Statement of Comprehensive Income** | **(6.8)** | **—** | **(6.8)** | 3.6 | — | 3.6 |
| **Total tax (expense)/credit** | **(47.7)** | **2.8** | **(44.9)** | (24.5) | 29.7 | 5.2 |

Other taxes comprised various local taxes of €2.2 million (2020: €2.0 million) together with taxes withheld on dividend, interest and royalty remittances totalling €8.5 million (2020: €6.3 million).

For 2020, the Group reported an exceptional impairment charge of €304.6 million with a deferred tax benefit of €29.7 million. The majority of the impairment related to goodwill that did not carry a deferred tax balance

and therefore this portion of the impairment had no tax effect and resulted in a material unfavourable permanent tax adjustment.

Factors that may affect future tax charges include the continued non-recognition of deferred tax assets in certain territories as well as the existence of tax losses in certain territories which could be available to offset future taxable income in certain territories and for which no deferred tax asset is currently recognised.

### 6.2. Deferred Tax Assets and Liabilities

| | **2021 €m** | 2020 €m |
|---|---|---|
| Deferred tax assets | **70.5** | 62.4 |
| Deferred tax liabilities | **(95.8)** | (104.3) |
| **Net deferred tax liabilities** | **(25.3)** | (41.9) |

#### *6.2.1. Movement on Net Deferred Tax Liabilities*

| | **2021 €m** | 2020 €m |
|---|---|---|
| **At 1 January** | **(41.9)** | (103.4) |
| Income statement benefit/(expense) | **24.5** | 24.9 |
| Exceptional income statement benefit - tax impact of impairment charge | **—** | 29.7 |
| Exceptional income statement benefit - tax impact of US refinancing charge | **1.0** | — |
| Tax on remeasurement of retirement benefit obligations | **(6.8)** | 3.6 |
| Transfer of uncertain tax position balance from current tax to deferred tax | **—** | (0.7) |
| Transfer of uncertain tax position balance from deferred tax to current tax | **0.6** | — |
| Currency translation | **(2.7)** | 4.0 |
| **At 31 December** | **(25.3)** | (41.9) |

## 7. Earnings Per Share

### 7.1. Basic and Diluted Earnings Per Share

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Profit attributable to shareholders (€m)** | **Weighted average number of shares (in millions)** | **Earnings Per Share (€, cents)** | Loss attributable to shareholders (€m) | Weighted average number of shares (in millions) | Earnings Per Share (€, cents) |
| Basic | **14.3** | **519.1** | **2.76** | (254.1) | 519.8 | (48.88) |
| Dilutive shares | **—** | **5.5** | **—** | — | 2.6 | — |
| Diluted | **14.3** | **524.6** | **2.73** | (254.1) | 522.4 | (48.88) |

In 2020, the dilutive shares attributable to long-term incentives were antidilutive in respect of statutory Loss Per Share. However, these were dilutive in Adjusted Earnings Per Share as shown below.

### 7.2. Adjusted Earnings Per Share

| | **2021** | | 2020 | |
|---|---|---|---|---|
| | **Basic** | **Diluted** | Basic | Diluted |
| Adjusted Net Income (€m) | **58.3** | **58.3** | 13.7 | 13.7 |
| Weighted average number of shares (in millions) | **519.1** | **524.6** | 519.8 | 522.4 |
| Adjusted Earnings Per Share (€, in cents) | **11.23** | **11.11** | 2.64 | 2.62 |

Adjusted Net Income is based on profit for the year attributable to shareholders of €14.3 million (2020: €(254.1) million loss) after adding back exceptional items, associate dividends received and eliminating the impact of net restructuring charges, foreign exchange gains or losses and the impact of any business acquisitions or disposals, totalling €44.0 million (2020: €267.8 million).

## 8. Intangible Assets

| | **2021** | 2020 |
|---|---|---|
| | **€m** | €m |
| Goodwill | **564.3** | 535.9 |
| Capitalised development expenses, computer software and licences, technology and customer platforms | **320.5** | 347.9 |
| **Total intangible assets** | **884.8** | 883.8 |

### 8.1. Goodwill

Goodwill is deemed to have an indefinite useful life. It is carried at cost and reviewed annually for impairment.

| | **€m** |
|---|---|
| Cost at 1 January 2021 | **714.2** |
| Currency translation | **33.4** |
| **Cost at 31 December 2021** | **747.6** |
| Accumulated impairment at 1 January 2021 | **(178.3)** |
| Currency translation | **(5.0)** |
| **Accumulated impairment at 31 December 2021** | **(183.3)** |
| **Net book value at 31 December 2021** | **564.3** |

| | €m |
|---|---|
| Cost at 1 January 2020 | 739.0 |
| Currency translation | (24.8) |
| Cost at 31 December 2020 | 714.2 |
| Accumulated impairment at 1 January 2020 | — |
| Exceptional impairment charge | (184.2) |
| Currency translation | 5.9 |
| Accumulated impairment at 31 December 2020 | (178.3) |
| Net book value at 31 December 2020 | 535.9 |

### 8.2. Capitalised Development Expenses, Computer Software and Licences, Technology and Customer Platforms

Intangible assets are amortised over their useful economic life, which range from 3 to 25 years.

| | Capitalised development expenses €m | Computer software and licences €m | Technology €m | Customer platforms* €m | Total €m |
|---|---|---|---|---|---|
| Cost at 1 January 2021 | **254.4** | **23.3** | **126.7** | **455.2** | **859.6** |
| Accumulated amortisation | **(151.5)** | **(12.7)** | **(119.8)** | **(227.7)** | **(511.7)** |
| **Net book value at 1 January 2021** | **102.9** | **10.6** | **6.9** | **227.5** | **347.9** |
| Additions | **27.4** | **1.8** | **—** | **—** | **29.2** |
| Disposals | **(0.5)** | **—** | **—** | **—** | **(0.5)** |
| Amortisation charge | **(25.7)** | **(3.4)** | **(2.1)** | **(39.0)** | **(70.2)** |
| Impairments - exceptional charge | **—** | **—** | **—** | **—** | **—** |
| Currency translation | **2.1** | **0.5** | **0.4** | **11.1** | **14.1** |
| **Net book value at 31 December 2021** | **106.2** | **9.5** | **5.2** | **199.6** | **320.5** |
| Cost at 31 December 2021 | **267.2** | **24.9** | **137.8** | **481.9** | **911.8** |
| Accumulated amortisation | **(161.0)** | **(15.4)** | **(132.6)** | **(282.3)** | **(591.3)** |
| **Net book value at 31 December 2021** | **106.2** | **9.5** | **5.2** | **199.6** | **320.5** |

*Customer platforms includes intangible assets relating to: customer platforms; aftermarket customer relationships; trade names & trademarks.

| | Capitalised development expenses €m | Computer software and licences €m | Technology €m | Customer platforms €m | Total €m |
|---|---|---|---|---|---|
| Cost at 1 January 2020 | 237.4 | 16.2 | 135.9 | 474.4 | 863.9 |
| Accumulated amortisation | (102.2) | (11.3) | (125.5) | (181.7) | (420.7) |
| Net book value at 1 January 2020 | 135.2 | 4.9 | 10.4 | 292.7 | 443.2 |
| Additions | 24.3 | 8.4 | — | — | 32.7 |
| Disposals | (0.1) | — | — | — | (0.1) |
| Amortisation charge | (26.7) | (1.6) | (2.3) | (40.4) | (71.0) |
| Impairments - exceptional charge | (21.2) | (0.5) | (0.7) | (15.2) | (37.6) |
| Impairments | (5.7) | — | — | — | (5.7) |
| Currency translation | (2.9) | (0.6) | (0.5) | (9.6) | (13.6) |
| Net book value at 31 December 2020 | 102.9 | 10.6 | 6.9 | 227.5 | 347.9 |
| Cost at 31 December 2020 | 254.4 | 23.3 | 126.7 | 455.2 | 859.6 |
| Accumulated amortisation | (151.5) | (12.7) | (119.8) | (227.7) | (511.7) |
| Net book value at 31 December 2020 | 102.9 | 10.6 | 6.9 | 227.5 | 347.9 |

The above amortisation charges for 'technology' and 'customer platforms' amounting to €41.1 million (2020: €42.7 million) arise from intangible assets recognised through purchase price accounting. Amortisation charges are included within cost of sales.

As at 31 December 2021, Goodwill of €564.3 million (2020: €535.9 million), Technology of €5.2 million (2020: €6.9 million) and Customer platforms of €199.6 million (2020: €227.5 million) relate to assets that arose from purchase price allocations following historic acquisitions.

## 9. Impairments

### 9.1. Impairment Tests for Goodwill and Intangibles

The purchase of TIFS Holdings Ltd ('TIFSHL') on 30 June 2015, which was the previous Parent Company of the Group, and the consequent fair valuation of assets and liabilities, resulted in total goodwill recognition of €711.1 million and intangibles of €663.2 million. The purchase of Millennium Industries Corporation on 16 February 2016 resulted in total goodwill recognition of €57.1 million and intangibles of €72.6 million, included in the FCS-NA CGU.

The intangible assets recognised from acquisitions, as outlined above, included €369.7 million and €57.1 million in relation to customer platforms arising on the Bain and Millennium acquisitions respectively. These assets reflect the future revenue expected to arise from customer platforms existing at the date of acquisition, based on platform lives and probabilities of renewals.

During H1 2020, forecasts for global automotive production volumes in the near and medium term were significantly impacted by the COVID-19 pandemic, when compared to equivalent forecasts that underpinned the Group's 2019 annual impairment assessment, where no impairment was recognised. The scale of this volume deterioration, which was beyond what was reasonably estimable in early 2020, triggered the Group to perform a full impairment test as at 30 June 2020.

The impairment test for goodwill and intangible assets is conducted at a CGU level, which the Group defines as the intersection between the two operating segments, FCS and FTDS, and the geographic sub divisions, North America ('NA'), Europe ('EU'), Asia Pacific ('AP') and Latin America ('LA').

Before outlining the approach and results of the 2021 annual impairment review, this note will first summarise the outcome of the interim and full year impairment assessments made in 2020, as this provides important context for the current year disclosure.

The results of the H1 2020 impairment test indicated that the carrying values of CGU assets were higher than their recoverable amounts for six of the CGUs, resulting in the following impairments being recognised at 30 June 2020:

| | Recoverable amount €m | Impairment of goodwill €m | Impairment of other CGU assets €m | Total exceptional impairment charge €m |
|---|---|---|---|---|
| FCS-NA | 437.2 | 71.7 | — | 71.7 |
| FCS-EU | 421.5 | 77.7 | — | 77.7 |
| FCS-LA | — | — | 6.3 | 6.3 |
| FTDS-NA | 68.1 | — | 88.8 | 88.8 |
| FTDS-EU | 273.2 | 34.8 | 22.2 | 57.0 |
| FTDS-LA | — | — | 3.1 | 3.1 |
| | **1,200.0** | **184.2** | **120.4** | **304.6** |

The 'other CGU asset' impairments of €120.4 million were apportioned across the respective CGU asset categories on a pro rata basis resulting in the following asset class allocation:

| | H1 2020 impairment charge €m |
|---|---|
| Goodwill | 184.2 |
| Capitalised development expenses | 21.2 |
| Computer software and licences | 0.5 |
| Other intangible assets | 15.9 |
| Land & buildings | 13.9 |
| PP&E | 41.6 |
| Assets in the course of construction | 10.5 |
| Right-of-use assets | 16.8 |
| | **304.6** |

At 31 December 2020, Management performed its annual impairment test.

In H2 2020, automotive production volumes showed signs of stabilisation with actual 2020 global light vehicle production of 74.6 million units compared with 68.3 million forecast in the H1 2020 impairment model base case scenario. This, in combination with the execution of internal cost saving initiatives and restructuring activities resulted in CGU recoverable amounts in excess of their respective asset carrying values, and therefore no additional impairments were recorded in H2 2020.

Whilst impairments recorded against goodwill cannot be reversed in a subsequent reporting period, Management are required to monitor external and internal sources of information for indicators that previously recognised impairment losses for intangible assets, PP&E and leased right-of-use assets may have decreased or no longer exist. This is applicable to FCS-LA, FTDS-LA, FTDS-NA and FTDS-EU, where asset impairments, other than goodwill, were recorded at H1 2020.

Following this review, Management concluded that there was still insufficient evidence to support a significant and prolonged improvement in the economic performance arising from the underlying CGU assets.

Sensitivity analysis also demonstrated that reasonably possible changes to the estimates made in the H2 2020 impairment model may result in significant variations in resulting headroom over the short-term, particularly where market interruption caused by the COVID-19 pandemic persisted. No impairment reversals were therefore recorded as at 31 December 2020.

Goodwill and intangible asset carrying values as at 31 December 2021 were as follows:

| | **2021** | | 2020 | |
|---|---|---|---|---|
| | **Goodwill €m** | **Intangibles €m** | Goodwill €m | Intangibles €m |
| **FCS** | | | | |
| North America | **150.1** | **73.1** | 139.5 | 80.7 |
| Europe and Africa | **140.7** | **42.3** | 140.7 | 47.1 |
| Asia Pacific | **247.4** | **77.2** | 231.6 | 85.9 |
| Latin America | **—** | **0.1** | — | — |
| **FTDS** | | | | |
| North America | **—** | **6.6** | — | 6.2 |
| Europe and Africa | **—** | **76.0** | — | 81.2 |
| Asia Pacific | **26.1** | **45.2** | 24.1 | 46.8 |
| Latin America | **—** | **—** | — | — |
| | **564.3** | **320.5** | 535.9 | 347.9 |

The intangible assets above include customer platforms arising on the Bain and Millennium acquisitions with carrying values at 31 December 2021 of €145.8 million and €25.8 million respectively (year ended 31 December 2020: €168.5 million and €28.7 million) with remaining useful lives of 4.5 and 5.1 years.

### 9.2. 2021 Impairment Test

The estimate of CGU recoverable amounts in the 2021 impairment test are determined based on a value-in-use calculation, using a discounted cash flow model.

Forecast operating cash flows covering the years 2022 - 2026 are taken from the Group's latest budget and medium-term plan ("MTP") which utilises November 2021 IHS global light vehicle production forecasts.

In the current year these IHS forecasts have been moderated to capture Management's best assessment of potential estimation error, particularly in light of the impact global micro-chip shortages are having on the automotive manufacturing process. The Group is therefore forecasting based on global automotive production volumes of 80.0 million in 2022, with this deviation from IHS maintained across the MTP to 2026. This adjustment draws on Management's experience and judgement, with consideration to historic forecasting inaccuracy retrospectively observed during periods of fluctuating growth / decline in the market.

Volume forecasts are then further adjusted for product mix, pricing assumptions and market outperformance to establish forecast sales values. Contribution margin, fixed cost, research and development expenditure, capital expenditure and working capital management estimates are then applied to arrive at the forecast

operating cash flows for inclusion in the model. In following this approach, Management assume that historic cost recovery rates will be maintained in to the future, including the impact of cost increases arising from the effects of decarbonisation of the supply chain or carbon taxes.

Cash flows resulting from restructuring activities not announced at the reporting date and cash flows that are contingent on enhanced capital expenditure are excluded from the forecasts. Cash flows from Corporate entities are allocated to CGUs based on their respective proportion of total Group revenue.

The five-year operating cash flows are then discounted to present value using CGU specific discount rates and combined with a perpetuity value calculated by applying the long-term expected growth rate to the terminal year cash flow forecast. The resulting value-in-use is then compared to the carrying value of CGU net assets as at 31 December 2021.

The return to a single base set of 2022 - 2026 volume forecasts in the current year contrasts with the four volume scenarios modelled in H1 2020 and two volume scenarios modelled in H2 2020. These multiple scenarios were in response to uncertainty over future sales volume projections caused by the COVID-19 pandemic and associated shocks to customer demand and supply chains. Management feels there is now sufficient stabilisation in market forecasts to revert to a single set of 2022 - 2026 volumes, with two FTDS scenarios then captured in the terminal year perpetuity calculations, as further explained below.

As outlined in Note 1, Management have considered the potential impacts of climate change on the impairment assessment.

Cost implications of climate change mitigations have been incorporated into the forecast operating cash flows used in the impairment model. These include capital investments to reduce the carbon output from the Group's production processes and additional budget for increasing the mix of renewable energy within the Group's electricity consumption, in line with our commitment to reduce emissions by 37.5% by 2039. As previously noted, other costs arising from the effects of climate change are assumed to be recovered from customers.

Climate change also poses transitional risks to the products that the Group currently manufacture. This is particularly evident in the FTDS division, where existing products predominantly cater for internal combustion engine ("ICE") vehicle platforms. The impact of climate change on environmental regimes and automotive market trends has a significant bearing on the rate of transition to battery electric vehicle ("BEV") platforms. In some jurisdictions this transition will be mandated, as governments announce deadlines for curtailing the production of ICE vehicles, in order to achieve commitments on emissions.

Whilst an increase in hybrid electric vehicle ("HEV") production, and their need for higher margin pressurised fuel tanks, offers mid-term opportunities for the FTDS division, the eventual transition to BEV will result in a declining market for existing FTDS products. Management's forecasts suggest the peak in ICE / HEV vehicle production will occur in the mid to late 2020s with BEV platforms subsequently driving future growth in the automotive market.

The risk to future cash flows that can be achieved from the current FTDS technology and asset-base has been captured in the impairment model by applying a negative growth rate to the terminal year perpetuity

calculation. As the rate of ICE / HEV decline post 2026 is highly subjective, Management have modelled two potential scenarios:

- Base case scenario - current commitment from the COP21 Paris Agreement to limit global temperature increases over the next century to 1.5 degrees Celsius.
- Downside scenario - reflecting an acceleration of climate change mitigations and changing customer behaviour.

Management have then applied an 80%/20% weighting to these two scenarios to reflect their best assessment of perceived likelihood of occurrence.

As the FCS division is less susceptible to future changes in platform mix that may arise as a result of climate change, a conventional single-scenario positive long-term expected growth rate is used in the perpetuity calculation.

The 2021 impairment test resulted in positive headroom for all CGUs, demonstrating no additional impairment charges are required at 31 December 2021. However, the level of headroom observed in FCS-EU, FTDS-NA and FTDS-EU leaves them sensitive to reasonably possible changes in key input assumptions.

For FTDS-NA and FTDS-EU, where non-goodwill asset impairments were recorded in the prior year, Management do not believe sufficient time has passed since recognising these impairment losses in H1 2020 to evidence a significant and prolonged improvement in the economic performance arising from the underlying CGU assets. Furthermore, as evidenced in the below sensitivity analysis, reasonably possible changes to the estimates made in the 2021 impairment model may result in significant variations in resulting headroom over the short term. Consequently, no impairment reversals have been recorded in the year.

The low headroom observed in FTDS-NA and FTDS-EU (€2.3 million and €17.7 million) primarily arises due to the use of negative growth rates in the terminal year perpetuity formula in response to the long-term forecast decline in ICE / HEV vehicle production.

The FCS-NA and FCS-EU headroom of €29.1 million and €15.3 million is reflective of the transition the division is making in to the BEV market. Under IAS 36 it is only permissible to include forecast cash flows from products that can be manufactured using the CGU asset base as at 31 December 2021. Accordingly, for the purposes of the impairment model, a portion of sales in the later years of the 2022 - 2026 horizon have been removed, as they are reliant on forecast incremental R&D and capital investment. As this forecast investment materialises in the form of new CGU assets and the FCS product portfolio evolves, increasing growth from BEV products will enter into the forecast cash flows used in the impairment model.

The key assumptions used in the value-in-use calculations are:

- forecast operating cash flows
- long-term expected growth rates
- discount rates

Forecast operating cash flows are established as described above, utilising external forecast data from IHS Markit.

Long-term expected growth rates and discount rates are determined with reference to the services of third-party valuation experts and utilise externally available sources of information, adjusted where relevant for industry specific factors.

Long-term growth rates are based on long-term economic forecasts for growth in the automotive sector in the geographical regions in which the CGUs operate.

As described above, for FTDS specifically, negative growth rates have been used in the terminal year perpetuity calculation to capture the impact climate change may have on the rate of market transition to BEVs.

The negative growth rates for the base case "1.5 degree" global warming scenario utilise a long-term forecast prepared by Management in conjunction with external experts, covering the period from 2027 to 2035. From this a long-term negative constant average growth rate (CAGR) has been calculated for each of the CGU geographies, based on a forecast decline in ICE/HEV volumes to 39.9 million in 2035. The downside global warming scenario then uses a CAGR where the forecast decline to 2035 is achieved at an accelerated rate. In both scenarios, it is assumed that operating cash flows will reduce in proportion to revenue.

These negative growth rates are then applied in perpetuity and therefore capture the expected cash generation from ICE / HEV sales from 2027 onwards.

Discount rates are calculated for each division using a weighted average cost of capital specific to the geographical regions from which the cash flows are derived.

The range of discount and growth rates used were as follows:

| | **2021** | | | 2020 | |
|---|---|---|---|---|---|
| | **FCS** | **FTDS Base** | **FTDS Down** | FCS | FTDS |
| **Pre-tax discount rates** | | | | | |
| North America | **15.25%** | **16.00%** | **16.00%** | 15.25% | 16.25% |
| Europe and Africa | **15.00%** | **15.25%** | **15.25%** | 15.50% | 16.25% |
| Asia Pacific | **13.75%** | **16.40%** | **16.40%** | 15.50% | 15.75% |
| Latin America | **23.75%** | **23.00%** | **23.00%** | 26.00% | 24.50% |
| | | | | | |
| **Long-term growth rates** | | | | | |
| North America | **2.00%** | **(8.30%)** | **(19.70%)** | 2.00% | 3.00% |
| Europe and Africa | **2.75%** | **(8.80%)** | **(20.90%)** | 2.75% | 2.50% |
| Asia Pacific | **5.00%** | **(5.00%)** | **(11.50%)** | 5.00% | 4.75% |
| Latin America | **4.50%** | **NA** | **NA** | 4.50% | 3.50% |

Long-term growth rates are not applicable for FTDS-LA as its valuation is based on forecast cash flows ending in 2022, as the Group ceases operations in this CGU.

Management consider the input assumptions used in the impairment model to be critical estimates, as there is a significant risk of a material adjustment to the carrying value of CGU net assets resulting from changes in these assumptions.

**Sensitivity analysis**

Where Management believe a reasonably possible change in assumption could result in the recognition of additional impairment charges, or in the reversal of previously recognised impairment charges, sensitivity analysis has been performed.

Based on the observed level of headroom in FCS-AP and FTDS-AP, Management do not believe a reasonably possible change in assumptions would impact the carrying value of CGU assets.

Both Latin America CGUs were fully impaired at H1 2020 due to forecast operating losses. Although restructuring activities were subsequently implemented to mitigate these negative cash flows, uncertainty over the longer-term economic viability of operations in this region lead Management to conclude that it is appropriate to maintain the impairment losses as at 31 December 2021.

Sensitivity analysis has therefore been performed for FCS-NA, FCS-EU, FTDS-NA and FTDS-EU.

The following table demonstrates the impact of changes in the long-term expected growth rates and discount rates, in isolation, for CGUs deemed to be sensitive to such changes.

For FCS-NA and FCS-EU, should a reasonably possible change in input assumption trigger an impairment charge, this would initially be allocated to the respective goodwill carrying values of €150.1 million and €140.7 million, with any excess then being prorated across other CGU assets.

| | | H2 assumption | | Impact of 100 BPS change | |
|---|---|---|---|---|---|
| | Recoverable amount €m | Discount rate | Long-term expected growth rate | Discount rate €m | Long-term expected growth rate €m |
| **FCS-NA** | **426.3** | **15.25 %** | **2.00 %** | **(32.2)** | **(20.0)** |
| **FCS-EU** | **447.2** | **15.00 %** | **2.75 %** | **(34.4)** | **(21.5)** |
| **FTDS-NA** | **67.1** | **16.00 %** | **(8.30%) / (19.70%)** | **(3.1)** | **(1.3)** |
| **FTDS-EU** | **304.0** | **15.25 %** | **(8.80%) / (20.90%)** | **(12.4)** | **(4.4)** |

FCS-NA, FCS-EU, FTDS-NA and FTDS-EU are also sensitive to changes in forecast operating cash flows. Forecast operating cash flows may be impacted by factors such as reduced demand for products, failure to recover inflationary cost increases and other potential cost pressures, such as the future imposition of carbon taxes.

The below table outlines the annual percentage reduction to annual forecast OCF required for CGU recoverable amount to equal CGU net assets.

| | Recoverable amount €m | Annual percentage reduction in OCF required to break even |
|---|---|---|
| **FCS-NA** | **426.3** | **6.5 %** |
| **FCS-EU** | **447.2** | **3.3 %** |
| **FTDS-NA** | **67.1** | **3.2 %** |
| **FTDS-EU** | **304.0** | **5.7 %** |

Specific to FTDS, the risks to the division arising from climate change and the associated rate of consumer transition to BEV vehicles has been captured using two negative perpetuity scenarios.

Assuming 100% weightings to each of these scenarios results in the following hypothetical headroom/(impairment):

| | As calculated €m | 100% Base case €m | 100% Downside €m |
|---|---|---|---|
| **FTDS-NA** | **2.3** | **4.6** | **(6.9)** |
| **FTDS-EU** | **17.7** | **26.0** | **(15.8)** |

This result highlights the sensitivity of the above CGUs to the rate of decline in long-term ICE / HEV sales.

Management believe the rate of decline observed in the downside scenario to be an unlikely outcome, which is reflected in the assignment of a 20% probability.

To mitigate the risk of future impairments and to achieve optimal allocation of resources, Management will ensure investment decisions are supported with strong customer demand, enabling capital expenditure to be fully recovered over the underlying vehicle platform lives.

**10. Investment in Associates**

The Group held one associated undertaking, SeAH FS Co., Ltd ('SeAH FS'). SeAH FS is registered in South Korea and is engaged in manufacturing and engineering. Its financial year-end is 31 December and its registered address is 180-15 Kebong-Dong Young, Deoungpo-Gu, Seoul. SeAH FS is a private company, and there is no quoted price available for its shares.

On 8 December 2021, the Group disposed in full of its 20% holding in the issued ordinary shares in the company. The resulting loss on disposal of the associate is calculated below:

**Loss on Disposal of Associate**

| | €m |
|---|---|
| Sale Proceeds | **15.5** |
| Carrying Value of the associate at the date of disposal | **(13.7)** |
| Profit on disposal of the associate before foreign exchange adjustments | **1.8** |
| Net investment hedge reclassified to the income statement on the disposal of the investment | **(0.9)** |
| Currency translation reclassified to the income statement on disposal of the investment | **(1.1)** |
| Loss on disposal of investment in associate before income tax | **(0.2)** |
| Taxation on disposal of the investment | **(3.1)** |
| Loss on disposal of the associate after income tax | **(3.3)** |

The sale proceeds arising from the disposal were KRW 21,000 million (€15.5 million). The net investment hedge reclassified to the income statement on the disposal of the associate relates to the recycling from equity of a portion of a series of forward foreign exchange contracts to hedge the net investment in the Group's Korean won investments originally placed in October 2015.

As a separate transaction, on the same the date, the Group also purchased a 27% share of Hanil Tube Corporation which was owned by SeAH FS.

The movements in the investments in the associate in the year were:

| | **2021** | 2020 |
|---|---|---|
| | **€m** | €m |
| **Balance at 1 January** | **14.6** | 19.2 |
| Share of loss for the period | **(0.9)** | (3.5) |
| Dividends paid | **—** | (0.5) |
| Disposal | **(13.7)** | — |
| Currency translation | **—** | (0.6) |
| **Balance at 31 December** | **—** | 14.6 |

There were no sales of goods by the Group to SeAH FS in either 2021 or 2020. Purchases of goods by the Group from SeAH FS in the period until disposal of the Company on 8 December 2021, totalled €7.4 million (2020: €8.1 million).

## 11. Borrowings

| | 2021 | 2020 |
|---|---|---|
| | **€m** | €m |
| **Non-current:** | | |
| Unsecured senior notes | **591.7** | — |
| Secured loans: | | |
| -Term loans and facilities | **506.8** | 1,069.2 |
| -Other secured loans | **—** | 0.1 |
| **Total non-current borrowings** | **1,098.5** | 1,069.3 |
| **Current:** | | |
| Secured loans: | | |
| -Term loans and facilities | **1.8** | 7.4 |
| **Total current borrowings** | **1.8** | 7.4 |
| **Total borrowings** | **1,100.3** | 1,076.7 |
| Unsecured senior notes | **591.7** | — |
| Term loans and facilities | **508.6** | 1,076.6 |
| Main borrowing facilities | **1,100.3** | 1,076.6 |
| Other secured loans | **—** | 0.1 |
| **Total borrowings** | **1,100.3** | 1,076.7 |

The main borrowing facilities are shown net of issuance discounts and fees of €24.6million (2020: €25.3 million).

### 11.1. Movement in Total Borrowings

| | Unsecured senior notes | Term loans and facilities | Other loans | Total borrowings |
|---|---|---|---|---|
| | **€m** | **€m** | **€m** | **€m** |
| At 1 January 2021 | **—** | **1,076.6** | **0.1** | **1,076.7** |
| Accrued interest | **15.9** | **29.1** | **—** | **45.0** |
| Scheduled payments | **(15.9)** | **(35.8)** | **(0.1)** | **(51.8)** |
| Fees expensed | **0.8** | **4.4** | **—** | **5.2** |
| New borrowings | **600.0** | **—** | **—** | **600.0** |
| Fees on new borrowings | **(9.1)** | **(6.2)** | **—** | **(15.3)** |
| Voluntary repayments of borrowings | **—** | **(600.0)** | **—** | **(600.0)** |
| Fees expensed on voluntary repayments of borrowings | **—** | **11.8** | **—** | **11.8** |
| Currency translation | **—** | **28.7** | **—** | **28.7** |
| **31 December 2021** | **591.7** | **508.6** | **—** | **1,100.3** |

| | Main borrowing facilities | Other loans | Total borrowings |
|---|---|---|---|
| | €m | €m | €m |
| At 1 January 2020 | 1,150.7 | 0.2 | 1,150.9 |
| Accrued interest | 47.9 | — | 47.9 |
| Scheduled payments | (53.1) | (0.1) | (53.2) |
| Fees expensed | 8.0 | — | 8.0 |
| New borrowings | 213.6 | — | 213.6 |
| Fees on new borrowings | (17.7) | — | (17.7) |
| Voluntary repayments of borrowings | (209.6) | — | (209.6) |
| Currency translation | (63.2) | — | (63.2) |
| At 31 December 2020 | 1,076.6 | 0.1 | 1,076.7 |

On 16 April 2021, the Group successfully executed a refinancing of its external borrowings. The key elements of the transaction were as follows:

- The Group issued €600.0 million new unsecured Senior Notes bearing an interest rate of 3.75% per annum. The maturity date of the notes is 15 April 2029.
- The Euro term loan of €497.5 million was partly repaid using a portion of the proceeds from the issuance of the unsecured Senior Notes. €232.5 million was repaid as part of the transaction, reducing the balance outstanding on the loan to €265.0 million. The remaining balance on the loan was then extended from 16 December 2024 to 16 December 2026. The rate on the loan was also reduced from three-month EURIBOR (minimum 0.75% p.a.) +3.75% p.a. to three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a. As a result of the loan principal reduction the amount repayable per quarter on the loan has fallen from €1,250,000 a quarter to €662,500 a quarter until the final balance falls due on 16 December 2026.
- The US dollar term loan of $736.3 million was also partly repaid using a portion of the proceeds from the issuance of the unsecured Senior Notes. $436.3 million (€367.5 million) was repaid as part of the transaction, reducing the balance outstanding on the loan to $300.0 million. The remaining balance on the loan was then extended from 16 December 2024 to 16 December 2026, The rate on the loan was also reduced from US dollar three-month LIBOR (minimum 0.75% p.a.) +3.75% p.a. to US-dollar three-month LIBOR (minimum 0.5% p.a.) +3.25% p.a.  As a result of the loan reduction the amount repayable per quarter on the loan has fallen from $1,850,000 a quarter to $750,000 a quarter until the final balance falls due on 16 December 2026.
- The revolving credit facility ('RCF') of $225.0 million was extended from 16 July 2024 to 16 July 2026. The undrawn fee was also reduced from 0.375% to 0.25% due to the total net leverage ratio being less than or equal to 3.5:1. In the event the total net leverage ratio is greater than 3.5:1, the undrawn fee will increase back to 0.375%. The amount of the facility remained unchanged.

The refinancing was treated as a partial extinguishment of the Group's term loans, and as a result unamortised transaction costs were released for the Euro and US dollar term loans in proportion to the reduction in the loan principal outstanding. The costs released were recognised as an exceptional finance expense in the income statement in the year of €11.8 million being $8.8 million (€7.4 million) for the US dollar term loan and €4.4 million for the Euro term loan.

Directly attributable incremental fees of €15.3 million were capitalised and paid in the year as part of the transaction consisting of €1.4 million for the Euro term loan, $4.2 million (€3.5 million) for the US dollar term loan, $1.5 million (€1.3 million) for the RCF and €9.1 million for the unsecured Senior notes. These will be released to the Income Statement over the remaining term of the borrowings and RCF facility.

### 11.2. Currency Denomination of Borrowings

| | **2021**<br>**€m** | 2020<br>€m |
|---|---|---|
| US dollar | **251.1** | 587.9 |
| Euro | **849.2** | 488.8 |
| **Total borrowings** | **1,100.3** | 1,076.7 |

### 11.3. Main Borrowing Facilities

The main borrowing facilities are comprised of unsecured Senior Notes and a package of secured loans consisting of a Euro term loan, a US dollar term loan, and a revolving credit facility (which was undrawn during the year except for letters of credit).

The amounts outstanding under the agreements are:

| | **2021**<br>**€m** | 2020<br>€m |
|---|---|---|
| Principal outstanding: | | |
| Unsecured senior notes | **600.0** | — |
| US term loan | **261.9** | 603.1 |
| Euro term loan | **263.0** | 498.8 |
| **Total principal outstanding** | **1,124.9** | 1,101.9 |
| Issuance discounts and fees | **(24.6)** | (25.3) |
| **Main borrowings facilities** | **1,100.3** | 1,076.6 |

The unsecured Senior Notes bear an interest rate of 3.75% per annum and mature on 15 April 2029. Interest on the Notes is payable semi-annually in arrears on April 15 and October 15 of each year, commencing on 15 October 2021.

***Term loan***

The principal outstanding of the US term loan in US dollars at 31 December 2021 is $297.8 million (2020: $738.2 million). Following the Group's refinancing on 16 April 2021, the interest rate on the loan is US-dollar three-month LIBOR (minimum 0.5% p.a.) +3.25% p.a and the amount repayable per quarter on the loan is $750,000 until the final balance falls due on 16 December 2026.

The rate on the Euro term loan after the Group's refinancing is three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a. and the amount repayable per quarter is €662,500 until the final balance falls due on 16 December 2026.

***Revolving Credit Facility***

The revolving credit agreement provides a facility of up to $225.0 million. Drawings under this facility bear interest in a range of US dollar LIBOR +3.0% to US dollar LIBOR + 3.75% p.a. depending on the Group’s total net leverage ratio. The facility is available to be used to issue letters of credit on behalf of TI Group Automotive Systems LLC, a subsidiary undertaking. The facility was undrawn at 31 December 2021 and 31 December 2020 (except for letters of credit see below). Following the Group's refinancing, the revolving credit facility ('RCF') expires on 16 July 2026 and the undrawn fee is 0.25%. In the event the total net leverage ratio is greater than 3.5:1, the undrawn fee will increase back to 0.375%.

The net undrawn facilities under the RCF are shown below:

| | **2021** | | 2020 | |
|---|---|---|---|---|
| | **$m** | **€m** | $m | €m |
| RCF Agreement | **225.0** | **197.9** | 225.0 | 183.8 |
| Utilisation for letters of credit | **(1.9)** | **(1.7)** | (3.8) | (3.1) |
| **Net undrawn revolving credit facility** | **223.1** | **196.2** | 221.2 | 180.7 |

***Issuance discounts and fees***

All capitalised fees are expensed using the effective interest rate method over the remaining terms of the facilities. As a result of the refinancing, an additional €15.3 million of fees were capitalised in the year and €11.8 million was recognised as an exceptional finance expense. Net issuance discounts and fees at 31 December 2021 are €24.6million (2020: €25.3 million).

### 11.4. Other Secured Loans

A subsidiary in Spain has granted security over certain of its assets in return for credit facilities from its banks. The loan has total amortisation repayments of €54,000 per annum payable biannually (2020: €54,000) and expires on 15 June 2022. The balance outstanding at 31 December 2021 is €27,000 (2020: €115,000).

### 11.5. Total Undrawn Borrowing Facilities

| | **2021** | 2020 |
|---|---|---|
| | **€m** | €m |
| **Floating rate:** | | |
| Expiring within one year | **10.8** | 4.8 |
| Expiring after more than one year | **196.2** | 180.7 |
| **Total at floating rate** | **207.0** | 185.5 |
| **Fixed rate:** | | |
| Expiring within one year | — | 3.8 |
| **Total at fixed rate** | — | 3.8 |
| **Total at the end of the year** | **207.0** | 189.3 |

### 11.6. Movements in Net Borrowings and Lease liabilities

| | | | **Non-cash changes** | | | | |
|---|---|---|---|---|---|---|---|
| | **At 1 January 2021** | **Cash flows** | **New leases** | **Fees expensed including exception-** | **Currency translation** | **Remeas-urement and disposals** | **At 31 December 2021** |
| | **€m** | **€m** | **€m** | **€m** | **€m** | **€m** | **€m** |
| Cash and cash equivalents | **485.8** | **(11.0)** | **—** | **—** | **24.3** | **—** | **499.1** |
| Financial assets at FVTPL | **0.9** | **—** | **—** | **—** | **—** | **—** | **0.9** |
| Borrowings | **(1,076.7)** | **22.1** | **—** | **(17.0)** | **(28.7)** | **—** | **(1,100.3)** |
| **Total net borrowings** | **(590.0)** | **11.1** | **—** | **(17.0)** | **(4.4)** | **—** | **(600.3)** |
| **Lease liabilities** | **(151.0)** | **31.6** | **(18.1)** | **—** | **(5.3)** | **(7.1)** | **(149.9)** |
| **Net borrowings and lease liabilities** | **(741.0)** | **42.7** | **(18.1)** | **(17.0)** | **(9.7)** | **(7.1)** | **(750.2)** |

| | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| | At 1 January 2020 | Cash flows | New leases | Fees expensed | Currency translation | Remeas-urement and disposals | At 31 December 2020 |
| | €m | €m | €m | €m | €m | €m | €m |
| Cash and cash equivalents | 411.7 | 110.6 | — | — | (36.5) | — | 485.8 |
| Financial assets at FVTPL | 0.9 | — | — | — | — | — | 0.9 |
| Borrowings | (1,150.9) | 19.0 | — | (8.0) | 63.2 | — | (1,076.7) |
| Total net borrowings | (738.3) | 129.6 | — | (8.0) | 26.7 | — | (590.0) |
| Lease liabilities | (166.7) | 28.6 | (17.9) | — | 7.0 | (2.0) | (151.0) |
| Net borrowings and lease liabilities | (905.0) | 158.2 | (17.9) | (8.0) | 33.7 | (2.0) | (741.0) |

Cash flows from financing activities arising from changes in financial liabilities are analysed below:

| | **2021** | 2020 |
|---|---|---|
| | **€m** | €m |
| Proceeds from new borrowings | **(600.0)** | (213.6) |
| Fees paid on proceeds from new borrowings | **15.3** | 17.7 |
| Voluntary repayments of borrowings | **600.0** | 209.6 |
| Scheduled repayments of borrowings | **6.8** | 5.3 |
| Lease principal repayments | **31.6** | 28.6 |
| **Cash outflows from financing activities arising from changes in financial liabilities** | **53.7** | 47.6 |
| Borrowings cash flows | **22.1** | 19.0 |
| Lease liabilities cash flows | **31.6** | 28.6 |
| **Cash outflows from financing activities arising from changes in financial liabilities** | **53.7** | 47.6 |

## 12. Retirement Benefit Obligations

### 12.1. Defined Benefit Arrangements in the Primary Financial Statements

*a. Balance Sheet*

| **Net liability** | **US pensions €m** | **Other pensions €m** | **US healthcare €m** | **Other post-employment liabilities €m** | **Total €m** |
|---|---|---|---|---|---|
| Present value of retirement benefit obligations | **(184.5)** | **(117.7)** | **(33.4)** | **(88.2)** | **(423.8)** |
| Fair value of plan assets | **150.7** | **126.5** | **—** | **27.8** | **305.0** |
| Asset ceiling | **—** | **(9.3)** | **—** | **—** | **(9.3)** |
| **Net liability at 31 December 2021** | **(33.8)** | **(0.5)** | **(33.4)** | **(60.4)** | **(128.1)** |

| Net liability | US pensions €m | Other pensions €m | US healthcare €m | Other post-employment liabilities €m | Total €m |
|---|---|---|---|---|---|
| Present value of retirement benefit obligations | (209.2) | (117.9) | (33.8) | (95.3) | (456.2) |
| Fair value of plan assets | 156.9 | 115.4 | — | 26.8 | 299.1 |
| Asset ceiling | — | (3.6) | — | — | (3.6) |
| Net liability at 31 December 2020 | (52.3) | (6.1) | (33.8) | (68.5) | (160.7) |

*b. Income Statement*

Net (expense)/income recognised in the Income Statement is as follows:

| **Net expense /(income)** | **US pensions €m** | **Other pensions €m** | **US healthcare €m** | **Other post employment liabilities €m** | **Total €m** |
|---|---|---|---|---|---|
| Current service cost | **—** | **(1.6)** | **—** | **(4.3)** | **(5.9)** |
| Past service cost | **—** | **—** | **—** | **0.6** | **0.6** |
| Settlement/curtailment (loss)/gain | **(0.4)** | **(0.9)** | **—** | **0.6** | **(0.7)** |
| Net interest expense | **(1.2)** | **—** | **(0.7)** | **(0.6)** | **(2.5)** |
| **Total expense for the year ended 31 December 2021** | **(1.6)** | **(2.5)** | **(0.7)** | **(3.7)** | **(8.5)** |

| Net expense/(income) | US pensions €m | Other pensions €m | US healthcare €m | Other post employment liabilities €m | Total €m |
|---|---|---|---|---|---|
| Current service cost | (0.2) | (1.3) | — | (7.2) | (8.7) |
| Settlement / curtailment gain | 2.1 | — | — | 0.1 | 2.2 |
| Net interest (expense)/income | (2.4) | 0.1 | (1.0) | (0.8) | (4.1) |
| Total expense for the year ended 31 December 2020 | (0.5) | (1.2) | (1.0) | (7.9) | (10.6) |

Annuity and participant buyout offerings of the Group's US pension plan resulted in a settlement loss of (€0.4) million (2020: €2.1 million gain).

Restructuring of the Group's Bramalea Canada facility resulted in a curtailment loss of (€0.9) million (2020: nil).

### 12.2. Sensitivity analysis

Changes in the principal assumptions would decrease/(increase) the total defined benefit obligation (DBO) as follows:

| | | **2021** | | 2020 | |
|---|---|---|---|---|---|
| **Decrease/(increase) in DBO** | **Change in assumption** | **Increase €m** | **Decrease €m** | Increase €m | Decrease €m |
| Discount rate | 0.5 % | **26.9** | **(30.2)** | 30.9 | (36.2) |
| Inflation rate | 0.5 % | **(9.4)** | **8.8** | (11.1) | 11.0 |
| Salary growth rate | 0.5 % | **(2.9)** | **2.9** | (3.7) | 3.5 |
| Life expectancy | 1 year | **(15.1)** | **15.1** | (16.3) | 16.4 |
| Healthcare cost trend: Initial rate | 0.5 % | **(1.3)** | **1.3** | (1.4) | 1.3 |

The sensitivity analysis above illustrates the change in each major assumption whilst holding all others constant. The methods of calculating the defined benefit obligation for this purpose are the same as used for calculating the end of year position.

**13. Provisions**

Movements in provisions are as follows:

| | Product warranty €m | Restructuring €m | Other €m | Total €m |
|---|---|---|---|---|
| At 1 January 2021 | **14.6** | **11.0** | **4.9** | **30.5** |
| Provisions made during the year | **6.6** | **27.4** | **—** | **34.0** |
| Provisions used during the year | **(6.8)** | **(22.2)** | **—** | **(29.0)** |
| Provisions reversed during the year | **(3.9)** | **(0.6)** | **(0.1)** | **(4.6)** |
| Currency translation | **0.2** | **0.2** | **—** | **0.4** |
| **At 31 December 2021** | **10.7** | **15.8** | **4.8** | **31.3** |

Total provisions:

| | **2021 €m** | 2020 €m |
|---|---|---|
| Non-current | **2.6** | 4.9 |
| Current | **28.7** | 25.6 |
| **Total provisions** | **31.3** | 30.5 |

*Product warranty*

The majority of product warranty provisions relate to specific customer issues, and are based upon open negotiations and past customer claims experience. Utilisation of the warranty provision is expected in 2022.

*Restructuring*

Restructuring provisions comprise planned headcount reductions and similar costs of balancing production capacity with market requirements. The provision at 31 December 2021 relates to global restructuring initiatives in response to reduced output following the COVID-19 pandemic. The balance is expected to be fully utilised during 2022 and 2023.

*Other provisions*

Other provisions at 31 December 2021 comprise provisions for disputed claims for indirect taxes totalling €0.7 million (2020: €0.7 million) and asset retirement obligations totalling €4.1 million (2020: €4.2 million). Asset retirement obligations are linked to the useful lives of the underlying assets, with expected utilisation ranging from 2022 to 2025. The indirect tax provisions are expected to be utilised over the next five years.

### 14. Cash Generated from Operations

| | **2021** | 2020 |
|---|---|---|
| | **€m** | €m |
| **Profit/(Loss) for the year** | **16.0** | (252.2) |
| Income tax expense before exceptional items | **40.9** | 28.1 |
| Exceptional income tax credit | **(2.8)** | (29.7) |
| **Profit/(Loss) before income tax** | **54.1** | (253.8) |
| Adjustments for: | | |
| Depreciation, amortisation and impairment charges | **192.0** | 213.2 |
| Exceptional impairment charges | **—** | 304.6 |
| Losses on disposal of PP&E and intangible assets | **0.6** | 0.5 |
| Gain on disposal of PP&E in restructuring costs | **—** | (3.4) |
| Loss/(gain) on disposal of investment in associate before income tax | **0.2** | — |
| Share-based expense excluding social security costs | **6.8** | 0.9 |
| Net finance expense | **71.8** | 74.0 |
| Unremitted share of loss from associates | **0.9** | 4.0 |
| Net foreign exchange losses/(gains) | **6.9** | (27.2) |
| Changes in working capital: | | |
| - Inventories | **34.4** | — |
| - Trade and other receivables | **39.3** | 38.6 |
| - Trade and other payables | **(83.0)** | 24.3 |
| Change in provisions | **0.4** | 7.8 |
| Change in retirement benefit obligations | **(4.6)** | (9.1) |
| **Total** | **319.8** | 374.4 |

The changes in working capital (movements in inventories, trade and other receivables and trade and other payables) reflect a number of non-cash transactions. The most significant of these arises from movements due to changes in foreign exchange rates, on translation of the Group's overseas operations into the Group's presentation currency, Euro.