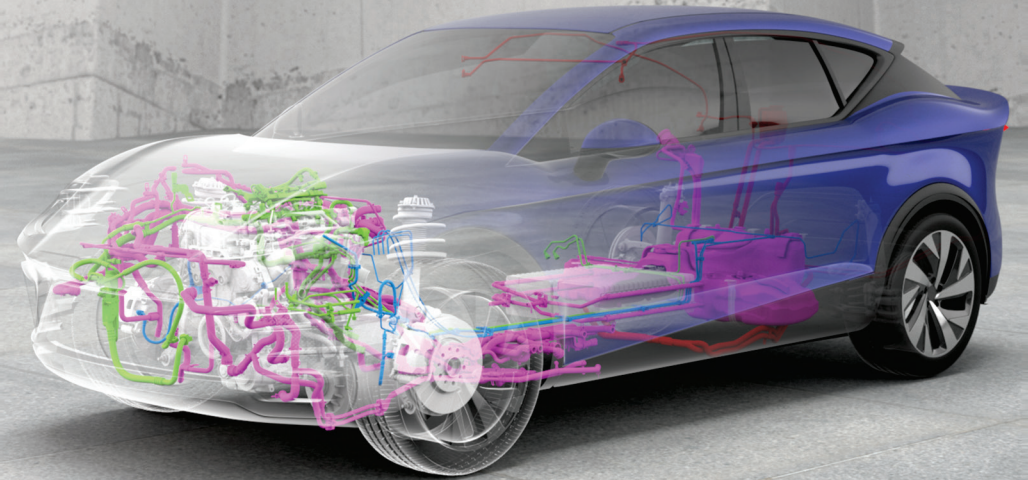


# 2021 Full Year Results Presentation

## TI Fluid Systems plc

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15 March 2022





# Disclaimer

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

The financial information in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. For more detailed information, please see the preliminary results announcement for the year ended 31 December 2021.

# Agenda

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1

Key highlights for 2021 – Hans Dieltjens

2

Financial performance – Ron Hundzinski

3

Q & A

# Investment proposition

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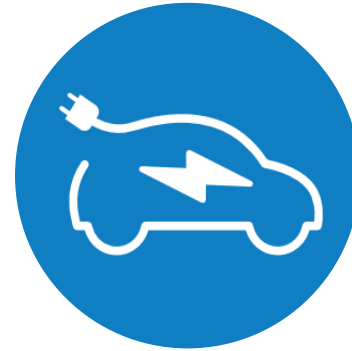
## **Resilience**

Flexible business model with diversified global customer base and operations. Robust profitability and free cash flow generation



## **Growth**

Demonstrated above market growth with leading technologies, strong market position, global footprint and engineering services



## **Electrification**

Significant growth opportunities resulting from vehicles electrification using TIFS's engineering expertise in thermal management, systems and lightweight plastic solutions



## **Sustainability**

Experienced management team committed to operating the business in an environmentally and socially responsible manner

**Taking the Turn to an Electrified Automotive Market with a sustainable business model that creates value for all our stakeholders**



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# Key highlights – Hans Dieltjens

# Key highlights – 2021 Full year results

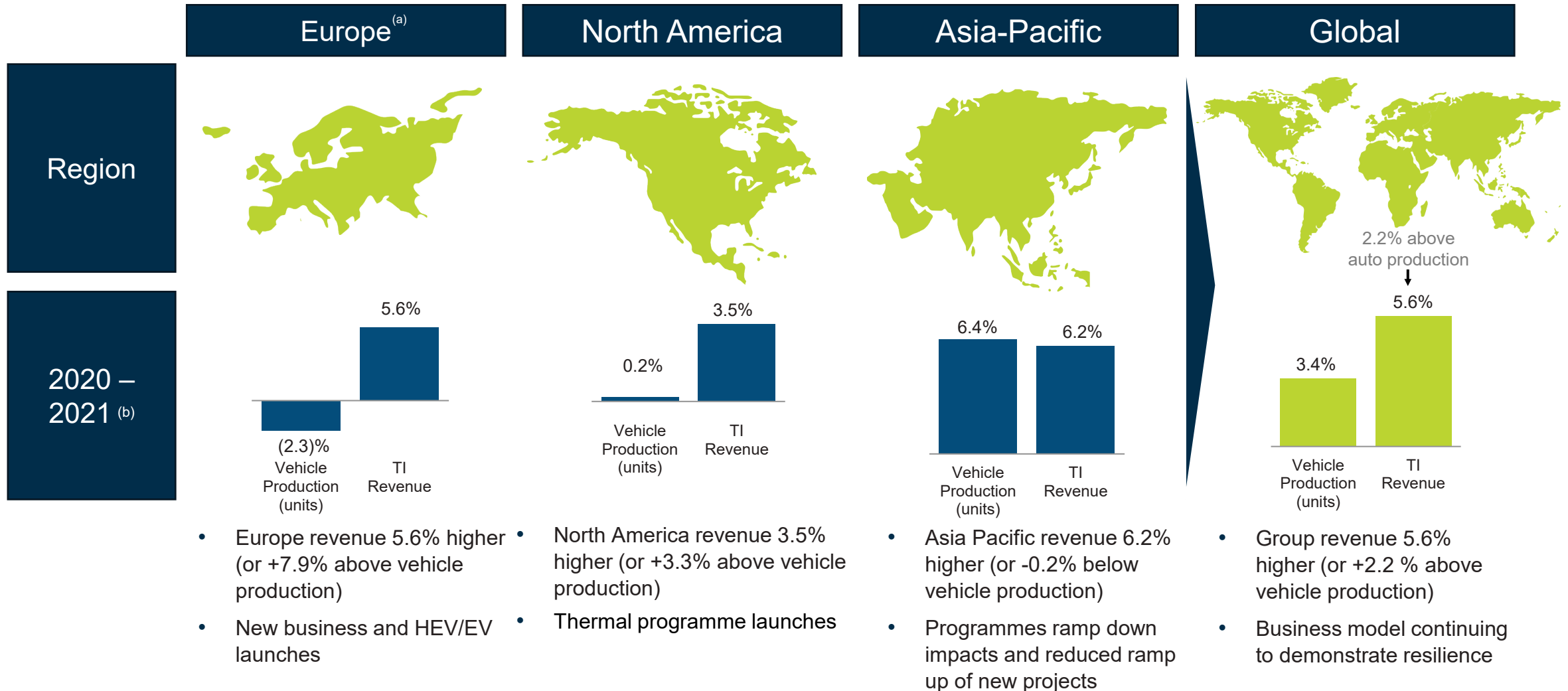
- 🕒 **Robust full year results despite continued market instability due to supply chain disruptions, material shortages and continuation of Covid 19 pandemic**
  - ✓ **Revenue continues to be resilient**
    - 2.2% outperformance above global light vehicle production <sup>a)</sup>
  - ✓ **Flexible cost structure with cost savings and cash preservation measures delivering robust positive margins**
    - 7.2% Adj. EBIT margin <sup>b)</sup>
  - ✓ **Strong and positive Adj. Free Cash Flow**
    - €117 million <sup>c)</sup>
- 🕒 **Continued alignment of cost to volume reality**
- 🕒 **Environmental focus and commitment for greenhouse gas emission reduction**
- 🕒 **Reinforced our commitment to diversity and inclusion with several new initiatives**
- 🕒 **Enhancement of the electrification transition through the -Take The Turn T<sup>3</sup>- Strategy**
  - Continuing to win products and systems for electrified vehicles with key customers, mainly for global platforms
  - Successfully launched production of several thermal products for electrified vehicles
  - BEV Awards increasing and leading representation on key BEVs coming to market

a) February 2022 IHS Markit

b) Adj. EBIT defined as Adj. EBITDA less depreciation & amortisation (including non-exceptional impairment) on tangible and intangible assets before adjusting for any purchase price adjustments to fair values arising on acquisitions

c) Adj. Free Cash Flow defined as cash generated from operating activities, less cash used by investing activities, adjusted for acquisitions, movements in financial assets at fair value through the profit or loss, cash payments related to IPO costs and cash received on settlement of derivatives and restructuring cash spend

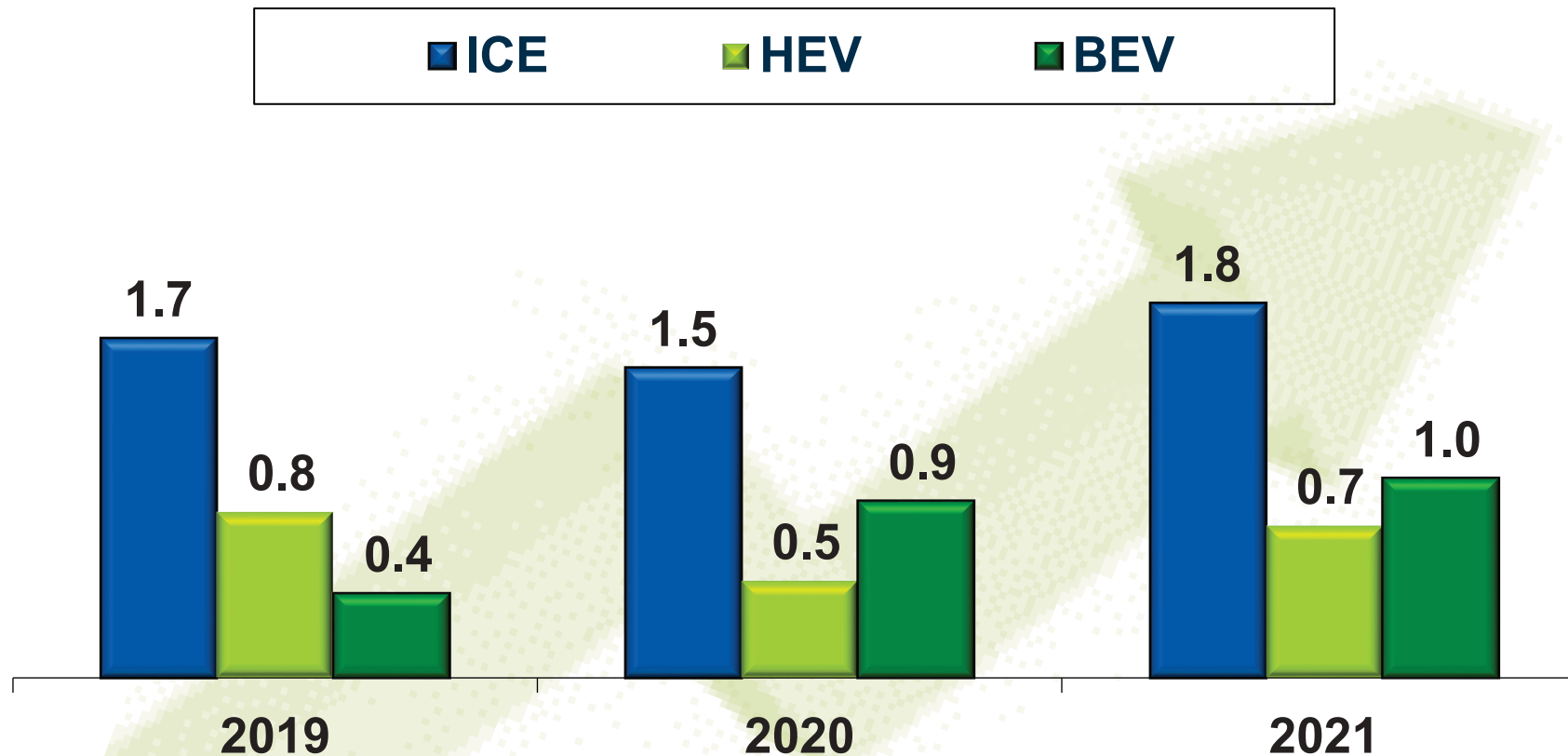
# Our market: Global Light Vehicle production 2020 – 2021



# Our commercial success: bookings 2019-2021



€B - Bookings on lifetime revenue basis



**Strong electrification booking growth**  
**Doubled BEV bookings since 2019 with ICE bookings remaining solid**



# Our launches: BEV 2021 examples

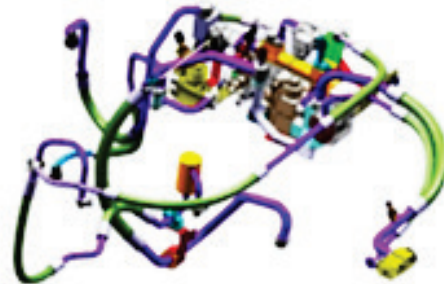


## EV Mercedes Heater Hoses and brake line (EQS/EQE)



- Lifetime production volume: 0.8m units <sup>a)</sup>
- Product Technology: Brake lines and heater lines
- Average CPV: ~€50

## EV Stellantis Heat Pump E-CMP/ E-VMP/ E-DPEO



- Lifetime production volume: 0.7m units <sup>a)</sup>
- Product Technology: Heat Pump AC Subassemblies
- Average CPV: ~€150

# Our Launches : HEV 2021 examples

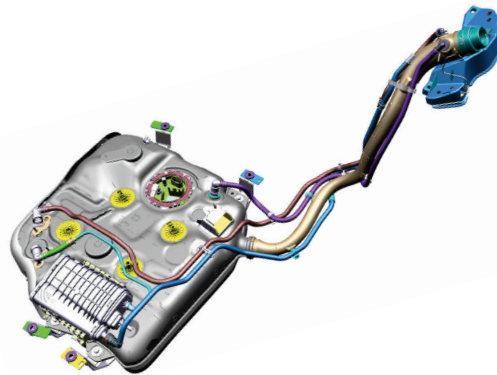


## Thermal Products: Jeep Grand Cherokee PHEV



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

## HEV Fuel Tank Example: Volkswagen New Bulli

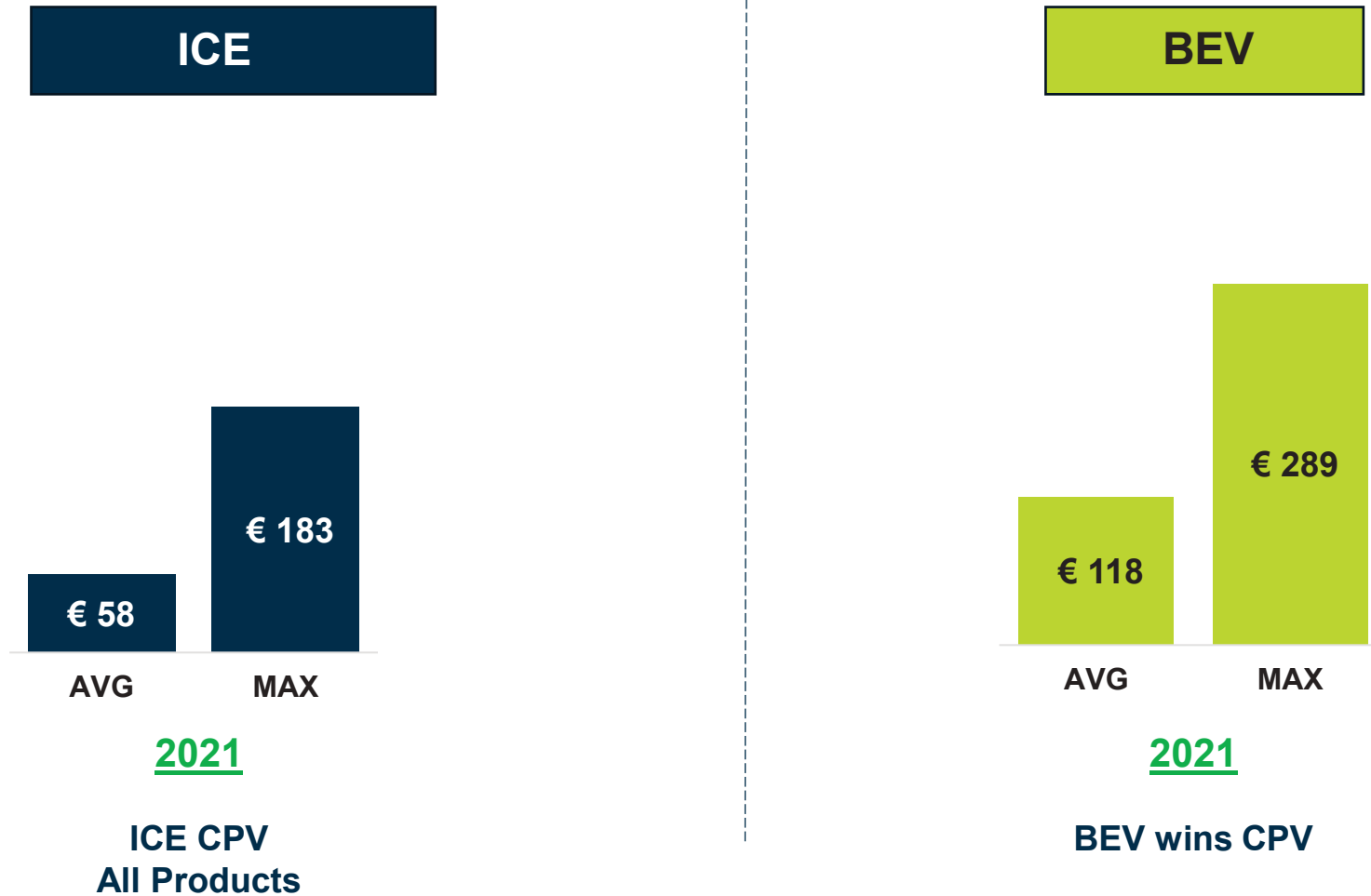


- Lifetime production volume: 205k units<sup>a)</sup>
- Product Technology: Pressure resistant LPT tank technology
- Average CPV: ~€265

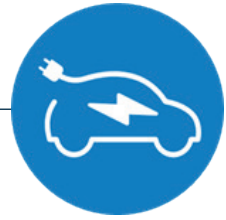
# Our electrification potential: Accretive BEV award CPV's



## Meaningful increase in BEV win CPV's

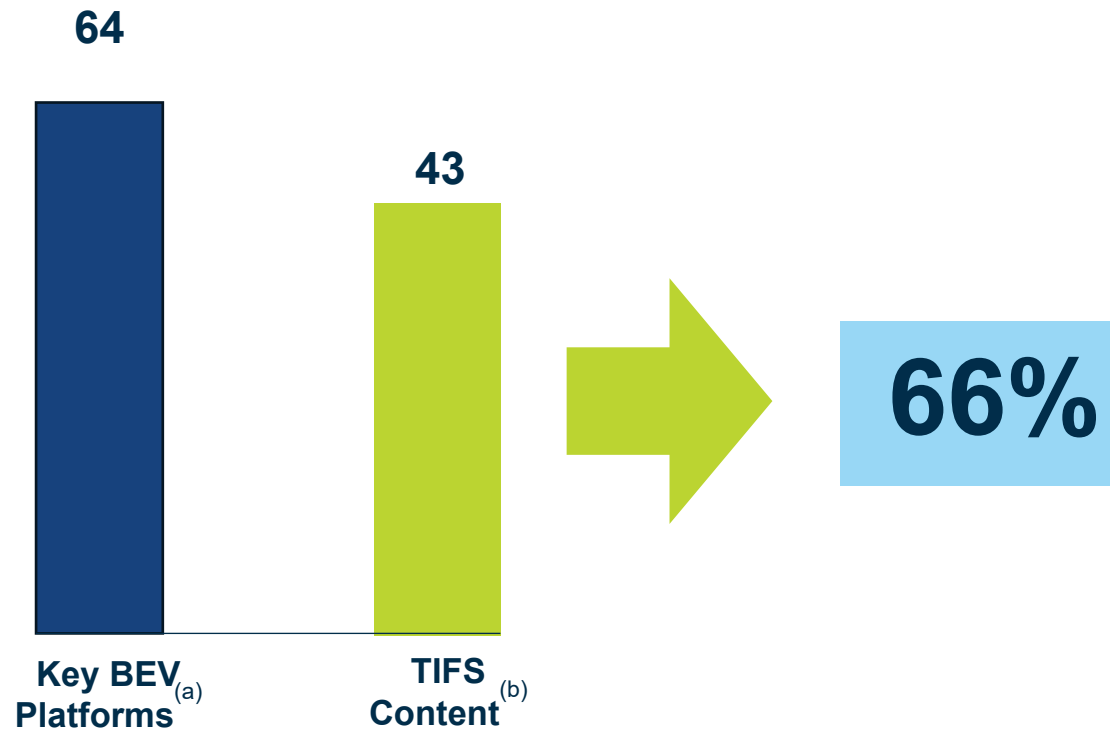


# Demonstrating success: BEV platform representation



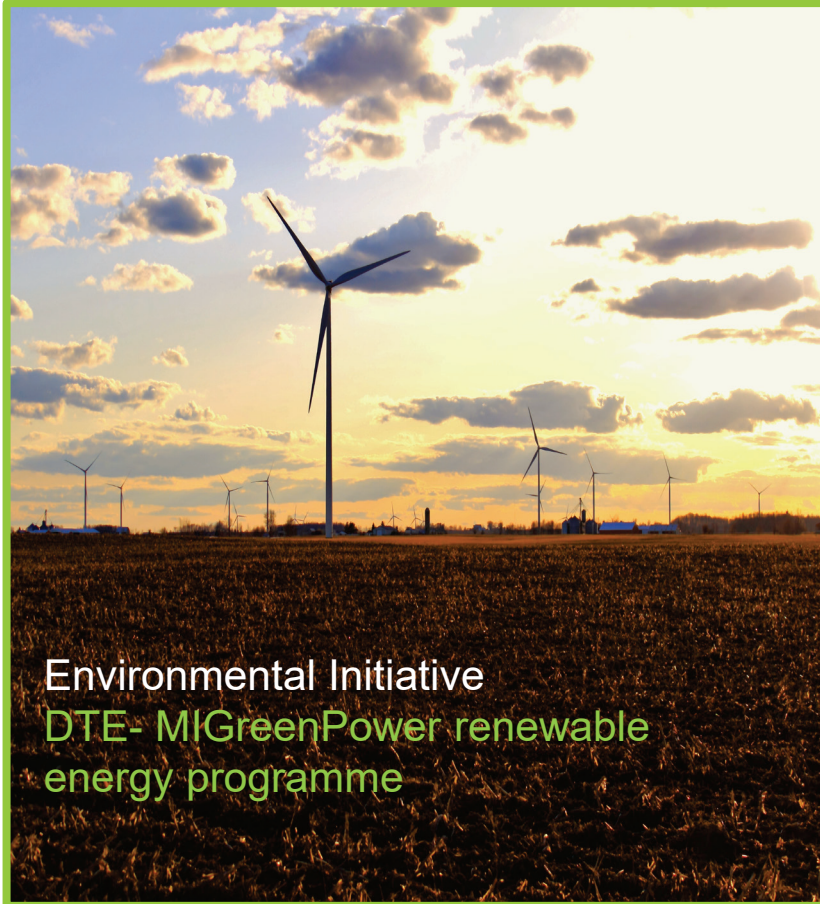
## Developing a significant leading representation on key BEV launches

### Key BEV's Entering Market 2022 - 2023



- **64 key BEV platforms** have been identified by JP Morgan to come to market in Europe and North America between 2022 and 2023
- TIFS estimated to have product content on more than **two-thirds** of these 64 BEVs platforms
- TIFS electrification strategy progressing well

# Our commitment to sustainability: Environmental



Environmental Initiative  
DTE- MI GreenPower renewable  
energy programme

- Sustainability data, including CO<sub>2</sub>(e) emissions and water consumption are publicly reported on our website and CDP
- Scope 1 and 2 emissions reduction target of 37.5% absolute reduction by 2039 compared to 2019 baseline
- Established electricity and water conservation targets for all manufacturing locations
- Environmental ISS Score improved from 7 to 6, with continued improvement expected
- In 2022, commitment to measure Scope 3 emissions and increase use of renewable energy
- Long Term Incentive Plans include sustainability targets



# Our commitment to Sustainability: Diversity and Inclusivity



- Completed inclusivity assessment of our top 300 middle and top management
- Diversity committees established in all regions
- Introduction of women mentoring program
- Social ISS score improved from 7 to 4
- Global gender split in 2021 across salaried employees improved to 2.3/1.0 (male to female)
- In 2022, we will introduce diversity targets to the organisation combined with tools to improve diversity
- Striving towards an increase in the number of women on the Board during 2022
- Committed to adding one ethnically diverse director to the Board by the end of 2024

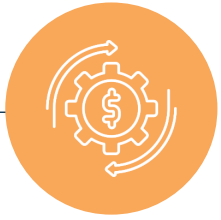


**Gender split table**  
2021 update

	M	Percent Men	F	Percent Women	Grand total
CEO	1	100%	0	0%	1
Executive Committee	7	88%	1	13%	8
Direct Reports to Executive Committee	34	76%	11	24%	45
Other Salaried	2847	70%	1237	30%	4084
<b>Grand total</b>	<b>2889</b>	<b>70%</b>	<b>1249</b>	<b>30%</b>	<b>4138</b>

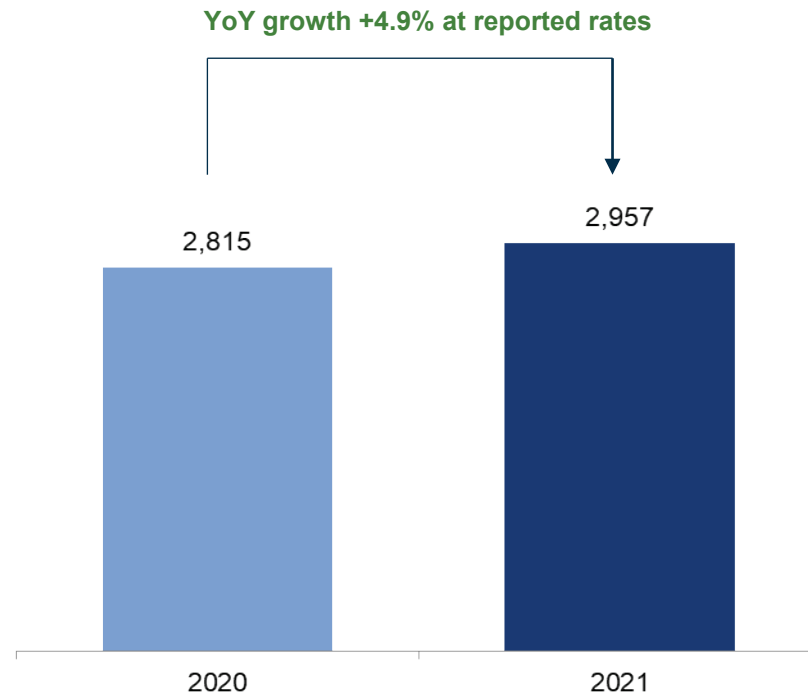
# Financial Performance – Ron Hundzinski

# Revenue outperformance continues



## Successful performance through further headwinds in global vehicle production in 2021

### Group Revenue (€m)



Global Auto Production (YoY)

+ 3.4%

### Key Comments

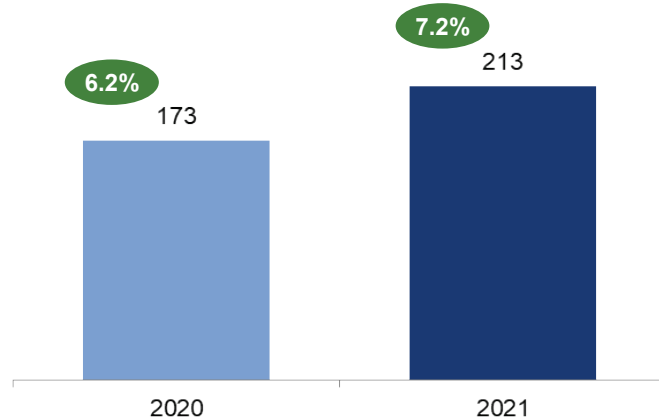
- Revenue increased by **5.6%** at constant currency (or +4.9% at reported rates)
  - Global light vehicle production increase of **3.4%**<sup>(a)</sup>
  - Revenue outperformance of + **2.2%**
- Europe revenue continued to outperform regional vehicle production, and North America returned to outperformance
  - Europe – **38%** of the Group's revenue growth, driven by new HEV/EV launch activity
  - North America – **24%** of the Group's revenue benefitting from strong growth in FTDS
  - Asia Pacific – **36%** of the Group's revenue impacted by timing of ramp downs in FTDS and customer production volatilities

# Adj. EBIT and Adj. EBITDA margin improvement

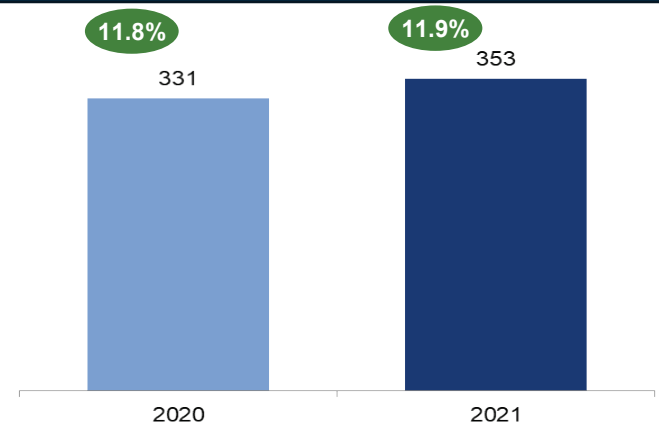


## Highly flexible cost structure leading to relatively stable margins

### Adj. EBIT (€m)



### Adj. EBITDA (€m)<sup>a)</sup>



### Key Comments

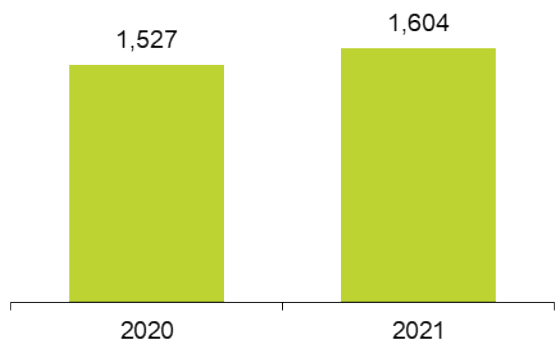
- Adj. EBIT of €213m or **7.2%** margin
- Margin growth through global macro-economical headwinds:
  - Customer production volumes volatilities due to microchip shortages and supply chain disruptions
  - High operating leverage and flexible cost structure
  - Adj. EBITDA of €353m or **11.9%** margin
  - Stable and strong margins demonstrate strength of business model with ability to adjust costs in different volume environments

# Segment Revenue and Adj. EBIT margins



**Both FCS and FTDS benefitted from conversion on higher revenue**

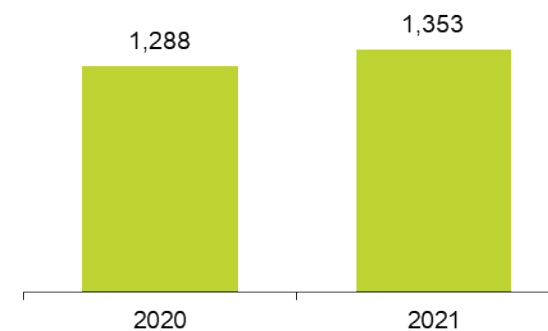
## FCS Revenue (€m)



Adj. EBIT Margin	2020	2021
	6.4%	7.4%

- Revenue increase of 6.0% at constant currency
  - At reported rates, YoY growth of 5.0%
- Adj. EBIT margin 100 basis points higher
  - YoY margin growth largely driven by successful HEV/EV launches in Europe and Asia Pacific

## FTDS Revenue (€m)



Adj. EBIT Margin	2020	2021
	5.9%	7.0%

- Revenue increase of 5.3% at constant currency
  - At reported rates, YoY growth 5.1%
- Adj. EBIT margin growth by 110 basis points
  - Margin growth due to volume recovery and new business launches



# Adj. Net Income, Adj. Basic EPS and dividends per share



**Adj. Basic EPS of 11.2 € cents with final dividend of 1.46 € cents per share**

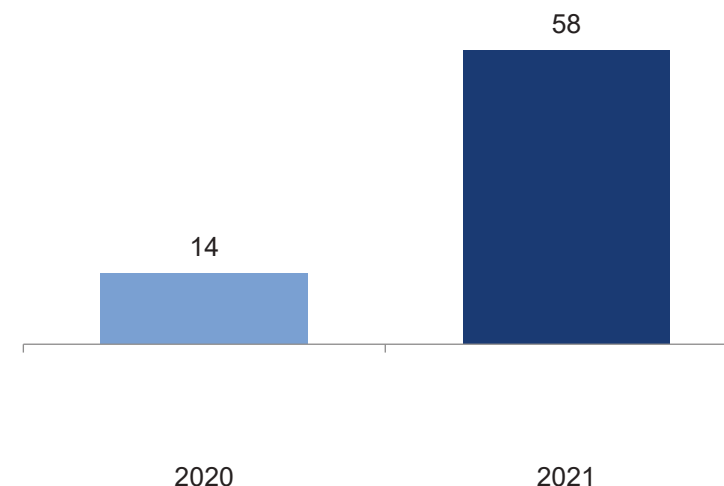
## Adj. Net Income Reconciliation (€m)

	2020	2021
<b>Profit / (loss) for the period</b>	(252)	16
Non Controlling Interests	(2)	(2)
Net FX (gains) / losses	(27)	7
Exceptional items	275	9
Other reconciling items	20	28
<b>Adj. Net Income <sup>(a)</sup></b>	14	58

## Dividend

- 2021 final dividend of **1.46 euro cents** per share <sup>(c)</sup>
- Represents full year dividend of 30% of Adjusted Net Income, in line with our dividend policy
- Total payout of **€17.5m** on **516m** shares ranking for dividend

## Adj. Net Income (€m)



Year	Adj. Basic EPS <sup>(b)</sup>
2020	2.6 euro cents
2021	11.2 euro cents

# Adj. Free Cash Flow – Solid Business Model

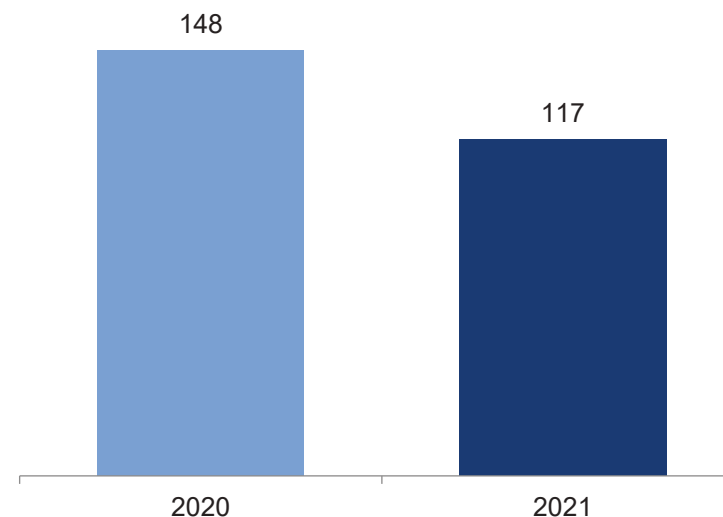


## Consistent Adj. Free Cash Flow generation

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

	2020	2021
<b>Adj. EBITDA</b>	331	<b>353</b>
Cash Interest	(54)	<b>(48)</b>
Cash Tax	(60)	<b>(54)</b>
Net PP&E and Intangibles	(109)	<b>(122)</b>
Working Capital, Provisions and Other	40	<b>(12)</b>
<b>Adj. Free Cash Flow</b>	148	<b>117</b>

### Adj. Free Cash Flow (€m)<sup>(a)</sup>



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

# Strong Capital Structure and Liquidity



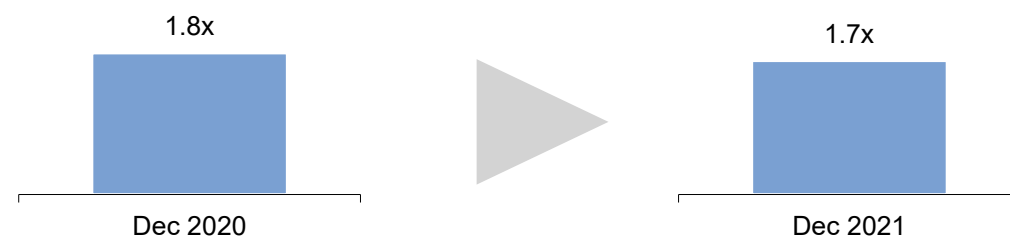
## Capital Structure Evolution

€m	Interest rate	2020	2021
<b>Financial liabilities</b>			
Secured Term Loan	US LIBOR+ 3.25% Euribor + 3.25%	1,102	<b>525</b>
Unsecured Senior Notes	3.75%	-	<b>600</b>
Unamortised Fees		(25)	<b>(25)</b>
<b>Total borrowings</b>		<b>1,077</b>	<b>1,100</b>
<b>Cash and cash equivalents</b> <sup>(a)</sup>		<b>(487)</b>	<b>(500)</b>
<b>Net Debt</b> <sup>(b)</sup>		<b>590</b>	<b>600</b>
<b>Net Debt / Adj. EBITDA LTM</b>		<b>1.8x</b>	<b>1.7x</b>

## Key Comments

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

## Leverage (Net Debt / Adj. EBITDA)



# Capital Allocation Priorities



Capital allocation priorities aligned with TI Fluid Systems' strategic objectives

Net cash generated from operations

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

# 2022 Outlook

€m	2020	2021	2022 Outlook
Revenue Outperformance	0.2% above auto production (at constant currency)	2.2% above auto production (at constant currency)	<b>Outperformance Continue</b>
Adj. EBIT Margin	6.2%	7.2%	<b>Resilient Margins <sup>(a)</sup></b>
Adj. Free Cash Flow	148	117	<b>Continue historical Conversion</b>
Net Leverage	1.8 x LTM Adj. EBITDA	1.7 x LTM Adj. EBITDA	<b>Continue to De-lever</b>
Dividend Payout Ratio	Pay-out reflecting strong cash generation - €35m	30% of Adj. Net Income	<b>Target 30% of Adj. Net Income</b>



# Summary

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Strong revenue growth, solid margins and free cash flow generation based on financial discipline and stakeholder aligned capital allocation



Demonstrated above market growth with leading technologies, strong market positions, global footprint and engineering services



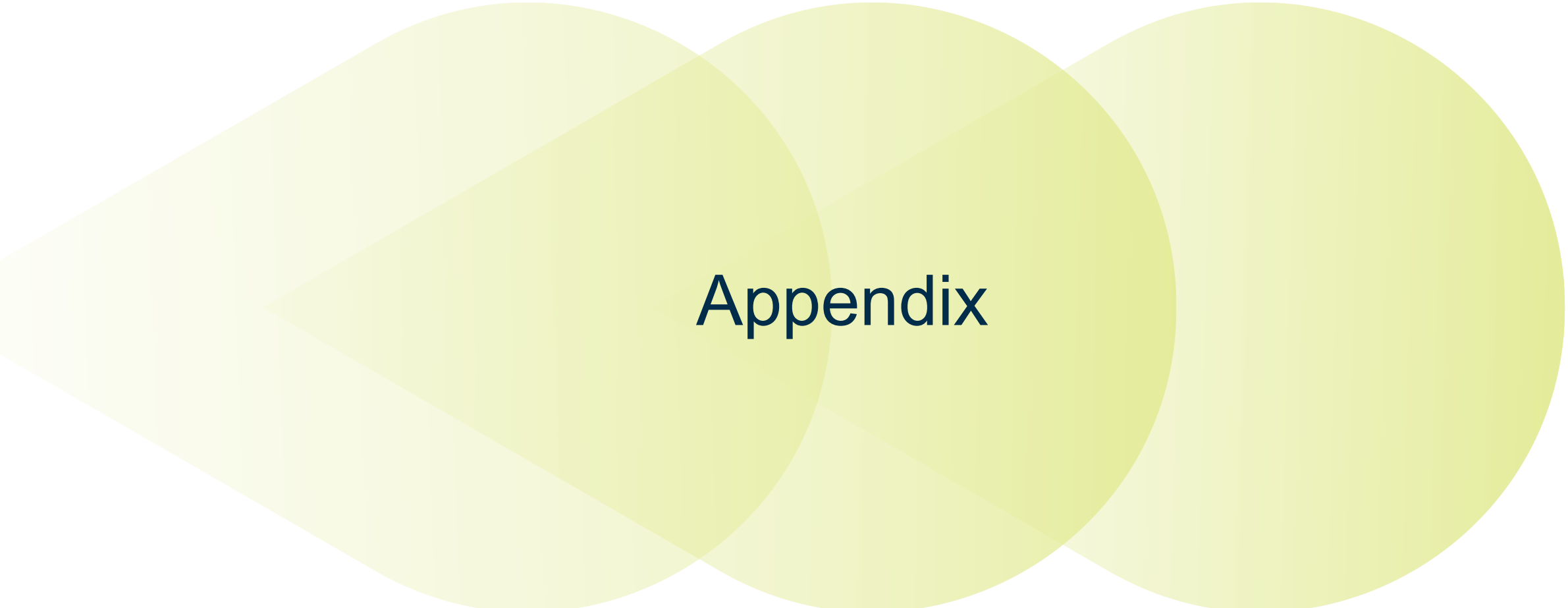
Significant growth opportunities resulting from vehicles electrification and TIFS engineering expertise in thermal management systems using lightweight plastic solutions



Experienced management committed to operating the business in an environmental and socially responsible manner

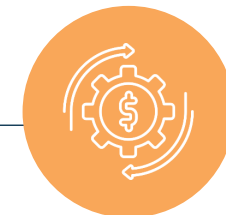


# Q & A

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# Appendix

# High Level Income Statement



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

### Income Statement Summary

### Key Comments

€m	2020	2021
<b>Revenue</b>	2,815	<b>2,956</b>
<b>Adj. EBIT</b>	173	<b>213</b>
<i>Adj. EBIT %</i>	6.2%	<b>7.2%</b>
PPA	(55)	<b>(52)</b>
D&A	213	<b>192</b>
<b>Adj. EBITDA</b>	331	<b>353</b>
<i>Adj. EBITDA %</i>	11.8%	<b>11.9%</b>
D&A	(213)	<b>(192)</b>
Net FX Gains/ (Losses)	27	<b>(7)</b>
Exceptional impairment	(305)	-
Other Reconciling Items <sup>(a)</sup>	(16)	<b>(27)</b>
<b>Operating (Loss) / Profit</b>	(176)	<b>127</b>
Net finance expense	(74)	<b>(72)</b>
Tax	2	<b>(38)</b>
Associate loss	(4)	<b>(1)</b>
<b>(Loss) / Profit for the Period</b>	(252)	<b>16</b>

- Adjustments primarily relate to certain non-cash and non-operational expenses
- **Purchase Price Accounting (“PPA”)** - depreciation and amortisation arising on the fair value uplifts related to the Bain Capital and Millennium acquisitions
- **Exceptional impairment-** recognised in H1 2020 and relates to the likelihood of business performance in the medium term given the context of a prolonged period of light vehicle production recovery. This impairment had an associated deferred tax credit of €30 million
- **Net FX gains / losses** - primarily FX impact on unhedged US to UK inter-company loans in USD upon unwinding hedging program in March 2020

# Adj. Effective Tax Rate



## Adj. Effective Tax Rate ~ 37%

### Effective Tax Rate Adjustments

### Key Comments

€m	2020	2021
<b>Profit before Income Tax</b>	51	66
UK losses	26	43
Share of associate loss	4	1
<b>Adj. Profit before Income Tax</b>	81	110
<b>Income tax before exceptional items</b>	(28)	(38)
Prior year tax provisions / adjustments	(6)	(2)
<b>Adj. Income Tax before exceptional items</b>	(34)	(42)
<b>Adj. Effective Tax Rate</b>	43%	37%

- **Adjusted effective tax rate** - approximately 37%
- **Adjustments to reported profit before tax** – relate to expenses in the UK that are either not deductible or not tax effected because of the UK loss position, including interest, financing and operating costs
- **Adjustments to income tax** – relate to changes arising in the year affecting items originally provided for in prior periods