2022 Half Year Results Presentation

TI Fluid Systems plc

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Disclaimer

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

The financial information in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. For more detailed information, please see the half year results announcement for the six months ended 30 June 2022.

Agenda

1	**Key Highlights**
2	**Strategy Update**
3	**Finance**
3	**Q & A**

Key Highlights – Hans Dieltjens

Key Highlights – 2022 Half Year Results

- **First half results demonstrate resilience in a volatile environment driven by microchip shortage, Ukraine – Russia conflict and China Covid-19 lock downs causing supply chain disruption and incremental inflationary pressures**
  - ✓ **H1 revenue growth 2.4%, market decline of 1.8%**
    - H1 YTD underperformance of 60 bps at constant currency
    - Q2 outperformance of 330 bps at constant currency
  - ✓ **Adj. EBIT margin 5.4%[(a)] despite volatile production schedules and macroeconomics headwinds**
  - ✓ **Adj. Free Cash Flow outflow €(1.6) million in H1 2022[(b)]**
- **Commercial efforts to offset inflationary costs increases**
- **Continued execution of announced restructuring programmes and cost control**
- **Significant progression on product development for electrified vehicles**
  - Opening of the first E-Mobility Innovation Centre in Rastatt, Germany
  - Continued success in Modularity approach
  - New business BEV wins €0.6B on lifetime revenue basis
  - Key awards include thermal business wins for two high volume platforms with European and American OEMs, and various BEV wins with Chinese OEMs
  - Successful launch of various thermal programs in Asia and North America

a) Adj. EBIT defined as Adj. EBITDA less depreciation, amortisation and impairment arising on tangible and intangible assets net of depreciation and amortisation arising on purchase price accounting

b) Adjusted Free Cash Flow is defined as Free Cash Flow adjusted for cash movements in financial assets at fair value through profit or loss ('FVTPL'), 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.

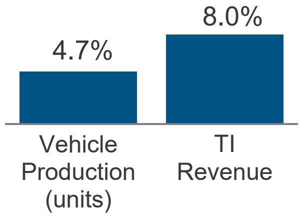
Presentation subject to rounding

H1 2022 vs H1 2021 Revenue and Vehicle Production

Revenue Outperformance in NA and EU

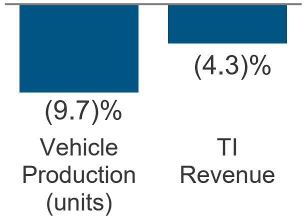
Region	North America	Europe [a]	Asia-Pacific	Global
H1 2021 – 2022 [b]				

North America



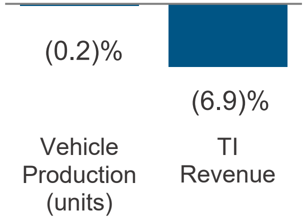
- North America revenue 8.0% higher (or 330 bps above vehicle production)
- Thermal revenue growth offset by reduction in powertrain
- Q2 as anticipated strong outperformance of 880 bps

Europe [a]



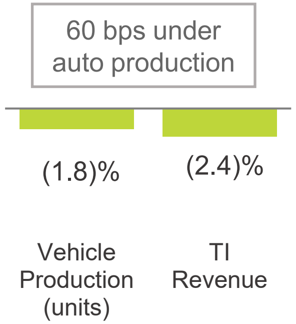
- Europe revenue -4.3% lower (or 540 bps above vehicle production)
- Successful launch of new BEV business

Asia-Pacific



- Asia Pacific revenue -6.9% lower (or 670 bps below vehicle production).
- Q2 underperformance 340bps
- Covid-19 lockdowns and mix on China BEV

Global



- Group revenue -2.4% lower (or 60 bps below vehicle production)
- Revenue outperformance in Q2 330 bps, while Q1 affected by one-time events and China COVID-19 lockdowns

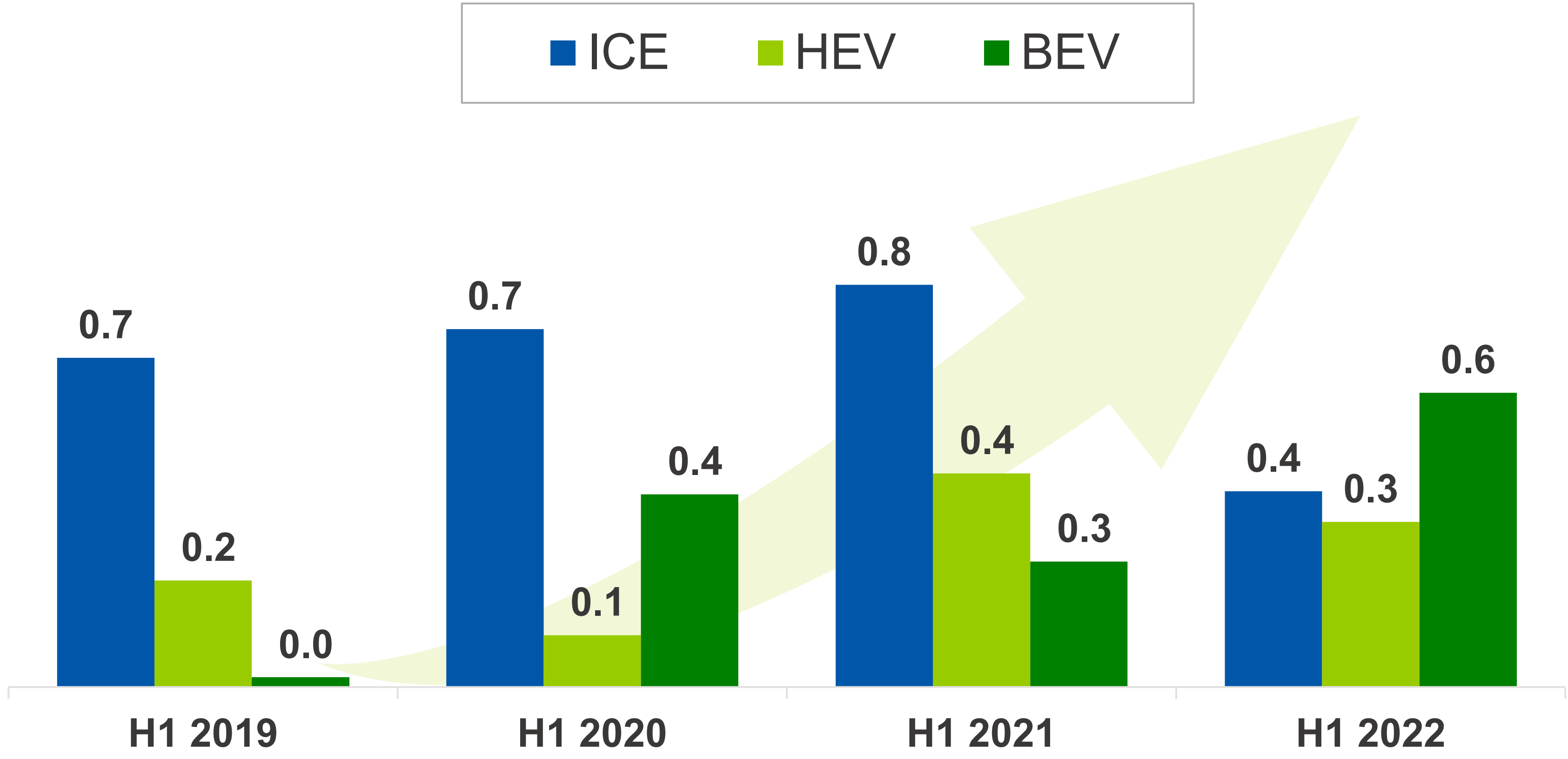
a) Europe vehicle production units include Africa and the Middle East
b) Revenue at constant currency

Source: July 2022 IHS Markit and company estimates

Strategy Update

Our commercial success: bookings H1 2019- H1 2022

€ billions - Bookings on lifetime revenue basis



Strong electrification booking growth

Our launches: BEV/HEV 2022 example

BEV/HEV Kia Coolant and Brake lines Niro DE(2)

- Lifetime production volume: 0.5m units [(a)]
- Product Technology: Brake lines and coolant lines
- Average CPV: ~€50

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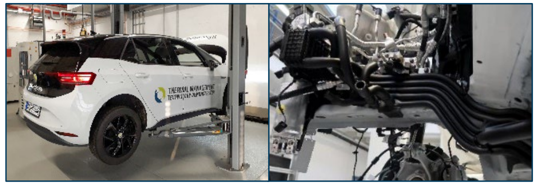
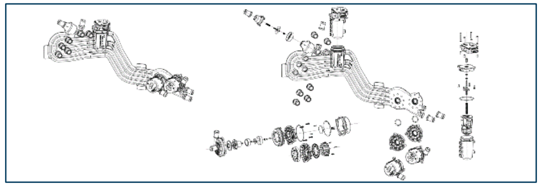
Source: Company information, a) based on May IHS volumes

E-Mobility Innovation Centre: Rastatt, Germany

Virtual Engineering



Vehicle Testing



Designing

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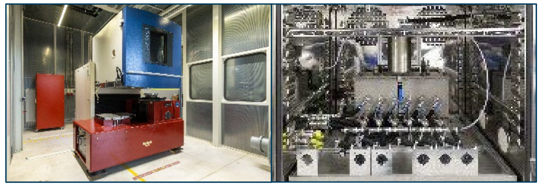
E•MOBILITY INNOVATION CENTER

Processing

* Process equipment depending on
local CoE and *product* strategy

Prototyping

Product Testing



* Validation equipment depending on
local CoE and *product* strategy

Sustainability – Environmental and Social

Environmental

- Developing a comprehensive global renewable energy plan to support reduction of our GHG emissions
- Energy conservation initiative in process with ongoing data gathering and workshops so that all plants can take steps to reduce their use of electricity
- Initial calculation of global Scope 3 emissions expected to be completed this year
- Reviewing our current GHG emissions reduction target with potential to revise consistent with COP26 and 1.5°C scenario using SBTi

Social

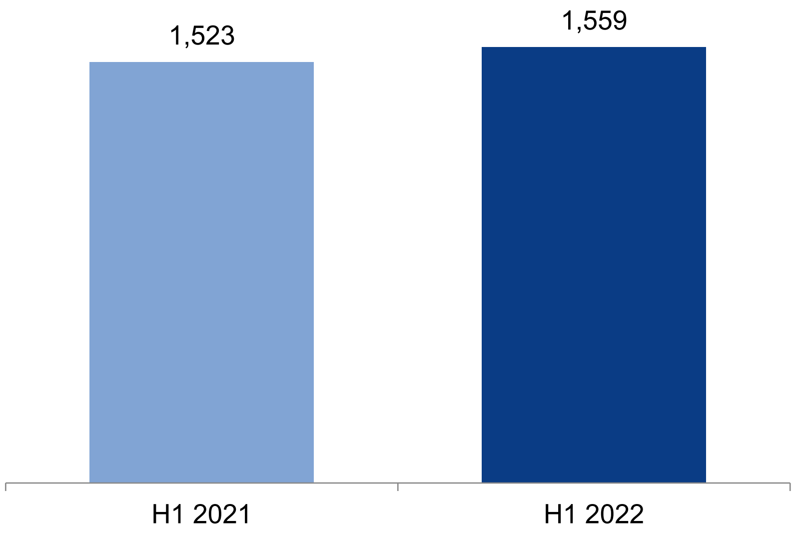
- Enhanced learning and innovation program for TI global workforce – *Fluid Learning*
- Completed diversity and inclusivity assessment for Top 300 managers and now conducting roundtables
- Scholarships being established in USA, Europe and Asia Pacific to support women studying STEM at University level
- Introduced gender diversity targets combined with tools to improve hiring and retention of diverse employees
- Striving to increase the number of women on the Board: Jane Lodge joined the Board in June 2022
- ISO 45001 Safety Management Scheme being expanded in 2022 to include approx. 30 additional plants with all global plants to be covered by end of 2024

Financial Performance – Ron Hundzinski

Revenue

Affected by macroeconomic headwinds in the first half of 2022

Group Revenue (€m)



Global Auto Production (YoY)	(1.8)%

Key Comments

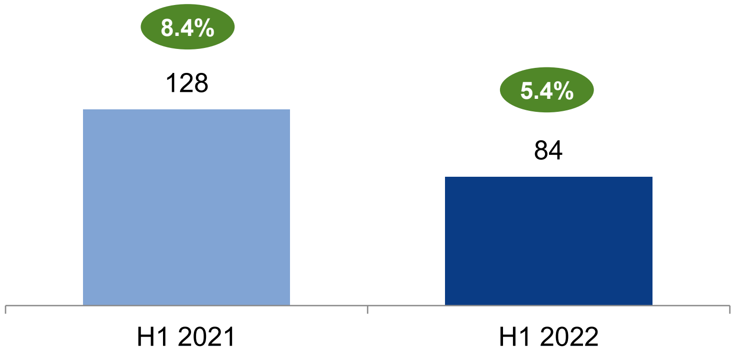
- Revenue decreased by **2.4%** at constant currency and increased by 2.4% at actual rates
  - Global light vehicle production decrease of **1.8%**
  - Revenue underperformance of **(60) bps** at constant rates
- Europe revenue strongly outperformed regional vehicle production, and 8% YoY growth in North America
  - Europe – 38% of the Group revenue with continued BEV/HEV launch activity, tempered by Ukraine disruption
  - North America – 27% of the Group revenue; strong revenue growth year on year
  - Asia Pacific – 33% of the Group revenue impacted by COVID shutdowns and BEV growth

Source: July 2022 IHS Markit and company estimates

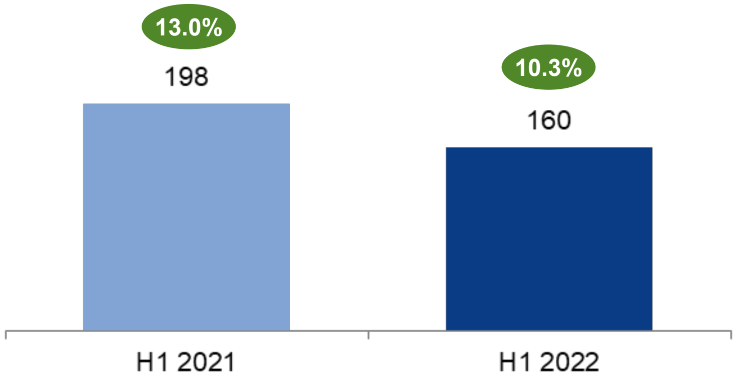
Adj. EBIT and Adj. EBITDA Margins

Margins impacted by inflation, component shortages and COVID shutdowns

Adj. EBIT (€m) [(a)]



Adj. EBITDA (€m) [(b)]



Key Comments

- Adj. EBIT [(a)] of €84m or **5.4%** margin; Adj. EBITDA [(b)] of €160m or **10.3%** margin
  - Global vehicle production volumes decreased by 1.8%, affected by microchip shortages, Russia - Ukraine conflict and China COVID-19 shutdowns
  - Profitability impacted by low volumes, production volatility and time lag on material cost recoveries
  - Significant inflationary cost pressures from raw material, energy, freight and labour
  - Commercial recoveries negotiations ongoing to pass on inflationary increases

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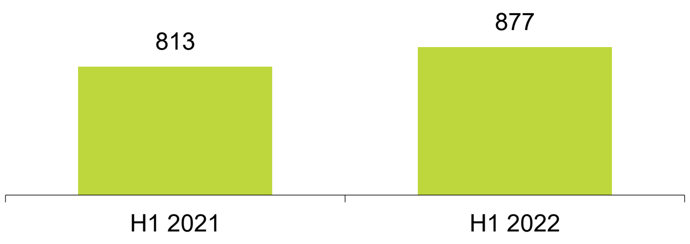
a) Adjusted EBITDA defined as profit for the period before income tax expense, net finance expense, depreciation, amortisation and impairment of PP&E and intangible assets, exceptional items, net foreign exchange gains/ losses, net restructuring costs, adjustments for associate income and loss on disposal of associates

Segment Revenue and Adj. EBIT Margins

Both FCS and FTDS impacted by conversion on lower revenue

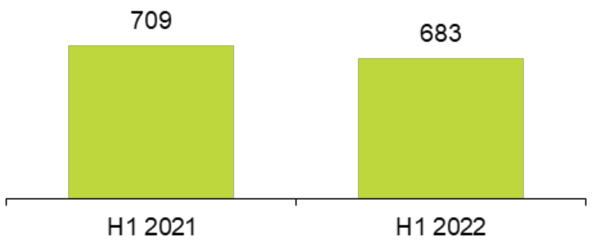
FCS Revenue (€m)



Adj. EBIT Margin	8.6%	5.3%

- Revenue increase of 2.4% at constant currency
  - At reported rates, YoY change of 7.8%
- Adj. EBIT margin lower than PY:
  - Materials costs increases with recoveries lag from customers
  - Inflationary increases mostly in energy, freight and labour
  - Commercial negotiations on going

FTDS Revenue (€m)



Adj. EBIT Margin	8.2%	5.5%

- Revenue decrease of (7.8)% at constant currency
  - At reported rates, YoY change of (3.8)%
- Adj. EBIT margin decrease YoY:
  - Decrease reflects the conversion of lower revenues
  - Materials costs increases with recoveries lag from customers
  - Inflationary increases mostly in energy, freight and labour
  - Commercial negotiations on going

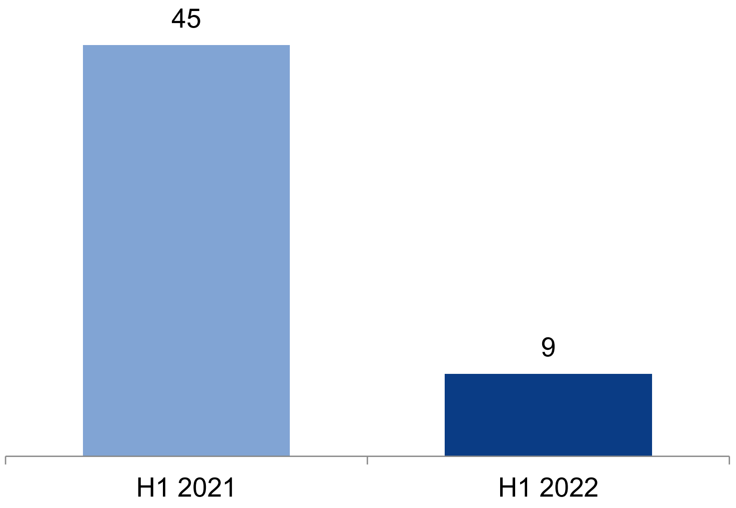
Adj. Net Income, Adj. Basic EPS

Adj. Basic EPS of 1.75 € cents

Adj. Net Income Reconciliation (€m)

	H1 2021	**H1 2022**
Profit for the Period	11	**1**
Non-Controlling Interests	(1)	**-**
Net FX Losses / (Gains)	8	**(3)**
Exceptional Deferred Tax credit	(3)	**-**
Exceptional Finance expense	12	**-**
Net restructuring costs	18	**11**
Adj. Net Income(a)	45	**9**

Adj. Net Income (€m)



Adj. Basic EPS (b)	8.75 euro cents	1.75 euro cents

Dividend

- Adjusted Basic EPS of 1.75 € cents
- Interim dividend of 1.00 € cents(c)

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(a) Adjusted Net Income is defined as Profit or Loss for the period attributable to the ordinary shareholders before exceptional items adjusted to reflect share of loss of associates and eliminate the impact of net restructuring charges, foreign exchange gains or losses and the impact of any business acquisitions or disposals.
(b) Adjusted Basic EPS defined as Adjusted Net Income divided by the weighted average number of shares for the year
(c) Dividend exchange rate of EUR to GBP set at ex-dividend date. Dividend payment date of 16th September 2022

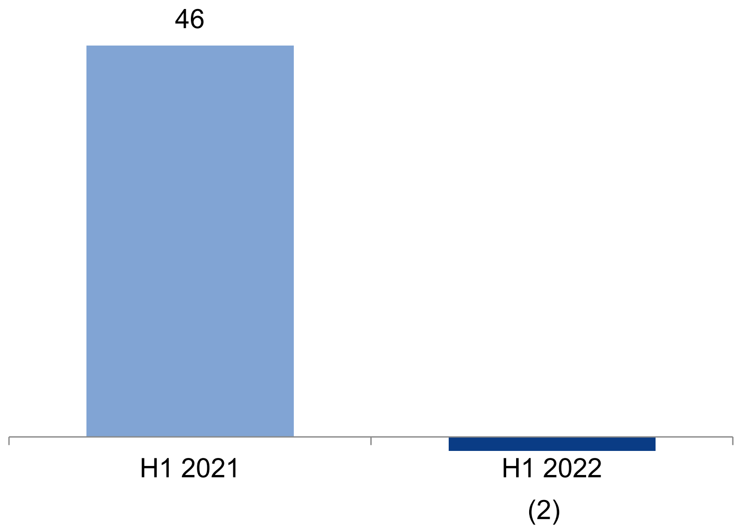
Adj. Free Cash Flow Growth

Significant working capital impacts from volatile production scheduling

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

	H1 2021	**H1 2022**
Adj. EBITDA	198	**160**
Cash Interest	(23)	**(24)**
Cash Tax	(28)	**(25)**
Working Capital, Provisions and Other	(47)	**(73)**
PP&E and Intangibles	(64)	**(55)**
Net restructuring cash	10	**12**
Tax on gain on disposal of associate	-	**3**
Adj. Free Cash Flow	46	**(2)**

Adj. Free Cash Flow (€m) [(a)]



- Increased working capital due to unannounced COVID-19 shutdowns in China, and volatility in customer call offs in Europe as a result of microchip shortages and other components

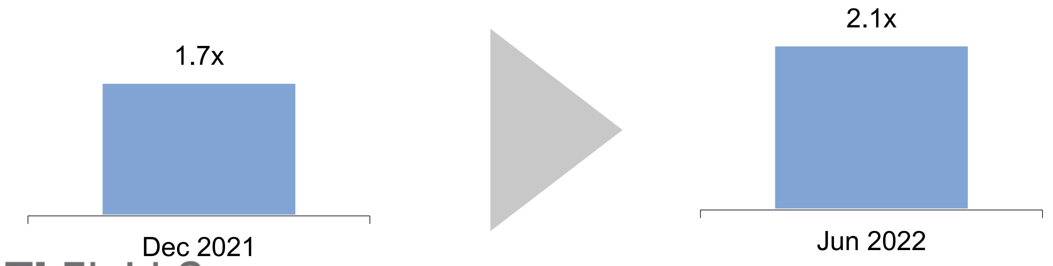
a) Adjusted Free Cash Flow is defined as Free Cash Flow adjusted for cash movements in financial assets at fair value through profit or loss ('FVTPL'), net cash flows relating to restructuring, settlement of derivatives and the impact of any business acquisitions or disposals. The restructuring cash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

Strong Capital Structure and Liquidity

Capital Structure Evolution

€m	Interest Rate	Dec 2021	Jun 2022
Financial Liabilities			
Secured Term Loan	US LIBOR+ 3.25% Euribor + 3.25%	524	**545**
Unsecured Senior Notes	3.75%	600	**600**
Unamortised Fees		(24)	**(23)**
Total borrowings		1,100	**1,122**
Cash and Cash Equivalents [(a)]		(500)	**(458)**
Net Debt [(b)]		600	**664**
Net Debt / Adj. EBITDA LTM		1.7x	**2.1x**

Leverage (Net Debt / Adj. EBITDA)



Key Comments

- Capital allocation priorities
  - Dividend pay-out in keeping with stated 30% of Adjusted Net Income policy
  - Capex & Capitalised R&D investment
  - Take advantage of attractive options with positive shareholder value, such as M&A
- Increase in leverage driven by lower Adj. EBITDA and FX USD term loan

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a) Cash and cash equivalents includes financial assets at Fair Value Through Profit or Loss ("FVTPL")
b) With IFRS 16 lease liabilities, net debt would be €809 million (31 December 2021: €750 million) and leverage 2.6x Adj. EBITDA Last Twelve Months (LTM) (31 December 2021 : 2.1x)

H1 2022 Summary

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

- Continue to protect health and safety of our employees and our sustainable business model
- Revenue 2.4% growth on the year versus 1.8% volume reduction in market benefiting from regional mix
- Positive Adj. EBIT of 5.4%
- Free Cash Flow outflow of €(1.6)m
- Strong balance sheet and cash position
- Electrification strategy progressing well
- Commitment to our environmental and social initiatives

Good progress on Take The Turn strategy

Q & A

Appendix

High Level Income Statement

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

Income Statement Summary

€m	H1 2021	H1 2022
Revenue	1,523	**1,560**
Adj. EBIT	128	**84**
Adj. EBIT %	*8.4%*	***5.4%***
PPA	(26)	**(27)**
D&A	96	**103**
Adj. EBITDA	198	**160**
Adj. EBITDA %	*13.0%*	***10.3%***
D&A	(96)	**(103)**
Net FX (Losses) / Gains	(8)	**3**
Net restructuring costs	(18)	**(12)**
Other reconciling items	1	**-**
Operating Profit [(a)]	77	**48**
Net finance expense	(31)	**(28)**
Exceptional finance expense	(12)	**-**
Tax	(25)	**(19)**
Exceptional Deferred Tax Credit	3	**-**
Profit / (Loss) for the Period	11	**1**

Key Comments

- Adjustments primarily relate to certain non-cash and non-operational expenses
- **Purchase Price Accounting ("PPA")** - depreciation and amortisation arising on the fair value uplifts related to the Bain Capital and Millennium acquisitions
- **Net FX gains / losses** - primarily FX impact from US to UK inter-company loans in USD
- **Restructuring** - includes Russia severance payments and assets written off on withdrawal from market - €6m

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a) Other reconciling items include adjustments for associate income

Adj. Effective Tax Rate

Adj. Effective Tax Rate ~ 46%

Effective Tax Rate Adjustments [a]

€m	H1 2021	H1 2022
Profit before Income Tax	45	**20**
UK losses	26	22
Share of associate loss	1	-
Adj. Profit before Income Tax	72	**42**
Income tax charge	25	**19**
Prior year tax provisions / adjustments	-	-
Adj. Income Tax	25	**19**
Adj. Effective Tax Rate	*35%*	***46%***

Key Comments

- **Adjusted effective tax rate** - approximately 46%
- **Adjustments to reported profit before tax** – primarily relate to expenses in the UK that are either not deductible or not tax effected because of the UK loss position including interest, financing and operating costs
- **Adjustments to income tax** – relate to changes arising in the year affecting items originally provided for in prior periods

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a) Amounts shown exclude exceptional items