2019 Half Year Results Presentation
TI Fluid Systems plc

8 August 2019

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 2019.

Agenda

1 Key Highlights for H1 2019 – Bill Kozyra

2 Financial Performance – Tim Knutson

3 Q & A

Key Highlights – Bill Kozyra

Key Highlights - 2019 Half Year Results

- **Solid first half results despite challenging global automotive production market**
  - ✓ **Continuing to grow revenue faster than global automotive production**
    - ~ 1.4% above global automotive volume growth
  - ✓ **Delivering solid margins and strong profitability**
    - ~ 10.1% Adj. EBIT margin [(a)]
  - ✓ **Steady Adj. Free Cash Flow**
    - €16.8 million in H1 2019 [(b)]
- **Successfully executing organic growth strategy in fluid systems automotive market**
    - Strategic investment in our thermal products facility in Morocco supplying the EV market
    - Technology in fuel tanks leading to new HEV business awards
    - Continuing to collaborate on thermal products and systems with key customers for EVs

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

b) 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

Presentation subject to rounding

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EV Update

Strategic investment in thermal products facility in Morocco primarily supplying Electric Vehicles ("EVs")

- New facility opened in Tangier, Morocco
- Support launch of high volume first generation EV platforms for European OEMs announced in August 2018. Launches expected to begin in 2020
    - **Size of facility:** 7,700 sq m
    - **Products:** Thermal fluid lines for battery, climate control and power electronics
    - **Capabilities:** Expands the Group's extrusion capabilities, thermal expertise and capacity in the region
- Morocco provides proximity to European OEMs, logistics savings, reduced complexities as well as a competitive cost structure
- **Group continues to collaborate on thermal product and systems with key customers for EVs (including China)**
    - Validation of EV strategy

HEV Update

Technology in fuel tanks leading to new business awards

- Continue to invest in fluid management portfolio to include advanced products required to reduce emissions and improve fuel economy in vehicles
- Launch of high volume tanks for Japanese OEM in North America in 2021
    - Lifetime volume of ~ 710k[a] units with a significant number of units for hybrid electric vehicles ("HEVs")
    - Integrated Transfer System ("ITS") process technology used to support robustness, reduce slosh and integrate components
- Customer relationships, global footprint and reputation as a leading fluid systems provider contribute to securing new business awards and support continued organic growth

a) Based on customer planning volumes

Global Vehicle Production H1 2018 – H1 2019

Region

H1 2018 – 2019 (b)

Europe (a)

- Europe revenue (3.9)% lower (or +4.5% above vehicle production)
- Slowdown in European market
- New business and favourable programme ramp impacts

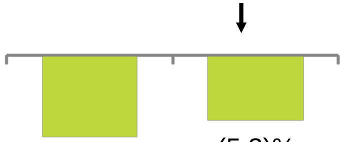
North America

- North America revenue (8.1)% lower (or 5.6% below vehicle production)
- Lower activity compared to H1 2018, vehicle mix and programme relocations

Asia-Pacific

- Asia Pacific revenue (4.7)% lower (or +2.8% above vehicle production)
- Weakness in Chinese market
- Continuing positive trend in fuel tanks with new business

Global



- Group revenue 5.3% lower (or 1.4% above vehicle production)
- Business model continuing to demonstrate consistent outperformance

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

Source: July 2019 IHS Markit and company estimates

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Key Investment Propositions

Experienced management team with proven track record of strong growth and financial performance

Demonstrated above-market growth with leading technologies, strong market positions, global low cost footprint (including China strength) and diversification

Significant growth opportunities aligned with electrification and TI's strength in thermal management

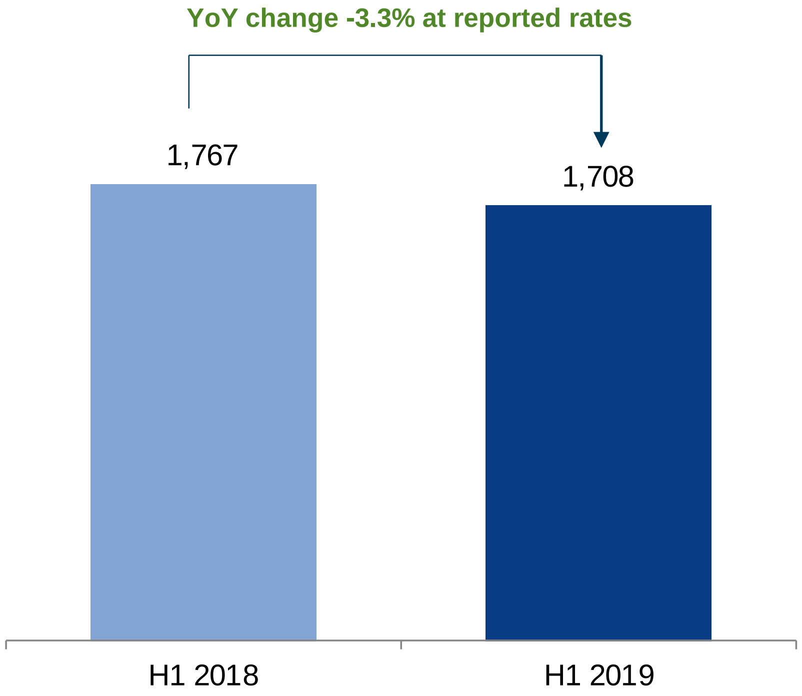
Strong revenue growth, superior margins and free cash flow generation

Financial Performance – Tim Knutson

Revenue Outperformance

Continued outperformance of global vehicle production in the first half of 2019

Group Revenue (€m)



Global Auto Production (YoY)	- 6.7%

Key Comments

- Revenue declined by **5.3%** at constant currency (or - 3.3% at reported rates)
  - Global light vehicle production level of **- 6.7%**
  - Revenue outperformance of + **1.4%**
- Europe and Asia Pacific revenue continued to outperform regional vehicle production offsetting the impact of North America
  - Europe – **41%** of the Group's revenue with European market weakness offset by launch activity
  - North America – **28%** of the Group's revenue impacted by vehicle mix and a high comparative from last year
  - Asia Pacific – **29%** of the Group's revenue benefiting from new business for FTDS in China

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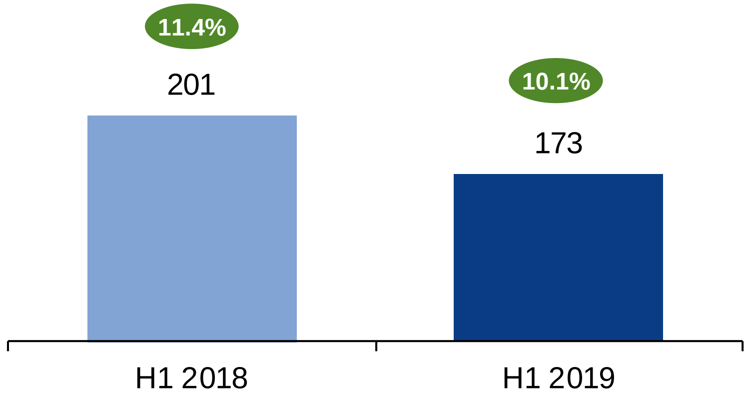
Source: July 2019 IHS Markit and company estimates

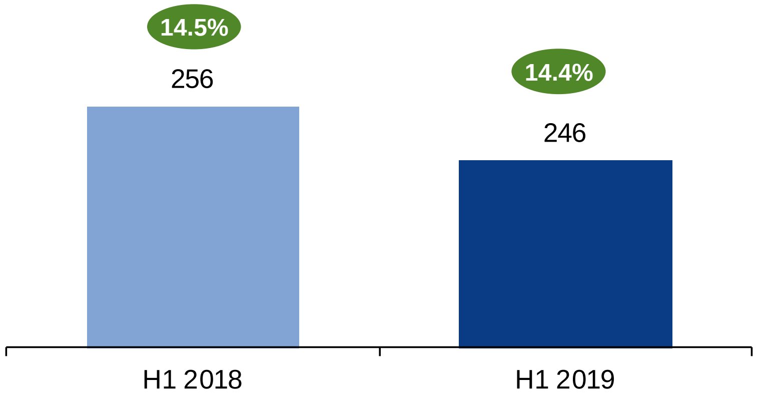
Adj. EBIT and Adj. EBITDA Margins

Highly flexible cost structure leading to relatively stable margins

Adj. EBIT (€m) [b]



Adj. EBITDA (€m) [b]



Key Comments

- Adj. EBIT of €173m or **10.1%** margin
- Solid margin but a decline against prior year:
  - High operating leverage and flexible cost structure
  - Global vehicle production volumes remain challenging, especially in China
  - Margins impacted by volume and cost increases not offset in Europe
- Adj. EBITDA[a] of €246m or **14.4%** margin
  - Stable and strong margins demonstrate strength of business model with ability to adjust costs in different volume environments
  - Adj. EBITDA includes a +1% impact from IFRS 16

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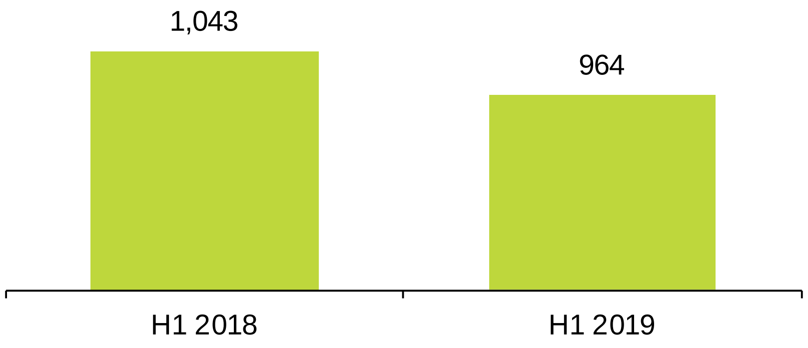
a) Adjusted EBITDA defined as profit for the period before income tax expense, net finance expense, depreciation, amortisation and impairment of PP&E and intangible assets, net foreign exchange gains/ losses, restructuring costs and adjustment for associate income

b) H1 2019 Adjusted EBIT includes a +€2.8m impact from IFRS 16 and Adjusted EBITDA includes a +€17.5m impact from IFRS 16

Segment Revenue and Adj. EBIT Margins

FCS impacted by market weakness with FTDS performing well

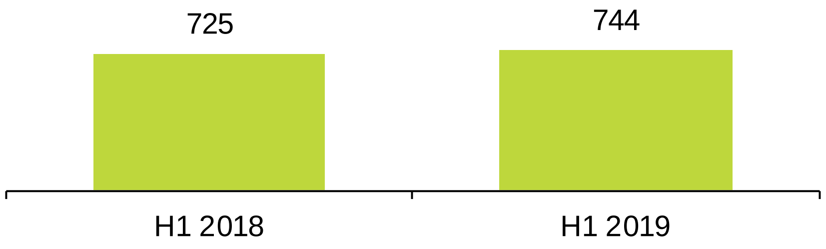
FCS Revenue (€m)



Adj. EBIT Margin	12.6%	10.4%

- Revenue decline of 9.5% at constant currency
  - At reported rates, YoY change of (7.5)%
- Continue to deliver solid Adj. EBIT margin at 10.4%
  - YoY margin reduction largely driven by the impact of market volume reductions particularly in China and cost increases in Europe

FTDS Revenue (€m)



Adj. EBIT Margin	9.6%	9.8%

- Revenue growth of +0.9% at constant currency
  - At reported rates, YoY growth of 2.7%
- Adj. EBIT margin increase of +20 bps
  - Strong operational performance and programme mix with complexity increasing in tanks

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

Adj. Basic EPS of 12.4 € cents with interim dividend of 3.02 € cents per share (at 2018 absolute level)

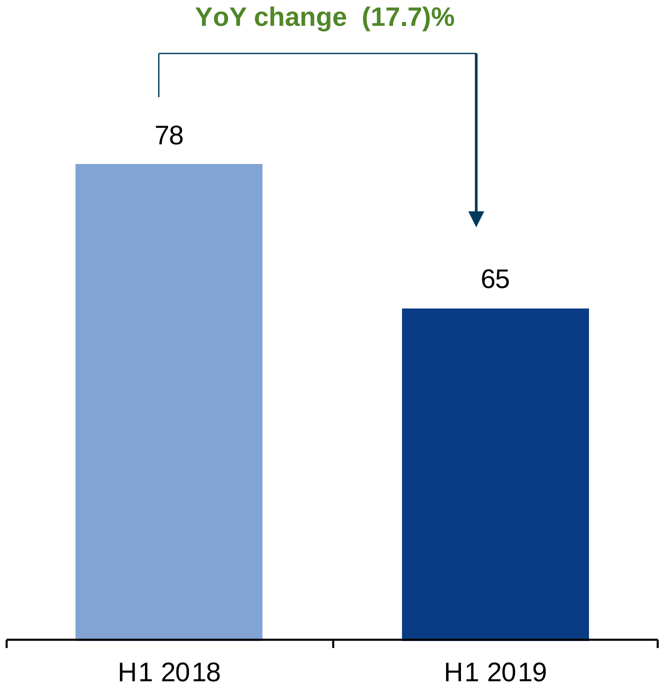
Adj. Net Income Reconciliation (€m)

	H1 2018	H1 2019
Profit for the period	**76**	**60**
Non Controlling Interests	(1)	(1)
Net FX gains	2	(1)
Other reconciling items	1	7
Adj. Net Income[a]	**78**	**65**

Dividend

- 2019 interim dividend of **3.02 euro cents** per share[c]
- Maintained at 2018 level which for the full year, could represent a pay-out in excess of our 30% of Adjusted Net Income dividend policy
- Payout of **€15.7m** on **520.3m** shares outstanding

Adj. Net Income (€m)



	H1 2018	H1 2019
Adj. Basic EPS[b]	15.1 euro cents	12.4 euro cents

(a) Adjusted Net Income defined as Adjusted EBITDA less net finance expense before exceptional items, income tax expense before exceptional items, depreciation and amortisation (including PP&E and intangible impairments) and non-controlling interests share of profit
(b) Adjusted Basic EPS defined as Adjusted Net Income divided by the number of shares in issue at the current balance sheet date
(c) Dividend exchange rate of EUR to GBP set at ex-dividend date. Dividend payment date of 27 September 2019

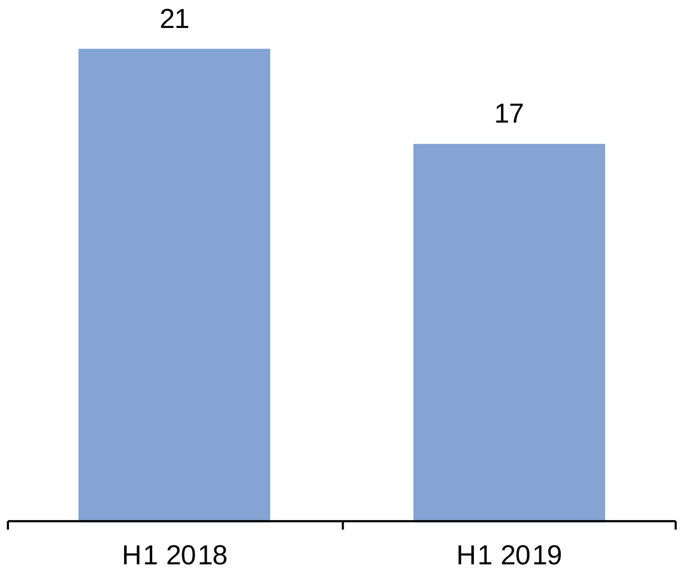
Adj. Free Cash Flow Growth – Solid Business Model

Steady Adj. Free Cash Flow generation

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

	H1 2018	H1 2019
Adj. EBITDA [c]	**256**	**246**
Cash Interest	(29)	(31)
Cash Tax	(47)	(46)
Working Capital, Provisions and Other	(87)	(61)
PP&E and Intangibles	(72)	(88)
Cash Received on Settlement of Derivatives	-	(3)
Adj. Free Cash Flow [b]	**21**	**17**

Adj. Free Cash Flow (€m) [a]



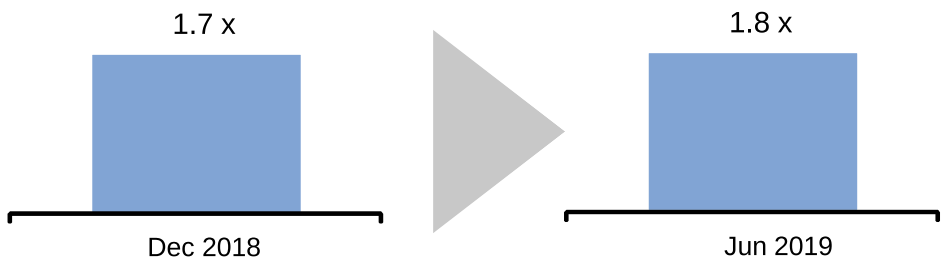
a) Adj. Free Cash Flow defined as cash generated from operating activities, less cash used by Investing activities, adjusted for acquisitions, movements in financial assets at fair value through the profit or loss, cash payments related to IPO costs and cash received on settlement of derivatives
b) Adj. Free Cash Flow includes a + €12.6m impact from IFRS 16
c) Adj. EBITDA includes a + €17.5m impact from IFRS 16

Strong Capital Structure

Capital Structure Evolution

€m	Interest Rate	Dec 2018	Jun 2019
Financial Liabilities			
Secured Term Loan	US LIBOR+ 2.5% Euribor + 2.75%	1,205	1,160
Finance Leases and Other		2	-
Unamortised Fees		(24)	(20)
Total		**1,183**	**1,140**
Cash and Cash Equivalents [a]		**(361)**	**(286)**
Net Debt		**822**	**854**
Net Debt / Adj. EBITDA LTM [b]		**1.7x**	**1.8x**

Leverage (Net Debt / Adj. EBITDA)



Key Comments

- Capital allocation priority remains on deleveraging through free cash flow generation in the medium term
  - Voluntary pay down of $57m (€50m) of USD Secured Term Loan in March 2019

(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 €1.0 billion and leverage 2.1 x Adj. EBITDA LTM as at 30 June 2019

2019 Outlook Update

€m	2018	2019 Outlook Update
Revenue Growth Outperformance	~ 3% above auto production (at constant currency)	→
Adj. EBIT Margin	10.8%	→
Adj. Free Cash Flow	146	→
Net Leverage	1.7 x LTM Adj. EBITDA	→
Dividend Payout Ratio (a)	30% of Adj. Net Income	→

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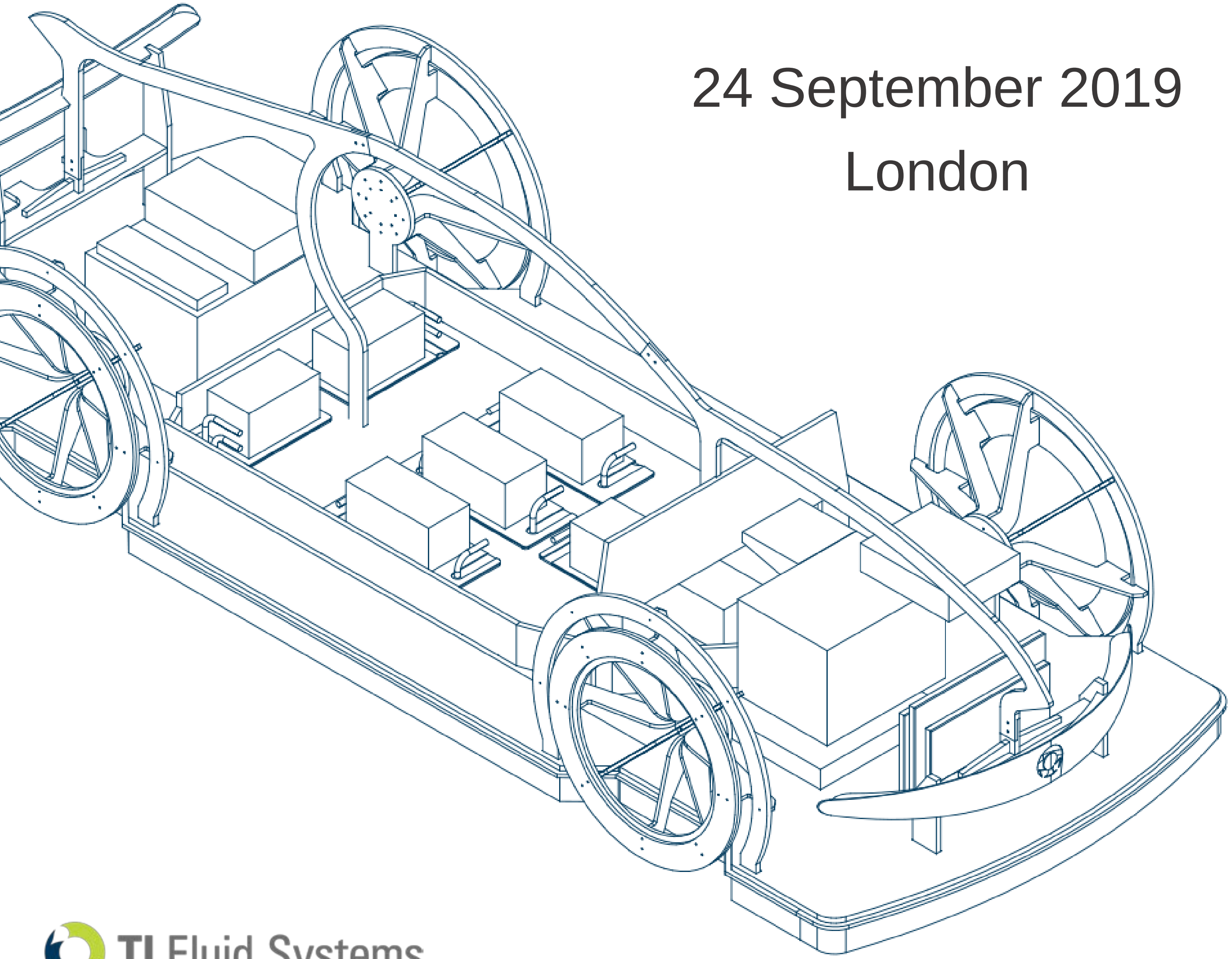
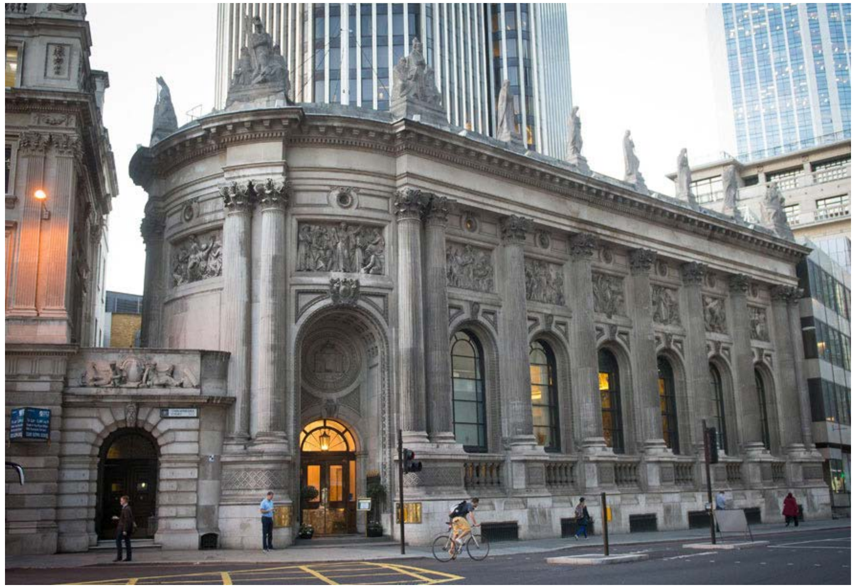
a) Proposed 2019 interim dividend of 3.02 euro cents per share maintained at 2018 level, which could represent a full year pay-out in excess of our 30% of Adjusted Net Income dividend policy

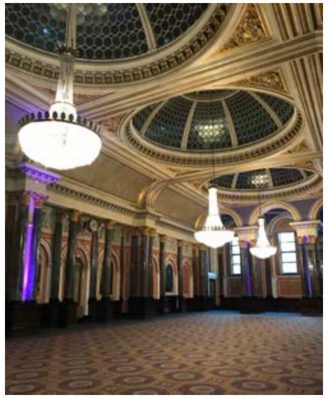
TI Fluid Systems Capital Markets Event 2019



24 September 2019

London





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Q & A

Appendix

High Level Income Statement

Adjustments to EBITDA and EBIT – non cash and non operational

Income Statement Summary

€m	H1 2018	H1 2019
Revenue	**1,767**	**1,708**
Adj. EBIT	**201**	**173**
Adj. EBIT %	*11.4%*	*10.1%*
PPA	(42)	(44)
D&A	98	116
Adj. EBITDA	**256**	**246**
Adj. EBITDA %	*14.5%*	*14.4%*
D&A	(98)	(116)
Net FX (Losses)/ Gains	(2)	1
Other Reconciling Items [(a)]	(1)	(8)
Operating Profit	**155**	**123**
Net finance expense	(31)	(30)
Tax	(48)	(34)
Profit for the Period	**76**	**60**

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

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

Adj. Effective Tax Rate

Adj. Effective Tax Rate ~ 31%

Effective Tax Rate Adjustments

€m	H1 2018	H1 2019
Profit before Income Tax	**124**	**93**
UK losses	36	25
Adj. Profit before Income Tax	**160**	**118**
Income tax before exceptional items	**48**	**33**
Prior year tax provisions / adjustments	1	3
Adj. Income Tax before exceptional items	**49**	**36**
Adj. Effective Tax Rate	***30%***	***31%***

Key Comments

- **Adjusted effective tax rate** - approximately 31%
- **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

IFRS 16 Leases

€m	Pre IFRS 16	Post IFRS 16	Net Impact
Income Statement			
Revenue	-	-	-
Depreciation	-	(14.7)	(14.7)
Uncapitalised lease costs	(22.3)	(4.8)	17.5
Operating profit	(22.3)	(19.5)	2.8
Net finance expense	-	(4.9)	(4.9)
Profit before income tax	**(22.3)**	**(24.4)**	**(2.1)**
Balance Sheet			
Right-of-use-assets	-	147.2	147.2
Borrowings	(2.0)	-	2.0
Lease liabilities	-	(149.9)	(149.9)
Balance Sheet Impact	**(2.0)**	**(2.7)**	**(0.7)**
Cash Flow Statement			
Operating Profit	(22.3)	(19.5)	2.8
Depreciation	-	14.7	14.7
Interest paid	-	(4.9)	(4.9)
Lease repayments	(0.2)	(12.8)	(12.6)
Total cash impact	**(22.5)**	**(22.5)**	**-**

€m	Pre IFRS 16	Post IFRS 16	Net Impact
Key Metrics			
Adjusted EBITDA	228.4	245.9	17.5
Adjusted EBIT	170.3	173.1	2.8
Adjusted Net Income	66.6	64.5	(2.1)
Adjusted Free Cash Flow	4.2	16.8	12.6

- IFRS 16 removes the distinction between “finance” and “operating” leases and requires that right-of-use assets and liabilities to be created for leases on the balance sheet
- **Key impact –**
- **Adjusted EBITDA** increased by + 1% as depreciation increased
- **Adjusted Free Cash Flow** increased by €12.6m in H1 2019 as lease principal payments are outside of the definition (no impact on net cash).
- **Lease liabilities** of ~ €150m excluded from net debt and leverage calculation[(a)]

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a) Net Debt amounted to €854m and Net Leverage 1.8 x Adj. EBITDA LTM as at 30 June 2019. If €150m of IFRS 16 lease liabilities were to be included, Net Debt would amount to €1.0 billion and Net Leverage would be 2.1x Adj. EBITDA LTM