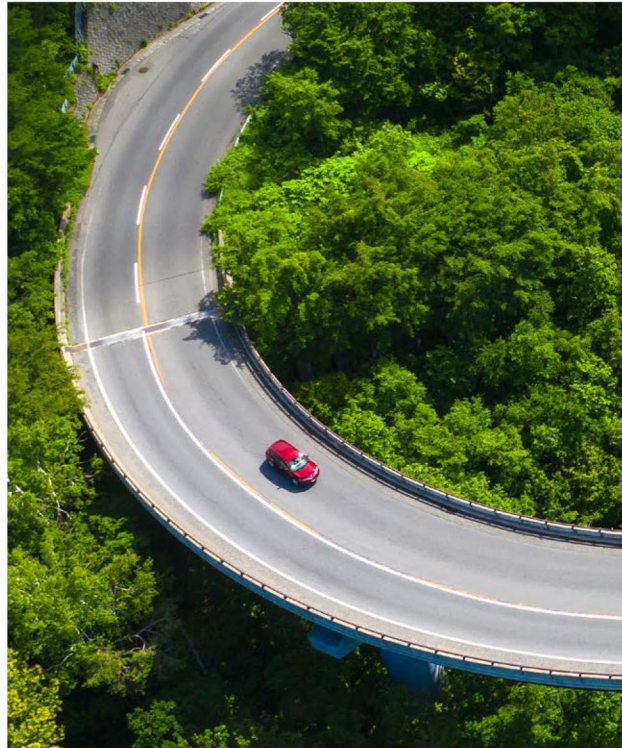


# 2020 Half Year Results Presentation

## TI Fluid Systems plc

---

18 August 2020



A close-up, artistic photograph of industrial metal pipes and fittings. The pipes are dark, possibly black or dark grey, and are arranged in a dense, overlapping pattern. The lighting creates strong highlights and shadows, emphasizing the metallic texture and the complex geometry of the connections. The background is blurred, focusing attention on the foreground elements.

# 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 2020.

# Agenda

---

1

Key Highlights for H1 2020 – Bill Kozyra

2

Financial Performance – Ron Hundzinski

3

Q & A

A person is working at a workbench in a laboratory or industrial setting. A blue light fixture is positioned above the workbench, illuminating the area. The person's hands are visible, and they appear to be working on a component. The background is blurred, showing other equipment and a clean environment.

# Key Highlights – Bill Kozyra

# Key Investment Propositions

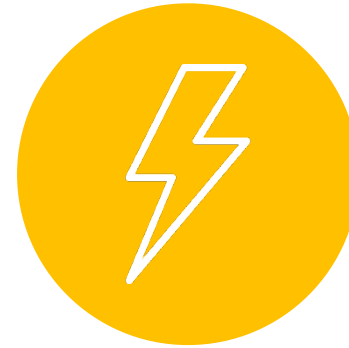
---



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

**Sustainable business model – ‘doing what we said we would do’**

# Key Highlights – 2020 Half Year Results

- 🕒 **First half results remained solid despite impact of significantly lowered global light vehicle production environment as a result of the COVID-19 pandemic**
  - ✓ **Revenue continuing to outperform underlying global light vehicle production**
    - 2.5% outperformance above global light vehicle production volume decline of **33.2%** versus prior year
  - ✓ **Flexible cost structure with cost savings and cash preservation measures offsets adverse market – maintaining positive EBIT margin**
    - 2.3% Adj. EBIT margin<sup>(a)</sup>
  - ✓ **Steady and positive Adj. Free Cash Flow**
    - €35 million in H1 2020<sup>(b)</sup>
- 🕒 **Initiated major restructuring of the Group's manufacturing capacity and fixed cost base – positioning for new volume reality**
- 🕒 **An asset impairment charge of €304.6 million taken to address likelihood of a prolonged reduction of global light vehicle production volumes – non-cash charge to goodwill, intangible and tangible fixed assets impacting PPA of 2015 Bain purchase of TI Automotive**
- 🕒 **Focus on highly engineered fluid storage, carrying and delivery systems for light vehicles**
  - Continuing to win thermal products and systems with key customers for global and regional BEV
  - Collaborating with key OEMs on advanced lightweight and integrated fluid modules and systems
  - Leading technology in pressure resistant fuel tanks leading to new HEV business awards

# London Stock Exchange Green Economy Mark Award

---



- TI Fluid Systems is pleased to be awarded the London Stock Exchange's Green Economy Mark, recognizing the scale of environmental benefit TI Fluid Systems products provide to the global automotive market
- The Green Economy Mark:
  - Recognises companies that generate over 50% of revenue from environmentally positive goods, products and services
  - Is developed and managed by FTSE Russell for its global investor clients
- As a leading global manufacturer of highly engineered fluid and thermal management systems, TI Fluid Systems enables vehicle manufacturers to sustainably reduce CO<sub>2</sub> emissions and improve fuel economy across all vehicle types, especially hybrid and battery electric vehicles

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

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



# BEV Wins Continue



## Continuing awards in thermal products and launch of 2018 awarded Battery Electric Vehicles (“BEVs”)

- Production of thermal products underway for 2018 global OEM BEV wins with models expected to be on the road late summer/ fall 2020
  - Remaining variants expected to follow late fall through 2021
- Continuing to win additional regional BEV content on North American, Chinese and Korean OEM platforms
  - Refrigerant, coolant, nylon lines, connectors and sub-systems
- Group continues to collaborate on integrated thermal products and systems with key global customers for BEVs

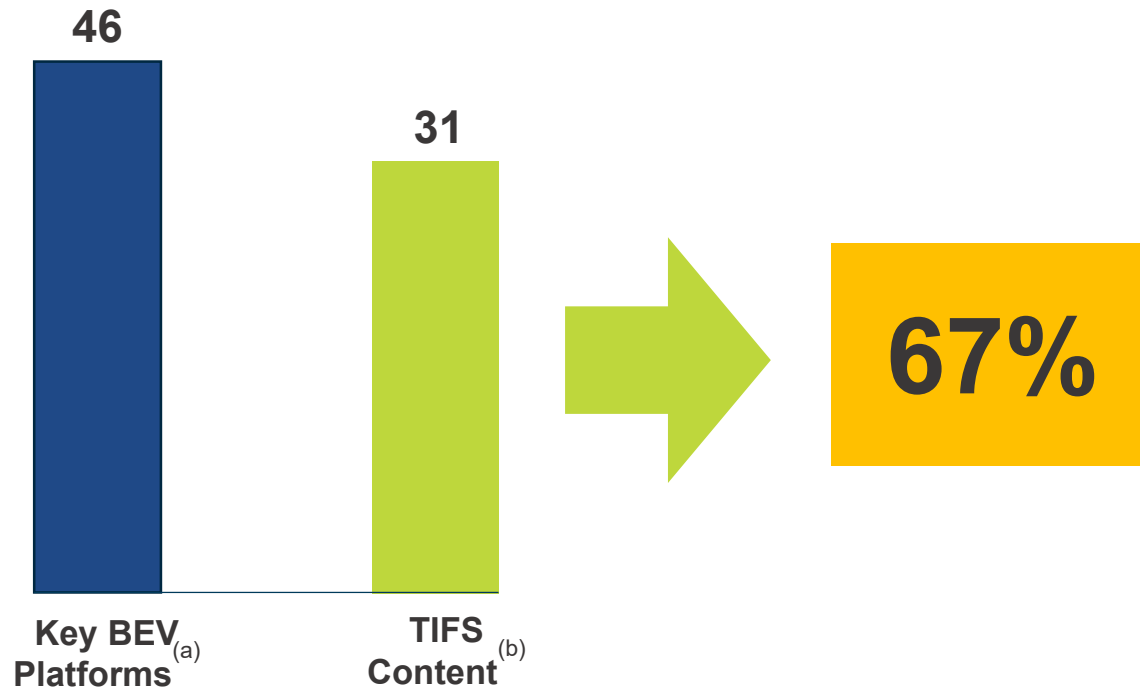




# BEV Presence Solid

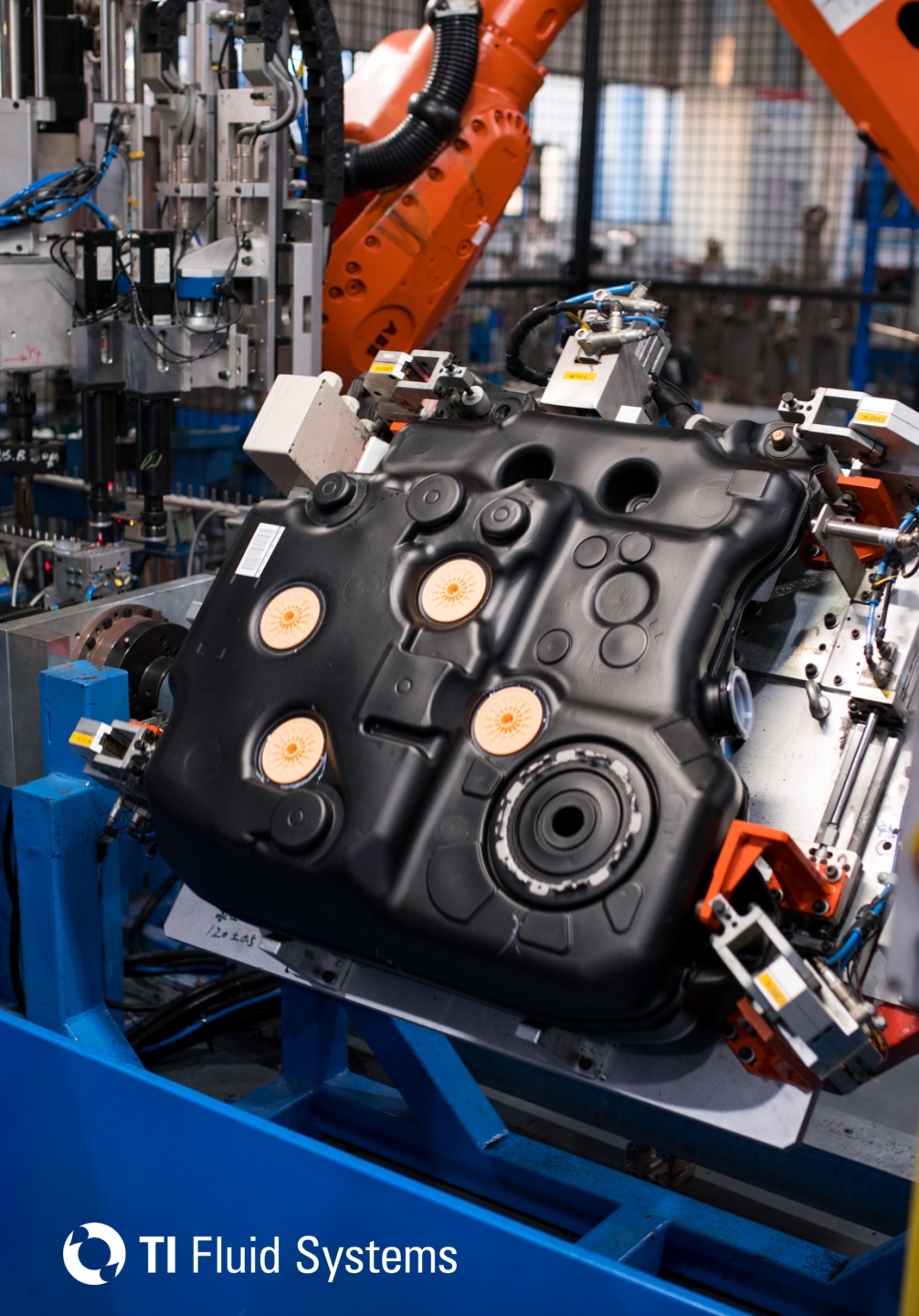


## Key BEV's Entering Market 2020 - 2022



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

**Significant leading representation of product content on key BEV launches**

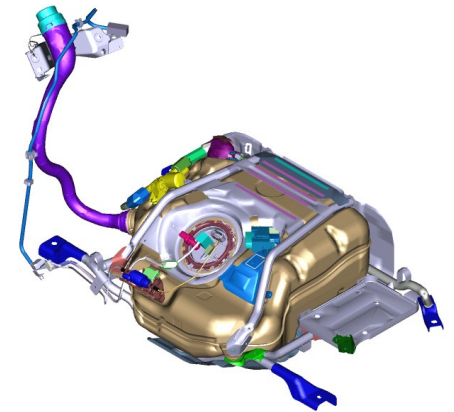


# HEV Fuel Tank Share Continues



## Technology strengths continue to drive share gain in HEV pressure resistant fuel tanks

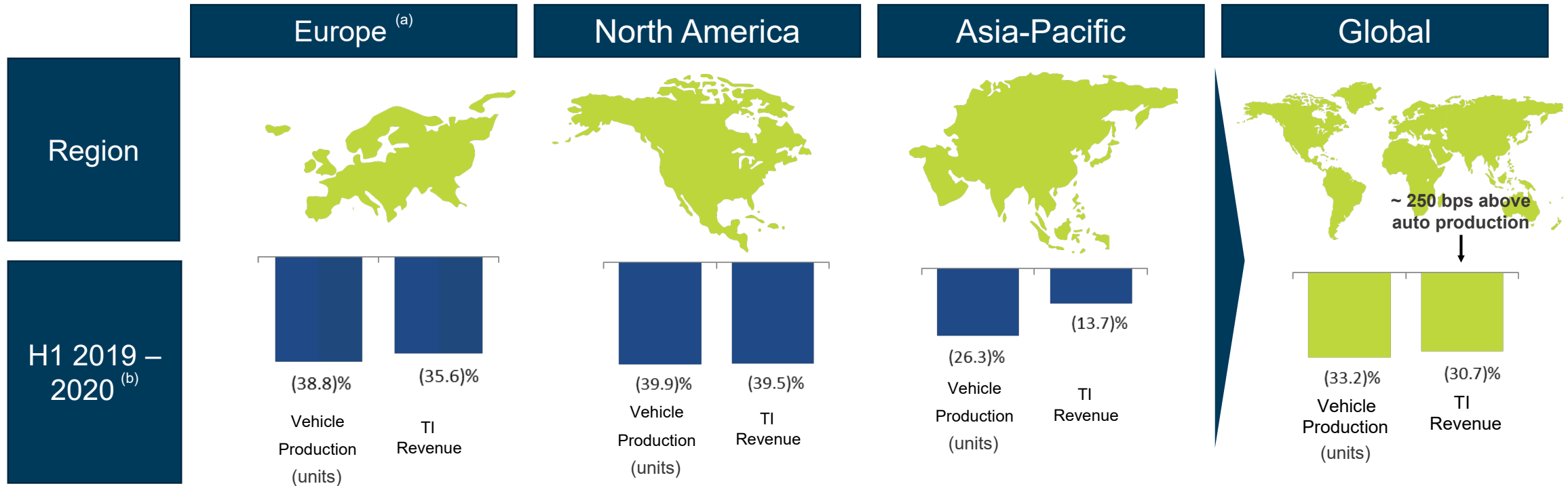
- Continue to be awarded advanced technology products required to reduce emissions and improve fuel economy in hybrid electric vehicles
- Award of high volume pressure resistant fuel tanks for a German OEM in Europe with SOP expected in 2021
  - Lifetime volume of ~ 420k<sup>(a)</sup> units for hybrid 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



# H1 2020 vs H1 2019 Revenue and Vehicle Production



## Revenue Outperformance Continues



- Europe revenue (35.6)% lower (or +3.2% above vehicle production)
- Aligned with customers and closed factories to minimize risk
- Successful launch of new business and favorable mix

- North America revenue (39.5)% lower (or +0.4% above vehicle production)
- Although revenue impacted by extended OEM factory closures, favorable impact of new business launches and mix offset decline

- Asia Pacific revenue (13.7)% lower (or +12.6% above vehicle production)
- Business launches and growth in FTDS segment in China driving outperformance

- Group revenue (30.7)% lower (or +2.5% above vehicle production)
- Business model continuing to demonstrate consistent outperformance

# COVID-19 (Coronavirus) Update



- Significant impact to overall economic activity and global light vehicle production as pandemic spread from east to west
  - H1 2020 light vehicle production decline of 33.2% YoY
  - Asia Pacific -26.3% | China -19.7% | Europe -38.8% | North America -39.9% | Latin America -51.0%
  - Lowest month was April with a decline of 61.4% YoY
- TI Fluid Systems acted early utilizing the strengths of an experienced management team
  - Travel banned globally, transition to remote work for staff functions, production facilities closed in alignment with OEM plant closures
  - Significant return to work protocols established to protect returning workers health and safety including temperature screening, revised production process for proximity distancing, face masks, enhanced personal and equipment sanitation
  - Initiated a major cost saving and cash preservation focus program to ensure financial health through unprecedented downturn
- Collaborated with Ford Motor Co. and 3M to prototype, develop and produce within just two weeks air flex tube assemblies for powered air-purifying respiratory systems (PAPR) for use by front line health workers battling the COVID-19 pandemic

**Early response to protect our employees, health workers and company resilience**

# Fixed Cost Restructuring Actions



- Structural changes now necessary given the likelihood of a prolonged period of light vehicle production recovery
- Restructuring focus targeting to reduce Fixed Cost by 16.2%
- Workforce reduction:
  - We expect the reduction in workforce of at least ~ 1,000 associates from our global workforce of 27,300
- Cash expenditures and savings
  - We expect cash expenditures of ~ €17m 2020 and ~ €30m in 2021, totaling ~ €47m
  - Savings in 2022 of ~ €74m and cumulative savings through 2022 of ~ €94m
- 6 Plant closures and 2 partial closures
  - 4 in Europe | 2 in North America
- Plant equipment and development cost asset impairments recorded

**Preparing for a prolonged period of light vehicle production recovery**

A close-up photograph of a silver industrial robotic arm in a factory setting. The arm is positioned diagonally across the frame, with its joints and cables visible. The background is blurred, showing other industrial equipment and blue lighting. A semi-transparent dark blue horizontal bar is overlaid across the middle of the image, containing the title text in white.

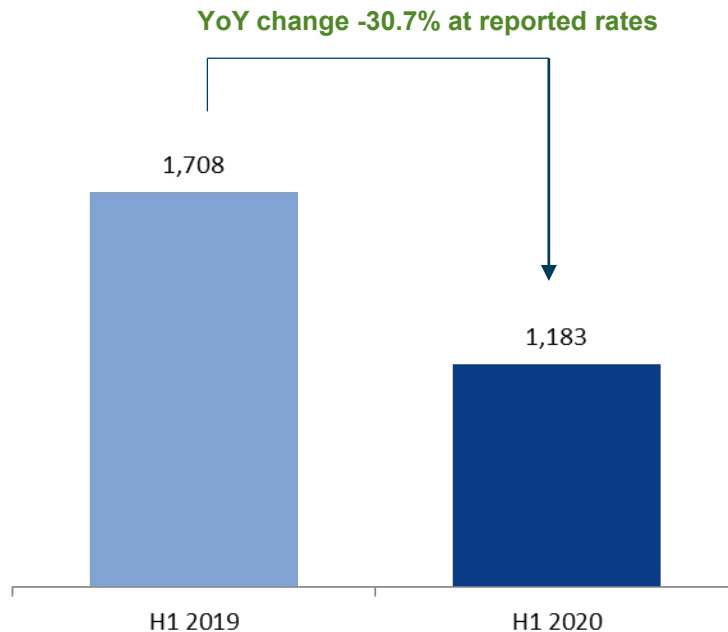
# Financial Performance – Ron Hundzinski

# Revenue Outperformance Continues



## Continued outperformance of global vehicle production in the first half of 2020

### Group Revenue (€m)



Global Auto Production (YoY)

-33.2%

### Key Comments

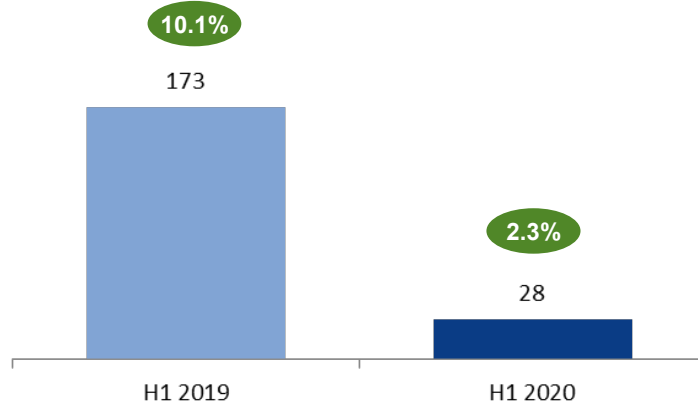
- Revenue declined by **30.7%** at constant currency and also at reported rates
  - Global light vehicle production decline of **33.2%**
  - Revenue outperformance of **+ 2.5%**
- Europe and Asia Pacific revenue continued to outperform regional vehicle production
  - Europe – 39% of the Group’s revenue with European market weakness offset by launch activity
  - North America – 25% of the Group’s revenue; regional revenue decline broadly in line with market trend
  - Asia Pacific – 35% of the Group’s revenue benefiting from new business for FTDS in China

# Adj. EBIT and Adj. EBITDA Margins Remain Positive

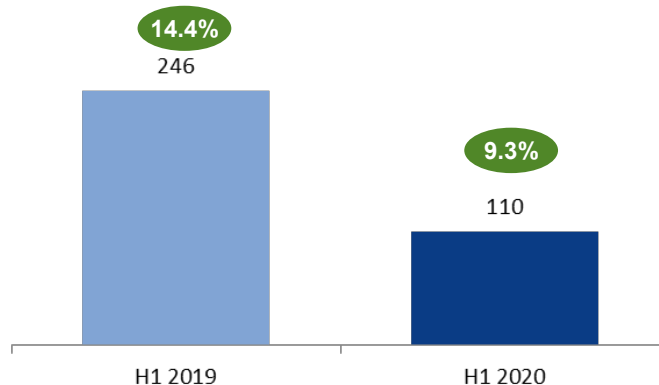


Margins adversely affected by customer shutdowns due to COVID-19

## Adj. EBIT (€m) <sup>(a)</sup>



## Adj. EBITDA (€m) <sup>(b)</sup>

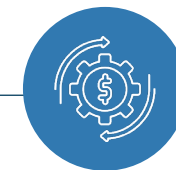


## Key Comments

- Adj. EBIT <sup>(a)</sup> of €28m or **2.3%** margin
  - Adj. EBIT 145m lower -- 28% decremental impact
  - Global vehicle production volumes remain challenging
- Adj. EBITDA <sup>(b)</sup> of €110m or **9.3%** margin
  - Strength of business model with ability to flex costs in different volume environments
- Maintaining commitment to financial resilience through all economic cycles
  - Global approach taken in early March to reduce costs and conserve cash

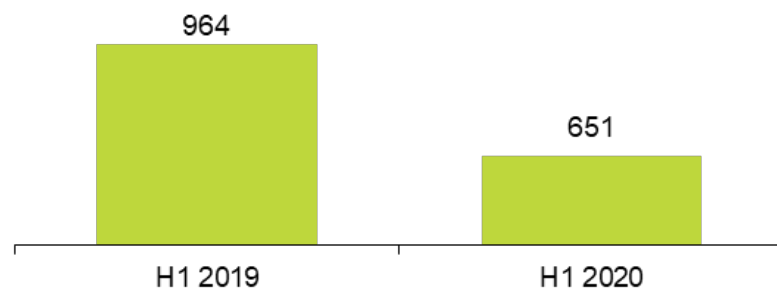


# Segment Revenue and Adj. EBIT Margins



**Both FCS and FTDS impacted by conversion on sharply lower revenue**

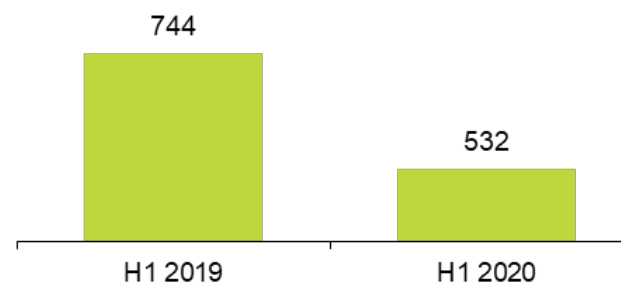
## FCS Revenue (€m)



Adj. EBIT Margin	H1 2019	H1 2020
	10.4%	2.2%

- Revenue decline of 32.3% at constant currency
  - At reported rates, YoY change of (32.5)%
- Adj. EBIT margin 820 basis points lower
  - YoY margin reduction driven by the market volume reductions particularly in Europe and North America
  - Asia Pacific recovering quickly

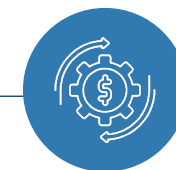
## FTDS Revenue (€m)



Adj. EBIT Margin	H1 2019	H1 2020
	9.8%	2.5%

- Revenue decline of 28.5% at constant currency
  - At reported rates, YoY change of (28.5)%
- Adj. EBIT margin 730 basis points lower
  - Decrease in margin reflects the conversion of the significant reduction in revenues as a result of COVID-19, particularly in Europe and North America
  - Asia Pacific continues to benefit from new launches

# Adj. Net Income, Adj. Basic EPS



## Adj. Basic EPS of (7.61) € cents

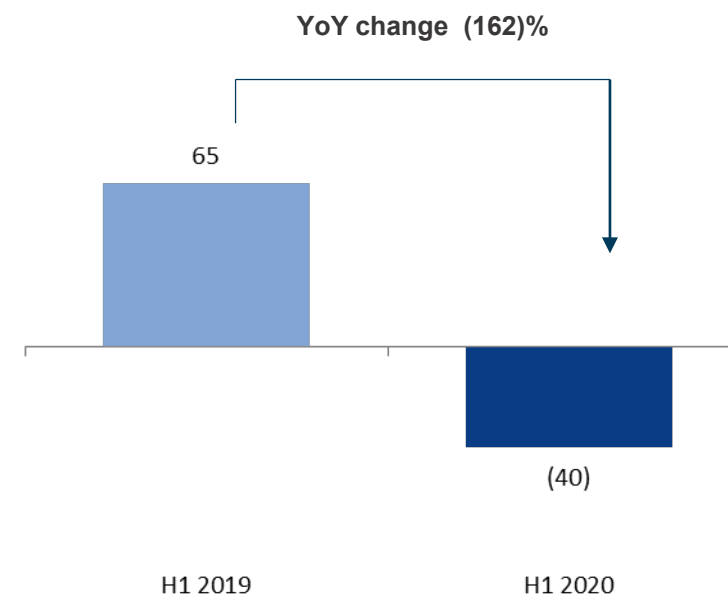
### Adj. Net Income Reconciliation (€m)

	H1 2019	H1 2020
<b>Profit / (Loss) for the Period</b>	<b>60</b>	<b>(321)</b>
Non Controlling Interests	(1)	(1)
Net FX Gains	(1)	(1)
Exceptional Asset Impairment	-	305
Exceptional Deferred Tax credit	-	(29)
Other Reconciling Items	7	7
<b>Adj. Net Income<sup>(a)</sup></b>	<b>65</b>	<b>(40)</b>

### Dividend

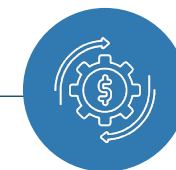
- Adj. Basic EPS of (7.61) € cents
- No preliminary dividend payout planned in 2020 due to H1 results and ongoing exceptional circumstances

### Adj. Net Income (€m)



Adj. Basic EPS <sup>(b)</sup>	H1 2019	H1 2020
	12.4 euro cents	(7.61) euro cents

# Adj. Free Cash Flow Growth – Solid Business Model

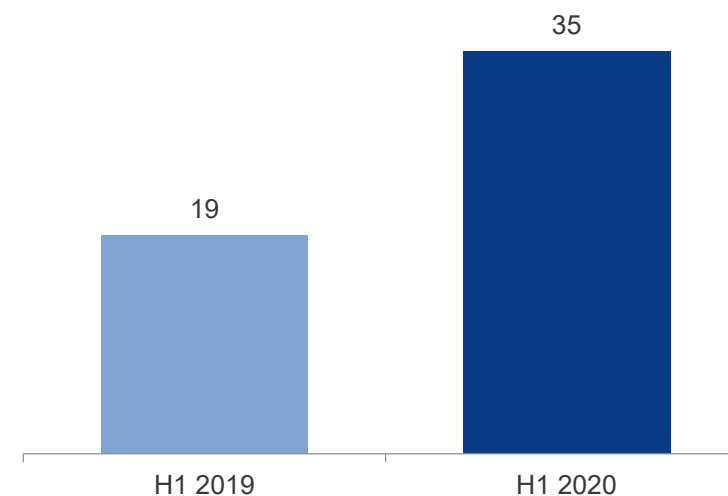


## Steady Adj. Free Cash Flow generation

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

	H1 2019	H1 2020
<b>Adj. EBITDA</b>	<b>246</b>	<b>110</b>
Cash Interest	(31)	(28)
Cash Tax	(46)	(21)
Working Capital, Provisions and Other	(59)	42
PP&E and Intangibles	(88)	(51)
Cash Received on Settlement of Derivatives	(3)	(17)
<b>Adj. Free Cash Flow</b>	<b>19</b>	<b>35</b>

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



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

# Exceptional Asset Impairment

---



- Exceptional asset impairment charge of €304.6 million made in H1 2020
  - Non-cash charge
  - Impacts goodwill, intangible and tangible fixed assets
  - Includes adjustment to purchase price accounting attributable to the 2015 Bain purchase of TI Automotive
  - Charge relates to the likelihood of business performance in the medium term given the context of a prolonged period of light vehicle production recovery

**Prolonged market recovery requiring non-cash impairment**

# Major Savings Initiative – Cost and Cash Focus



**Maintaining commitment to financial resilience though all economic cycles**



Manufacturing operations and variable cost



Staff Labour Initiatives



Purchasing Initiatives



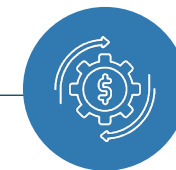
Fixed Cost & Other Initiatives



Corporate Cost Savings

- Global approach taken early March 2020
- Senior management ‘Champions’ for each functional area
- Every cost / cash financial item targeted
- Significant savings and cash benefits expected
- Supplements historic base of double digit margin, strong 2020 opening cash position and liquidity
- Shared sacrifice – across all stakeholders

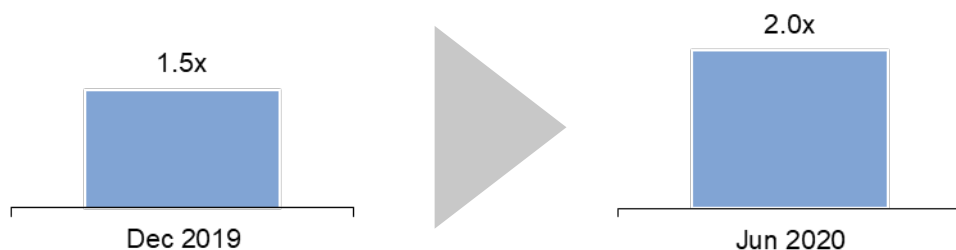
# Strong Capital Structure and Liquidity



## Capital Structure Evolution

€m	Interest Rate	Dec 2019	Jun 2020
<b>Financial Liabilities</b>			
Secured Term Loan	US LIBOR+ 2.5% Euribor + 2.75%	1,168	1,164
Revolver	US LIBOR+ 3.25%	-	111
Unamortised Fees		(17)	(13)
<b>Total</b>		<b>1,151</b>	<b>1,262</b>
<b>Cash and Cash Equivalents</b> <sup>(a)</sup>		<b>(413)</b>	<b>(544)</b>
<b>Net Debt</b>		<b>738</b>	<b>718</b>
<b>Net Debt / Adj. EBITDA LTM</b>		<b>1.5x</b>	<b>2.0x</b>

## Leverage (Net Debt / Adj. EBITDA)



## Key Comments

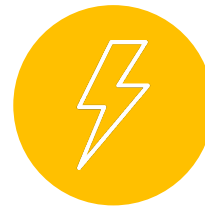
- Capital allocation priority remains on deleveraging through free cash flow generation in the medium term
- Decision to fully draw the revolving facility in March 2020 as a pre-emptive action to minimize the risk that the funds would not be available due to risk of banking liquidity
- Revolving facility drawings repaid in July 2020

# H1 2020 Summary

---

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

- Early actions put in place to protect employees and sustainable business model
- Continued revenue outperformance of 2.5%
- Positive EBIT of 2.3%
- Positive Free Cash Flow of €35m
- Solid balance sheet and strong cash position
- Electrification strategy continuing to progress



**Well positioned for 2020 and future opportunities**

A person is using a handheld 3D scanner to scan a mechanical part. The scanner has two red laser dots on its lens. The background shows a workshop with computer monitors and various tools. The text "Q & A" is overlaid in the center of the image.

# Q & A





# Appendix

# High Level Income Statement

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

### Income Statement Summary

### Key Comments

€m	H1 2019	H1 2020
<b>Revenue</b>	<b>1,708</b>	<b>1,183</b>
<b>Adj. EBIT</b>	<b>173</b>	<b>28</b>
<i>Adj. EBIT %</i>	<i>10.1%</i>	<i>2.3%</i>
PPA	(44)	(28)
D&A	116	110
<b>Adj. EBITDA</b>	<b>246</b>	<b>110</b>
<i>Adj. EBITDA %</i>	<i>14.4%</i>	<i>9.3%</i>
D&A	(116)	(110)
Net FX (Losses)/ Gains	1	1
Exceptional Cost of Sales	-	(305)
Other Reconciling Items	(8)	(8)
<b>Operating Profit <sup>(a)</sup></b>	<b>123</b>	<b>(312)</b>
Net finance expense	(30)	(41)
Tax	(34)	3
Exceptional Deferred Tax Credit	-	29
<b>Profit / (Loss) for the Period</b>	<b>60</b>	<b>(321)</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
- **Net FX gains / losses** - primarily FX impact from US to UK inter-company loans in USD
- **Net Loss for the period** impacted by the €305m Exceptional Impairment charge and €29m exceptional credit for deferred taxes

# Adj. Effective Tax Rate

## Adj. Effective Tax Rate ~ 40%

Effective Tax Rate Adjustments <sup>(a)</sup>			Key Comments
€m	H1 2019	H1 2020	
<b>Profit / (Loss) before Income Tax</b>	<b>93</b>	<b>(48)</b>	<ul style="list-style-type: none"> <li><b>Adjusted effective tax rate</b> - approximately 40%</li> <li><b>Adjustments to reported profit before tax</b> – 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</li> </ul>
UK losses	25	43	
<b>Adj. Profit / (Loss) before Income Tax</b>	<b>118</b>	<b>(5)</b>	
<b>Income tax</b>	<b>33</b>	<b>(3)</b>	<ul style="list-style-type: none"> <li><b>Adjustments to income tax</b> – relate to changes arising in the year affecting items originally provided for in prior periods</li> </ul>
Prior year tax provisions / adjustments	3	1	
<b>Adj. Income Tax</b>	<b>36</b>	<b>(2)</b>	
<b>Adj. Effective Tax Rate</b>	<b>31%</b>	<b>40%</b>	