TI Fluid Systems plc - Half year results 2018

Released: 8 August 2018

TI Fluid Systems plc

Results for the six months ended 30 June 2018

TI Fluid Systems plc, a leading global manufacturer of highly engineered automotive fluid storage, carrying and delivery systems for light vehicles announces its 2018 results for the six-month period ended 30 June 2018.

Group Highlights:

- Successfully executing our hybrid electric vehicle ("HEV") and electric vehicle ("EV") strategy creating further organic growth opportunities
    - Significant EV awards and expected additional orders for the design, engineering and supply of thermal products with two leading high volume Original Equipment Manufacturers ("OEMs") with lifetime revenue opportunity of approximately €700 million (customer planning volumes)
- Strong financial results in the first half of 2018
- Revenue growth of 4.5% period over period (at constant currency) or ~ 3% above global light vehicle production volumes
- Solid Adjusted EBIT of €200.8 million and consistent margin at 11.4%
- Profit for the period growth of €5.0 million to €76.2 million
- Adjusted Net Income growth of €19.1 million or 32.2% to €78.4 million with Adjusted Basic EPS of 15.1 euro cents
- Strong cash generation with Adjusted Free Cash Flow of €21.4 million
- Interim dividend of 3.02 euro cents per share
- Refinanced borrowing facilities in July 2018 repaying 8.75% senior unsecured notes using cash and additional term loan that will reduce interest expense

William L. Kozyra, Chief Executive Officer and President, commented:

"We enter the second half of 2018 with positive momentum financially and strategically. We continue to grow revenue in excess of global light vehicle production growth with strong profitability and cash flow.

In addition, we secured significant new business awards with two global high volume OEMs on their EV platforms for the design, engineering and supply of thermal products which demonstrates our ability to leverage our fluid handling capabilities, long standing customer relationships and global footprint for the increasing electrification trends.

– Light vehicles means passenger cars, crossover vehicles, SUVs, vans and light trucks with a gross vehicle weight of six US tonnes or less
– A reconciliation to non-IFRS measures is provided in table 4

These EV thermal awards combined with the strong market acceptance of our Plug-in Hybrid Electric Vehicle ("PHEV") leading pressurised fuel tank products, capability and technology reiterates our significant business strengths. These developments further increase our confidence that the Group is well positioned to capitalise on the automotive megatrends of reduced emissions, fuel efficiency and electrification. We continue to believe that the expected growth of HEVs, EVs and autonomous vehicles will be positive for the Group."

Results Presentation

TI Fluid Systems plc will host a presentation for analysts and investors at 09:00am UK time on 8 August 2018 at the offices of FTI Consulting, 200 Aldersgate Street, London EC1A 4HD.

Analysts wishing to attend should contact FTI Consulting to register. Analysts unable to attend in person may listen to the presentation live by using the details below.

Conference Call Dial-In Details: UK: +44 (0) 330 336 9105

Conference Code: 1980902

The presentation will be available at 07:00am UK time from www.tiautomotive.com. An audio recording will be available on our website in due course.

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Chief Executive Officer's Review:

We are pleased to report a successful first half performance with strong growth in revenue and profitability as well as demonstrating our capabilities as a leading global Tier 1 automotive supplier of fluid handling systems with significant thermal EV awards and expected orders from two leading global OEMs on potential large volume platforms.

Half Year 2018 Performance

In the first half of 2018, global light vehicle production volume continued to increase in all markets, with the exception of North America and reached 48.2 million vehicles, representing an increase of 1.7% compared to the first half of 2017. We continued to grow revenue in excess of global light vehicle production growth with a focus on profitability and cash flow generation.

We generated revenue of €1,767.3 million (+ 4.5% at constant currency), Adjusted EBIT of €200.8 million (11.4% margin), Adjusted Net Income of €78.4 million and Adjusted Free Cash Flow of €21.4 million.

We continue to achieve strong financial and operating results through solid global market and technology positions in highly engineered automotive fluid systems, our strong customer relationships and global low cost manufacturing footprint including our wholly owned operations in China.

Strategy Update

The Group's strategy of organic revenue growth, financial performance and focusing on automotive megatrends remains at the core of the business.

Electrification Update

We are successfully executing on our electric vehicle ("EV") and hybrid electric vehicle ("HEV") strategy in the first half of the year by driving organic growth opportunities with significant awards and expected orders for the design, engineering and supply of thermal products with two leading Original Equipment Manufacturers ("OEMs") along with the market's acceptance of our leading tank product.

The total lifetime revenue opportunity of these thermal awards is estimated at €700 million based on customer planning volumes, and we anticipate having approximately 50% share on these two EV platforms.

We are single sourced for these portions of the thermal awards for the expected eight to ten year life of the vehicles. Production for these platforms is expected to launch in 2019 and 2020. Vehicle life and production start dates are subject to change by these OEMs.

These EV contracts are an extension of our long-standing customer relationships with key OEMs, where we are recognised for our fluid handling system expertise. The Group is well positioned to capitalise on EV growth by leveraging fluid handling engineering capabilities, our competitive global footprint and our extensive material knowledge (including nylon which offers OEMs significant weight savings), extrusion capabilities, connector expertise and capacity.

The Group is also preparing for the launch of a plug-in hybrid vehicle ("PHEV") plastic fuel tank for a leading high volume European OEM in China. This pressurised blow molded plastic fuel tank reduces evaporative emissions using a multilayer wall construction and minimises permeation by inserting components into the tank during the manufacturing process.

It also includes our propriety technology which uses a unique moulding process to reinforce the tank so it can withstand higher vapour pressures in PHEVs, while the vehicle is in electric mode. For the PHEV market, we believe that these pressurised plastic fuel tanks will become increasingly preferred due to their light weight and anti-corrosive properties.

The total lifetime units of these fuel tanks is estimated at 950,000 units based on customer planning volumes.

The Group's share of the PHEV global tank market is currently trending to more than 20%, which is higher than our existing plastic fuel tank market share. Our PHEV business award success is partly attributable to leveraging our fluid system competencies to introduce products that support these electrification trends.

The growing HEV and EV market provides significant opportunities aligned with our strength in thermal management products and systems, our proprietary technology in plastic pressurised fuel tanks and lightweight materials (including nylon).

The recent awards reiterate our competitive strengths and our strategy as a leading supplier of automotive fluid systems and our ability to successfully transition from the OEM's internal combustion products to the developing electric vehicle market. We continue to have great confidence in our HEV and EV strategies and the increasing growth opportunities that are being created as this market continues to develop.

Our business model continues to be successful and we believe further progress can be achieved through the remainder of 2018 and beyond.

Financial Review

The Group continued its strong performance in the first half of 2018. Revenues increased by 4.5% period over period to €1.8 billion on a constant currency basis and exceeded global light vehicle production growth by 2.8%. Reported revenue in the first half was impacted by unfavourable foreign exchange translation. This primarily related to the US dollar to Euro currency resulting in a slight period over period decrease of 0.5%.

We generated Adjusted EBIT of €201 million with a consistent 11.4% margin. We delivered Adjusted Net Income of €78.4 million for the half year, an increase of 32.2%. Adjusted Basic EPS was 15.09 euro cents, an increase of 32.4%. The Group also achieved strong Adjusted Free Cash Flow of €21.4 million, a year over year increase of 21.6%.

Table 1: Key Performance Measures €m

	H1 2018	H1 2017	Change	% Change	% Change at constant currency
Revenue	1,767.3	1,777.0	(9.7)	(0.5)%	4.5%
Adjusted EBIT	200.8	201.8	(1.0)	(0.5)%	4.2%
Adjusted EBIT margin	*11.4%*	*11.4%*	*-%*		
Profit for the period	76.2	71.2	5.0	7.0%	22.8%
Adjusted Net Income	78.4	59.3	19.1	32.2%	
Adjusted Basic EPS (€ cents)	15.09	11.40	3.69	32.4%	
Adjusted Free Cash Flow	21.4	17.6	3.8	21.6%	

Automotive Markets

Global light vehicle production volume remains the most significant and influential factor in our overall underlying performance.

Global and regional light vehicle production volumes increased 1.7% in the first half of 2018 to 48.2 million vehicles compared to the first half of 2017 as shown in table 2.

Light vehicle production volumes in all regions continued to show growth, except for North America.

Table 2: Global Light Vehicle Production Volumes: millions of units

	H1 2018	% Change
Europe, including Middle East and Africa	13.2	2.3 %
Asia Pacific	24.6	2.6 %
North America	8.7	(2.9)%
Latin America	1.7	10.7 %
Total Global Volumes	48.2	1.7%

Source: IHS Markit, July 2018 and Company estimates
Percentage changes calculated using unrounded data

Revenue

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

Table 3: Revenue By Region €m

	H1 2018	H1 2017	Change	% Change	% Change at constant Currency
Group Revenue	**1,767.3**	1,777.0	(9.7)	(0.5)%	4.5%
By Region					
Europe and Africa	**735.5**	723.2	12.3	1.7 %	1.9%
Asia Pacific	**505.7**	499.4	6.3	1.3 %	5.9%
North America	**488.5**	513.5	(25.0)	(4.9)%	6.3%
Latin America	**37.6**	40.9	(3.3)	(8.1)%	13.3%
By Segment					
Fluid Carrying Systems ("FCS")	**1,042.9**	1,043.7	(0.8)	(0.1)%	5.7%
Fuel Tank and Delivery Systems ("FTDS")	**724.4**	733.3	(8.9)	(1.2)%	2.7%

Group revenue in the first half was €1.8 billion, an increase of 4.5% period over period on a constant currency basis and 2.8% above global light vehicle production growth. Revenue growth was driven by a combination of new business awards, volume and mix.

Excluding the impact of tooling, prototype and development (“TPD”), our revenue out performance was 3.3% above global light vehicle production growth.

In Europe and Africa, our revenue at constant currency grew 1.9%, which was broadly consistent with light vehicle production volume growth.

In Asia Pacific, we achieved strong revenue growth of 5.9% at constant currency or 3.3% above light vehicle production. China continues to be strong for the Group.

In North America, despite the decline in light vehicle production volumes, we saw our revenue in this region expand by 6.3% on a constant currency basis, or 9.2% above the light vehicle production volume growth.

We generated 42% of our revenue in Europe and Africa, 28% in Asia Pacific, 28% in North America and 2% in Latin America.

The Fluid Carrying Systems ("FCS") division revenue grew 5.7% at constant currency to €1,043 million with strong growth in North America. The Fuel Tank and Delivery Systems ("FTDS") division generated revenue of €724 million, an increase of 2.7% at constant currency driven by continued growth in Asia Pacific and Europe.

The Group’s reported revenue is sensitive to movements in currency, in particular, the US dollar average rate against the Euro (see table 5).

Adjusted EBITDA, Adjusted EBIT and Profit for the Period

We use several key financial measures to manage our business, including Adjusted EBITDA and Adjusted EBIT, which are both non-IFRS measures, but are a measure of profitability and are also used as a metric in certain of our compensation plans. Table 4 shows a reconciliation between Profit for the period and Adjusted EBITDA and Adjusted EBIT.

Our Adjusted EBITDA and Adjusted EBIT margins for the period were stable and consistent with Directors' expectations.

While we continued to see increases in certain commodity costs such as steel and resin, we were able to largely offset these with customer pricing and other efficiencies in order to minimise the impact on our profit and cash flow.

Adjusted EBIT was €200.8 million and Adjusted EBIT margin was 11.4%, consistent with the first half of 2017.

By division, FCS Adjusted EBIT was €131.5 million with Adjusted EBIT margin of 12.6%. FCS continues to achieve strong margins. The slight period over period decline in margin reflected the continued investment in programme launches and new platforms to support future growth. FTDS Adjusted EBIT increased by €12.4 million to €69.3 million with Adjusted EBIT margin of 9.6%. The increase in margin reflects the benefit from new business launches and strong operational performance.

Profit for the period grew by €5.0 million to €76.2 million. The growth was primarily due to a reduction in net finance expense.

Table 4: Calculation of Adjusted EBITDA* and Adjusted EBIT* €m

	H1 2018	**H1 2017**
Profit for the period	**76.2**	71.2
Add back:		
Income tax expense	**47.8**	47.3
Profit before income tax	**124.0**	118.5
Net finance expense	**31.1**	48.4
Other reconciling items - share of profit of associates**	**(0.2)**	-
Operating profit	**154.9**	166.9
Depreciation, amortisation and impairment of PP&E and intangible assets	**97.8**	99.1
Exceptional items - administrative expenses	**-**	9.5
Net foreign exchange losses/(gains)	**2.4**	(24.3)
Other reconciling items **	**1.2**	4.6
Adjusted EBITDA	**256.3**	255.8
Less:		
Depreciation, amortisation and impairment of PP&E and intangible assets	**(97.8)**	(99.1)
Add back:		
Depreciation and amortisation uplift arising on purchase accounting	**42.3**	45.1
Adjusted EBIT	**200.8**	201.8

*See Non-IFRS measures

** Other reconciling items include restructuring charges, the Bain management charge (in 2017) and adjustments for associate income

Exchange Rates

Table 5 shows the movement in exchange rates for currencies most relevant to our operations:

Table 5: Key Exchange Rate Movements

Key Euro exchange rates	H1 2018 average	H1 2017 average	Change	30 June 2018 period end	31 December 2017 period end	Change
US dollar	1.210	1.083	11.7%	1.169	1.201	(2.7)%
Chinese renminbi	7.707	7.446	3.5%	7.737	7.815	(1.0)%
Korean won	1,303	1,236	5.4%	1,303	1,282	1.6 %

Net Finance Expense

Net finance expense of €31.1 million in the period decreased €17.3 million, or 36% compared with the first half of 2017. The decrease was due largely to reduced post-IPO leverage and associated interest rate reductions.

Net Foreign Exchange Gains and Losses

Net foreign exchange losses were €2.4 million in the first half of 2018 compared to gains of €24.3 million in the first half of 2017. Foreign exchange gains and losses include non-trade items related to foreign currency translation and fair value movement in foreign exchange forward contracts. We aim to naturally hedge our operational transactions by earning revenues and incurring costs in the same currency to the extent possible, but will engage in forward foreign exchange contracts to mitigate a portion of our remaining exposure. Our primary exposure, net of hedge arrangements is related to the Group's external borrowings that are denominated in US Dollars and are largely loaned to subsidiaries in the UK, whose functional currency is Euro.

Following the use of a portion of the IPO proceeds to repay €363.6 million ($423.5 million) of the US Dollar debt in 2017, the foreign exchange exposure has been significantly reduced.

Taxation

The Adjusted Effective Tax Rate decreased slightly to 30.4% in the first half of 2018 compared to 30.6% in the first half of 2017. The slight reduction was primarily due to the impact of the new US corporate tax rate of 21%, effective for 2018. The rate was calculated by adjusting the Profit before income tax for the impact of UK losses and adjusting the income tax expense for the impact of the prior year tax adjustments.

Proforma Adjusted Basic EPS*

Adjusted Basic Earnings per Share ("EPS") calculation has been presented on a proforma basis, based on Adjusted Net Income and the 519.4 million shares in issue upon IPO, as opposed to the statutory measure which is based on an average including the pre-IPO period. Therefore, the proforma basis is a more relevant metric for shareholders of the Group.

Accordingly, the Proforma Adjusted Basic EPS in the first half of 2018 was 15.09 euro cents per share, 32.4% higher than the 11.40 euro cents in the first half of 2017.

*See Non-IFRS measures

Adjusted Net Income*

The calculation of Adjusted Net Income is shown below:

Table 6a: Adjusted Net Income €m

	H1 2018	H1 2017
Adjusted EBITDA	256.3	255.8
Less:		
Finance expense	(31.1)	(48.4)
Income tax expense	(47.8)	(47.3)
Depreciation, amortisation and impairment of PP&E and intangible assets	(97.8)	(99.1)
Non-controlling interests share of profit	(1.2)	(1.7)
Adjusted Net Income	**78.4**	**59.3**

*See Non-IFRS measures

Table 6b: Reconciliation of Profit for the Period to Adjusted Net Income €m

	H1 2018	H1 2017
Profit for the period	76.2	71.2
Less:		
Non-controlling interest share of profit	(1.2)	(1.7)
Add back:		
Other losses/(gains)	2.4	(24.3)
Exceptional items - administration expense	—	9.5
Other reconciling items**	1.0	4.6
Adjusted Net Income	**78.4**	**59.3**

** Other reconciling items include non-exceptional restructuring charges, the Bain management charge (in 2017) and adjustments for associate income

Adjusted Net Income was €78.4 million in the first half of 2018, an increase of 32.2% from €59.3 million in the first half of 2017, partially driven by higher profit for the period. In the prior period, €24.3 million of foreign exchange gains and €9.5 million of exceptional expenses were incurred and adjusted for as reflected in the table above.

Dividend

The Board's dividend policy is to target an annual dividend of approximately 30% of Adjusted Net Income, one third payable following interim results and two-thirds following the Group's final results.

Accordingly, the Board has declared an interim dividend of 3.02 euro cents per share, amounting to €15.7 million. The dividend will be paid on 28 September 2018 to shareholders on the register on 17 August 2018.

Adjusted Free Cash Flow* €m

We also use Adjusted Free Cash Flow as an operating measure of our cash flows to understand the ongoing operational performance of the Group.

Table 7a: Adjusted Free Cash Flow €m

	H1 2018	H1 2017
Net cash generated from operating activities	**88.8**	82.4
Net cash used by investing activities	**(70.5)**	(64.8)
Free Cash Flow	**18.3**	17.6
Add back:		
IPO cash costs (included in Net Cash from Operations)	**3.1**	-
Adjusted Free Cash Flow	**21.4**	17.6

Table 7b: Reconciliation of Adjusted EBITDA to Adjusted Free Cash Flow €m

	H1 2018	H1 2017
Adjusted EBITDA	**256.3**	255.8
Less:		
Net cash interest paid	**(28.5)**	(43.1)
Cash tax paid	**(46.7)**	(51.6)
Payment for property, plant and equipment & intangible assets	**(71.5)**	(66.7)
Movement in working capital	**(89.9)**	(70.7)
Movement in provisions and other	**(1.4)**	(6.0)
Free Cash Flow	**18.3**	17.6
Add back:		
IPO cash costs (included in Net Cash from Operations)	**3.1**	-
Adjusted Free Cash Flow	**21.4**	17.6

In the first half of 2018, we generated Adjusted Free Cash Flow of €21.4 million, an increase of €3.8 million due to the strong operational performance of the Group. The Adjusted EBITDA generated by the Group was used to fund interest payments and taxes as well as investments in capex, intangibles and working capital. The IPO proceeds were used to reduce the Group's indebtedness, a key driver of the reduced outflow on interest.

*See Non-IFRS measures

Retirement Benefits

We operate funded and unfunded defined benefit schemes across multiple jurisdictions with the largest being the US pension and retiree healthcare schemes. We also have significant schemes in the UK, Canada and Germany. While all of our significant plans are closed to new entrants, certain of them do allow for future accruals. Our schemes are subject to periodic actuarial valuations. Our net unfunded position decreased by €16.1 million to €146.3 million from 31 December 2017 to 30 June 2018 principally due to an increase in US discount rates.

Net Debt and Net Leverage

Net debt as at 30 June 2018 was €902.8 million, a slight increase of €11.7 million from 31 December 2017. Foreign exchange movements of €20.3 million and a reduction in capitalised fees of €3.6 million, were offset by an increase in cash of €9.2 million, and scheduled term loan repayments of €3.0 million. The Group's net leverage ratio, which was reduced to 1.8 times Adjusted EBITDA in December 2017, remains at this level as at 30 June 2018.

Post Balance Sheet Event

In July 2018, the Group refinanced its borrowing facilities by using additional drawings of €115.0 million on the Euro term loan and $41.0 million (€35.1 million) on the USD term loan as well as cash generated from operations to repay all amounts under the Group’s former 8.75% unsecured senior facilities which amounted to $220.5 million (€189.0 million). The additional term loan drawings have the same rate of interest as the existing term loan and are subject to the same maturity on 30 June 2022. The annualised interest saving is estimated at €10 million.

In addition, the Group was able to successfully extend the maturities of the revolving credit facility and asset backed loan by 3 years to 30 June 2023.

Liquidity and Going Concern

Our principal sources of liquidity have historically been cash generated from operating activities and amounts available under our credit facilities, which currently consist of a revolving facility under our cash flow credit agreement of $125.0 million (€107.0 million) and an asset backed loan ("ABL") facility of $100 million (€85.6 million). The availability under both facilities as of 30 June 2018 was €190.0 million.

The Directors have concluded after reviewing the future funding requirements for the Group over the next 12 months by reference to the headroom on the committed banking facilities and the expected performance of the Group, that it is appropriate for the financial statements to be prepared on a going concern basis.

Outlook

Our 2018 outlook remains unchanged. We expect revenue growth to continue in excess of light vehicle production volume growth excluding the impact of currency movements. We expect consistent Adjusted EBIT margin and Adjusted Free Cash Flow with prior year levels.

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. 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. Such measures are also utilised by the Board as targets in determining compensation of certain executives and key members of management.

Adjusted EBITDA is defined as Profit for the period adjusted for income tax expense, net finance expense, depreciation, amortisation and impairment of PP&E and intangible assets, net foreign exchange gains/ losses and

other reconciling items. Other reconciling items includes adjustments for restructuring costs, the Bain management fee and adjustment for associate income.

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

Adjusted Net Income is 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 asset impairments) and non-controlling interests share of profit.

Adjusted Basic EPS is defined as Adjusted Net Income divided by the number of shares in issue at the current balance sheet date.

A full reconciliation of Profit for the period to Adjusted EBIT and Adjusted EBITDA can be found in table 4.

Adjusted Free Cash Flow is defined as cash generated from operating activities, less cash used by investing activities, adjusted for acquisitions and cash payments related to IPO costs.

Adjusted Income Tax before Exceptional Items is defined as Income tax before Exceptional Items adjusted for the tax impact of prior period tax provisions and adjustments.

Adjusted Profit before Income Tax is defined as Profit before Income Tax adjusted for UK losses.

Adjusted Effective Tax Rate is defined as Adjusted Income Tax before Exceptional Items as a percentage of Adjusted Profit before Income Tax.

Principal risks and uncertainties

The Directors consider that the nature of the principal risks and uncertainties, which may have a material effect on the Group's performance during the remainder of the financial year remain unchanged from those identified in the 2017 Annual Report and Accounts available on our website www.tiautomotive.com.

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.

Consolidated Income Statement

for the half year ended 30 June 2018

Continuing operations	Notes	**Unaudited 2018 €m**	Unaudited 2017 €m
Revenue	2	**1,767.3**	1,777.0
Cost of sales		**(1,478.6)**	(1,484.6)
Gross profit		**288.7**	292.4
Distribution costs		**(52.8)**	(51.6)
Administrative expenses before exceptional items		**(82.2)**	(92.0)
Exceptional items	4	**—**	(9.5)
Administrative expenses after exceptional items		**(82.2)**	(101.5)
Other income		**3.6**	3.3
Net foreign exchange (losses) / gains		**(2.4)**	24.3
Operating profit		**154.9**	166.9
Finance income	5	**3.9**	7.1
Finance expense	5	**(35.0)**	(55.5)
Net finance expense	5	**(31.1)**	(48.4)
Share of profit of associates		**0.2**	—
Profit before income tax		**124.0**	118.5
Income tax expense	6	**(47.8)**	(47.3)
Profit for the period		**76.2**	71.2
Profit for the period attributable to:			
Owners of the Parent Company		**75.0**	69.5
Non-controlling interests		**1.2**	1.7
		76.2	71.2
Total earnings per share (cents)			
Basic	7	**14.51**	19.85
Diluted	7	**14.45**	18.94

Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2018

		Notes	**Unaudited 2018 €m**	Unaudited 2017 €m
Profit for the period			**76.2**	71.2
Other comprehensive income / (expense)				
Items that will not be reclassified to profit or loss				
-	Remeasurements of retirement benefit obligations	15	**19.4**	2.7
-	Income tax expense on retirement benefit obligations		**(4.7)**	(0.4)
			14.7	2.3
Items that may be subsequently reclassified to profit or loss				
-	Currency translation		**12.5**	(62.0)
-	Cash flow hedges	14	**(2.0)**	15.9
-	Net investment hedge	14	**1.2**	1.3
			11.7	(44.8)
Other comprehensive income / (expense) for the period, net of tax			**26.4**	(42.5)
Total comprehensive income for the period			**102.6**	28.7
Attributable to:				
-	Owners of the Parent Company		**101.7**	27.7
-	Non-controlling interests		**0.9**	1.0
Total comprehensive income for the period			**102.6**	28.7

Consolidated Balance Sheet

	Notes	Unaudited 30 June 2018 €m	31 December 2017 €m
Non-current assets			
Intangible assets	9	**1,257.6**	1,273.9
Property, plant and equipment	10	**677.9**	686.8
Investments in associates		**18.9**	19.2
Derivative financial instruments	14	**9.6**	8.3
Deferred income tax assets	6	**38.4**	51.0
Trade and other receivables		**14.2**	13.4
		2,016.6	2,052.6
Current assets			
Inventories		**363.8**	329.3
Trade and other receivables		**633.3**	588.3
Current income tax assets	6	**9.6**	8.2
Derivative financial instruments	14	**6.9**	5.3
Financial assets at fair value through profit & loss	14	**3.8**	2.9
Cash and cash equivalents		**299.2**	287.2
		1,316.6	1,221.2
Total assets		**3,333.2**	3,273.8
Equity			
Share capital	11	**6.8**	6.8
Share premium	11	**—**	404.3
Other reserves	12	**(118.5)**	(130.5)
Accumulated profits		**1,129.4**	640.9
Equity attributable to owners of the Parent Company		**1,017.7**	921.5
Non-controlling interests		**21.0**	20.3
Total equity		**1,038.7**	941.8
Non-current liabilities			
Trade and other payables		**14.9**	17.6
Borrowings	13	**1,204.1**	1,178.2
Derivative financial instruments	14	**55.8**	72.4
Deferred income tax liabilities	6	**149.5**	159.8
Retirement benefit obligations	15	**146.3**	162.4
Provisions	16	**2.9**	5.5
		1,573.5	1,595.9
Current liabilities			
Trade and other payables		**617.4**	637.6
Current income tax liabilities	6	**73.9**	69.6
Borrowings	13	**1.7**	3.0
Derivative financial instruments	14	**4.0**	3.4
Provisions	16	**24.0**	22.5
		721.0	736.1
Total liabilities		**2,294.5**	2,332.0
Total equity and liabilities		**3,333.2**	3,273.8

Consolidated Statement of Changes in Equity

(Unaudited)	Notes	**Ordinary shares**	**Share premium**	**Other reserves**	**Accumulated profits / (losses)**	**Total**	**Non-controlling interests**	**Total equity**
		€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Balance at 1 January 2018		**6.8**	**404.3**	**(130.5)**	**640.9**	**921.5**	**20.3**	**941.8**
Profit for the period		**—**	**—**	**—**	**75.0**	**75.0**	**1.2**	**76.2**
Other comprehensive income / (expense) for the period		**—**	**—**	**12.0**	**14.7**	**26.7**	**(0.3)**	**26.4**
Total comprehensive income for the period		**—**	**—**	**12.0**	**89.7**	**101.7**	**0.9**	**102.6**
Share-based expense		**—**	**—**	**—**	**1.3**	**1.3**	**—**	**1.3**
Dividends paid		**—**	**—**	**—**	**(6.8)**	**(6.8)**	**(0.2)**	**(7.0)**
Capital reduction	11	**—**	**(404.3)**	**—**	**404.3**	**—**	**—**	**—**
Balance at 30 June 2018		**6.8**	**—**	**(118.5)**	**1,129.4**	**1,017.7**	**21.0**	**1,038.7**

(Unaudited)	Notes	Ordinary shares	Share premium	Other reserves	Accumulated profits	Total	Non-controlling interests	Total equity
		€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2017		493.7	—	(64.5)	36.2	465.4	19.0	484.4
Profit for the period		—	—	—	69.5	69.5	1.7	71.2
Other comprehensive (expense) / income for the period		—	—	(44.1)	2.3	(41.8)	(0.7)	(42.5)
Total comprehensive (expense) / income for the period		—	—	(44.1)	71.8	27.7	1.0	28.7
Share-based expense		—	—	—	3.5	3.5	—	3.5
Dividends paid		—	—	—	—	—	(1.1)	(1.1)
Balance at 30 June 2017		493.7	—	(108.6)	111.5	496.6	18.9	515.5

Consolidated Statement of Cash Flows

	Notes	**Unaudited 2018 €m**	Unaudited 2017 €m
Cash flows from operating activities			
Cash generated from operations	17	**164.9**	178.1
Interest paid		**(29.4)**	(44.1)
Income tax paid		**(46.7)**	(51.6)
Net cash generated from operating activities		**88.8**	82.4
Cash flows from investing activities			
Payment for property, plant and equipment		**(49.0)**	(55.7)
Payment for intangible assets		**(22.5)**	(11.1)
Proceeds from the sale of property, plant and equipment		**0.1**	1.0
Interest received		**0.9**	1.0
Net cash used by investing activities		**(70.5)**	(64.8)
Cash flows from financing activities			
Fees paid on repricing of loans		**—**	(1.7)
Scheduled repayments of borrowings		**(3.0)**	(6.9)
Dividends paid to shareholders		**(6.8)**	—
Dividends paid to non-controlling interests		**(0.2)**	(1.1)
Net cash used by financing activities		**(10.0)**	(9.7)
Increase in cash and cash equivalents		**8.3**	7.9
Cash and cash equivalents at the beginning of the period		**287.2**	196.2
Currency translation on cash and cash equivalents		**3.7**	(9.6)
Cash and cash equivalents at the end of the period		**299.2**	194.5

Notes

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these half year condensed group financial statements are the same as those applied in the audited consolidated financial statements for the year ended 31 December 2017, other than in relation to the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", which are described in further detail below.

1.1. Basis of Preparation

These half year condensed group financial statements have been prepared on the going concern basis as set out within the directors' statement of responsibilities section of the Group's annual report for the year ended 31 December 2017. These half year condensed group financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. These half year condensed group financial statements have been reviewed, not audited.

These half year condensed group financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority.

1.2. Going Concern

After making enquiries, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these half year condensed group financial statements. The Group therefore continues to adopt the going concern basis in preparing its half year condensed group financial statements. Further information on the Group's borrowings is given in Note 13.

1.3. New and Revised IFRS Affecting Amounts Reported in the Current Period (and/or Prior Years)

IFRS 9 'Financial Instruments'

IFRS 9 issued in November 2009 was revised in July 2014 and finalised the reform of financial instruments accounting. It supersedes IAS 39 'Financial Instruments: Recognition and Measurement' in its entirety.

Key requirements of IFRS 9 are:

- All recognised financial assets that are within the scope of IFRS 9 are to be subsequently measured at amortised cost or fair value.
- The impairment model reflects expected credit losses as opposed to incurred credit losses.

- The types of instruments that qualify as hedging instruments are broader, and the effectiveness test has been revised and is now subject to the principle of an economic relationship.

Financial Assets

The “hold-to-collect” business model is applied for the majority of financial assets in the financial statements. The cash flows of these financial assets meet the criteria of IFRS 9 (the SPPI test; solely payments of principal interest) and continues to be recognised at amortised cost.

Financial Liabilities

The adoption of IFRS 9 in relation to debt modifications requires that entities recognise a gain or loss at the date of modification of the financial liability. Due to the floating rate interest element in the Group’s term loans, the debt is presented at fair value at each reporting period which minimises any such gains or losses in the event of a debt modification. As a result, the transition to IFRS 9 did not result in a material change to processes or reported carrying amounts in the financial statements.

Impairment

IFRS 9 is applied to financial assets measured at amortised cost arising from contract assets that result from IFRS 15. Under IFRS 9, allowance for doubtful debts is measured on the expected credit losses arising as a result from all possible default events over the expected life of the financial instrument. For these items, the transition to IFRS 9 did not result in material differences in previous carrying amounts and carrying amounts as at the beginning of the first reporting period to be recognised in equity due to the short maturity of receivable balances and the high credit rating of the majority of the Group’s OEM customers.

Hedge Accounting

The Group’s cost of hedging, the time value of options and forward element of forward contracts can be initially recorded in other comprehensive income and subsequently reclassified to profit and loss over time. On adoption of IFRS 9, costs recognised in both other comprehensive income and profit and loss were not materially different to costs as recognised under IAS 39 (‘Financial Instruments’).

IFRS 15 ‘Revenue from Contracts with Customers’

IFRS 15 ‘Revenue from Contracts with Customers’ establishes a single model to account for revenue arising from contracts with customers, and supersedes IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and related interpretations.

Having performed a comprehensive review of customer contracts, the Group concluded that the adoption of IFRS 15 on 1 January 2018 would not have a material impact on the amount or timing of revenue recognition. Whilst the fundamental revenue recognition processes remain unchanged, the Group has issued a new accounting policy to conform with the requirements of IFRS 15:

Revenue Recognition Policy

Revenue in the course of ordinary activities is measured and recognised using the five-step approach outlined in IFRS 15:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the entity satisfies the performance obligations

Step 1:

To be recognised as a contract, there must be appropriate approval from both parties and clear identification of each party's rights under the agreement. The payment terms should be evident, with collection of consideration probable.

The Group's customer arrangements take a variety of forms, with typical contractual frameworks comprising: master terms and conditions, program award letters, purchase orders and release orders.

For piece part revenue, volume requirements and mutually enforceable terms are established on the customer issuance of a release order and therefore this is the relevant accounting unit of contract.

Tooling, prototype and development ("**TPD**") requirements are typically specified in a purchase order or equivalent.

Step 2:

The performance obligation within a piece part release order is to manufacture and deliver the specified volume of requested parts. The performance obligation of a TPD order is to construct or undertake the relevant tooling and development activities. Where the different obligations are separable, in terms of both capability and within the contractual documentation, they are accounted for as distinct performance obligations.

Step 3:

The fair value of consideration receivable is the transaction price specified in the relevant release order or purchase order, net of returns, discounts, sales taxes and volume rebates.

Where uncertainty exists as to the amount of consideration that will ultimately be recognised in the future, pricing accruals or revenue deferrals are made in order to constrain the amount of revenue recognised, until such uncertainty is resolved.

Step 4:

The transaction price established in step 3 is allocated to the distinct performance obligations identified in step 2.

Step 5:
Revenue is recognised on satisfaction of the specified performance obligations, consistent with the passing of control of the goods and services.

For piece part revenue, control is deemed to have passed at the point in time delivery of the parts specified in the applicable release order is made.

Where consignment arrangements apply, revenue is only recognised when control of the underlying inventory has passed to the customer.

For TPD activities, control is deemed to have passed once production part approval process ("**PPAP**") or start of production ("**SOP**") has been achieved, depending on the specific terms of the agreement. Costs incurred up until this point are recognised as work in progress on the Balance Sheet and reviewed regularly for impairment should their future recovery become doubtful. Upfront deposits and progress billings are recorded in deferred revenue, until point of recognition.

Contract Costs
Incremental costs incurred in obtaining a contract are capitalised and amortised over the applicable program life, with regular review for impairment.

Other pre-contract costs and costs of fulfilment are expensed as incurred unless future economic benefit is evident, or if applicable, within the scope of other standards.

1.4. New Interpretation

During September 2017, the IFRS Interpretations Committee issued an agenda decision on interest and penalties related to income taxes. The decision refers to previous agenda decisions regarding what is an income tax and also states that any interest and penalty related to income tax should be accounted for in accordance with either IAS 12 ‘Income taxes’ or IAS 37 ‘Provisions, contingent liabilities and contingent assets’. Accordingly, as at 31 December 2017 the Group made a Balance Sheet reclassification of €4.8 million from current tax payable to interest payable for interest payable related to uncertain tax positions.

1.5. New and Revised IFRS in Issue but not yet Effective

IFRS 16 'Leases'

IFRS 16 'Leases' replaces the existing guidance in IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 removes the accounting distinction between finance and operating leases for lessees and requires that right-of-use assets and liabilities be created for leases on the Balance Sheet. IFRS 16 permits an exemption to this approach where the lease term is 12 months or less, or the underlying asset has a low value. The Group currently intends to take both of these exemptions.

IFRS 16 becomes mandatory for the Group's 2019 consolidated financial statements. The standard may be adopted using the full retrospective approach or the modified retrospective approach, including optional practical expedients. The Group currently prefers to select the modified retrospective approach as the transition method for initial application of the standard.

The full impact of future adoption on the Group's financial statements is still being assessed and depends on final determination of the practical expedients to be adopted as well as additional leases to be taken out before the implementation date. It is expected that application of the standard will have a significant impact on the Group. Under the new standard, operating lease charges will generally be replaced with interest payable and depreciation charges. On an individual lease basis, this will result in higher expenses in the Income Statement earlier in the lease term, and correspondingly lower expenses later in the lease term.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.6. Foreign Exchange Rates

The average and period-end exchange rates for the Group's principal currencies were:

Key Euro exchange rates	Half year 2018 average	30 June 2018 period end	Half year 2017 average	31 December 2017 period end
US dollar	1.210	1.169	1.083	1.201
Chinese renminbi	7.707	7.737	7.446	7.815
Korean won	1,303	1,303	1,236	1,282

1.7. Critical Accounting Estimates and Judgements

The preparation of condensed financial statements requires the use of accounting estimates and for Management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the half year condensed group financial statements are: post employment obligations, derivative financial instruments, income taxes, warranty provisions, capitalised development costs and impairment of intangible assets. Further details of the Group's critical accounting estimates and judgements can be found in Note 1.4 of the audited consolidated financial statements for the year ended 31 December 2017.

2. Segment Reporting

Notes to 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 is considered decisive. The Company's CODM is the Chief Executive Officer and the Chief Financial Officer. The CODM evaluates the performance of the Company's segments primarily on the basis of revenue, Adjusted EBITDA and Adjusted EBIT, both non-IFRS measures.

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

The Group recognises revenue on a point in time basis, when the performance obligation to manufacture and deliver products has been satisfied and control of the parts has transferred to the customer. Volume requirements and delivery schedules are communicated using frequent release orders with many customers utilising electronic delivery interfaces to transmit such information and self-billing processes to manage their payment obligations. Payment terms are typically between 30 and 60 days from date of invoicing.

Tooling, Prototype and Development ("TPD")

Within both segments, further revenue streams are recognised for distinct TPD services chargeable to a customer.

Revenue recognition for such activities occurs at the point in time control of the goods and services is transferred to the customer. This is typically PPAP or SOP, depending on the specific terms of the agreement, as at this point all agreed upon specifications have been met. Project durations vary depending on the scope and complexity of requirements. Payment terms are typically 30 to 60 days post customer acceptance.

Allocation of Corporate Costs

Corporate costs comprise costs of stewardship of the Group. Costs incurred in administrative services performed at the corporate level are allocated to divisions in line with utilisation of the services. Where direct allocation is not possible, costs are allocated based on revenue for the period.

2.1. Revenue, Adjusted EBIT and Depreciation, Amortisation and Impairments by Segment:

	Unaudited Half year 2018 €m	Unaudited Half year 2017 €m
Revenue		
- FCS	**1,042.9**	1,043.7
- FTDS	**724.4**	733.3
	1,767.3	1,777.0
Adjusted EBITDA		
- FCS	**156.5**	169.3
- FTDS	**99.8**	86.5
	256.3	255.8
Adjusted EBITDA % of Revenue		
- FCS	**15.0%**	16.2%
- FTDS	**13.8%**	11.8%
Total	**14.5%**	14.4%
Adjusted EBIT		
- FCS	**131.5**	144.9
- FTDS	**69.3**	56.9
	200.8	201.8
Adjusted EBIT % of Revenue		
- FCS	**12.6%**	13.9%
- FTDS	**9.6%**	7.8%
Total	**11.4%**	11.4%

3. Financial Risk Management

The Board of Directors and key management have overall responsibility for the establishment and oversight of the Group's risk management policies, which are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities as discussed in the Group's Annual Report. The level of the Group's debt is monitored on an actual and projected basis to ensure compliance with the covenants in the Group's main borrowings facilities.

3.1. Foreign Currency Risk

Derivative instruments used by the Group to manage foreign currency exposure fall under the following main categories:

Forward Foreign Exchange Contracts - not Designated in Hedge Relationships

The nominal value of these derivatives as at 30 June 2018 was €190.9 million (31 December 2017: €135.9 million) and the aggregate fair value was €2.5 million payable (31 December 2017: €1.3 million payable).

Forward Foreign Exchange Contracts - Designated in Cash Flow Hedge Relationships

The Group has a series of forward foreign exchange contracts and US dollar interest rate swaps with a number of financial institutions. In aggregate these instruments converted a portion of the drawings under the main borrowing facilities of $400.0 million at floating interest rates into €355.0 million at a fixed interest rate of 4.2%. The nominal value of the forward foreign exchange contracts in this arrangement as at 30 June 2018 was €598.2 million (31 December 2017: €616.6 million) and their aggregate fair value was €39.5 million payable (31 December 2017: €54.0 million payable). A fair value gain of €15.4 million (31 December 2017: €66.8 million loss) was recorded in other comprehensive income in the period, and a €20.8 million gain (31 December 2017: €76.3 million loss) was subsequently recycled to the Income Statement. An ineffectiveness loss of €0.4 million (30 June 2017: €3.0 million loss) was recorded in the Income Statement (Note 5).

Forward Foreign Exchange Contracts - Designated in net Investment Hedges

The Group has a series of forward foreign exchange contracts to hedge the net investment in the Group's Korean won subsidiary. The nominal value of these derivatives as at 30 June 2018 was KRW 265,893 million (€186.2 million) (31 December 2017: KRW 265,893 million (€186.2 million); and their aggregate fair value was €8.8 million payable (31 December 2017: €10.0 million payable). A fair value gain of €1.2 million (31 December 2017: loss of €3.2 million) was recorded in other comprehensive income in the period for these contracts. No amounts were recycled during the period and there was no ineffectiveness.

3.2. Interest Rate Risk

Most of the Group's interest rate risk arises on its main external borrowing facilities. The interest expense arising from the secured term loans, denominated in US dollars and Euro, are based on floating rates of respectively, 1 month US dollar LIBOR (minimum 0.75%) +2.5% pa and 3 month EURIBOR (minimum 0.75%) +2.75% pa. The interest expense arising from unsecured US dollar notes has a fixed coupon of 8.75%.

Interest Rate Swaps

As noted above, the Group has used interest rate swaps to manage the risk and used such contracts, together with the forward foreign exchange contracts to fix in €355.0 million of debt at 4.2%. The notional value of the interest rate swaps as at 30 June 2018 was $400.0 million (31 December 2017: $400.0 million) and their fair value was €10.7 million receivable (31 December 2017: €7.0 million receivable). In aggregate, a fair value gain of €4.2 million (31 December 2017: €1.9 million gain) has been recorded in other comprehensive income during the period and a €0.8 million gain (31 December 2017: €0.7 million loss) was subsequently recycled to the Income Statement. No ineffectiveness was recorded in the income statement.

Interest Rate Floors

The aggregate fair value of these derivatives as at 30 June 2018 was €3.2 million payable (31 December 2017: €3.9 million payable).

4. Exceptional Items

	Unaudited Half year 2018 €m	Unaudited Half year 2017 €m
Share option costs prior to the IPO	—	(3.5)
Restructuring costs	—	(3.8)
IPO expenses	—	(2.2)
Administrative expenses	—	(9.5)

Share option costs incurred prior to the IPO in October 2017 are considered exceptional as they represent compensation arrangements made to incentivise staff in relation to transactions undertaken by the Group and its shareholders.

Restructuring costs of €3.8 million in the prior period relate to the planned exit of operations in Australia.

IPO expenses for the prior period of €2.2 million were incurred in preparing the Company for the IPO.

5. Finance Income and Expense

	Notes	**Unaudited Half year 2018 €m**	Unaudited Half year 2017 €m
Finance income			
Interest on short-term deposits, other financial assets and other interest income		**0.9**	1.0
Fair value gain on derivatives and foreign exchange contracts not in hedged relationships		**3.0**	6.1
Total finance income		**3.9**	7.1
Finance expense			
Interest payable on term loans including expensed fees	13.1	**(23.5)**	(30.1)
Interest payable on unsecured senior notes including expensed fees	13.1	**(8.3)**	(19.0)
Net interest expense of retirement benefit obligations	15	**(2.1)**	(3.1)
Fair value net losses on financial instruments: ineffectiveness		**(0.4)**	(3.0)
Utilisation of discount on provisions and other finance expense		**(0.7)**	(0.3)
Total finance expense		**(35.0)**	(55.5)
Total net finance expense		**(31.1)**	(48.4)

Fees included in interest payable under the effective interest method	**Unaudited Half year 2018 €m**	Unaudited Half year 2017 €m
Fees included in interest payable on term loans	**(3.2)**	(3.9)
Fees included in interest payable on unsecured senior notes	**(0.4)**	(0.8)

6. Income Tax

Income tax expense is recognised based on Management’s estimate of the effective income tax rate expected for the full financial year in each jurisdiction in which the Group has operations.

This has resulted in an effective tax rate of 38.6% for the half year ended 30 June 2018 (39.9% for the half year ended 30 June 2017). The effective tax rate is impacted by the UK book loss of €36.1 million for the half year ended 30 June 2018 from a book loss of €29.4 million for the half year ended 30 June 2017, which is not tax effected due to the projected and historical tax loss position in the UK and therefore increases the effective tax rate.

The UK book loss incurred to 30 June 2018 is due to net interest and financing expense in the amount of €11.2 million (30 June 2017: €30.8 million); net foreign exchange loss of €0.1 million (30 June 2017: net foreign exchange gain of €32.2 million) based on fluctuations in the US dollar to Euro exchange rates related to US dollar denominated intercompany loans; loan refinancing and other exceptional costs were nil (30 June 2017: €1.4 million) and other operating expenses of €24.8 million (30 June 2017: €29.4 million).

When the UK book loss of €36.1 million for the half year ended 30 June 2018 (€29.4 million loss for the half year ended 30 June 2017) and the prior period tax adjustments are not considered, the effective tax rate is adjusted to 30.4% for the half year to 30 June 2018 (30.6% for the half year ended 30 June 2017).

The decrease in the effective tax rate and the adjusted effective tax rate discussed above are primarily due to the impact of the new US corporate tax rate of 21% effective for 2018 compared to the 2017 partial release of deferred tax provided on uncertain tax positions related to withholding tax on unremitted earnings in China, which had a beneficial impact on the effective tax rate and the adjusted effective rate for the first half of 2017.

7. Earnings Per Share

7.1 Basic and Diluted Earnings per Share

The calculation of earnings per share ("**EPS**") has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

€ (in cents)	**Unaudited Half year 2018**	Unaudited Half year 2017
Basic earnings per share	**14.51**	19.85
Diluted earnings per share	**14.45**	18.94

Profit Attributable to Ordinary Shareholders

€m	**Unaudited Half year 2018**	Unaudited Half year 2017
Earnings used in basic EPS	**75.0**	69.5
Earnings used in diluted EPS	**75.0**	69.5

Weighted Average Number of Ordinary Shares (Basic)

Number of shares (in millions)	**Unaudited Half year 2018**	Unaudited Half year 2017
Weighted average number of ordinary shares as at 1 January	**516.8**	350.1
Deferred shares	**0.1**	—
Weighted average number of ordinary shares as at 30 June	**516.9**	350.1

Weighted Average Number of Ordinary Shares (Diluted)

Number of shares (in millions)	**Unaudited Half year 2018**	Unaudited Half year 2017
Weighted average of ordinary shares (basic)	**516.9**	350.1
Deferred shares	**2.1**	16.9
Weighted average number of shares as at 30 June (diluted)	**519.0**	367.0

7.2 Pro forma Adjusted Basic Earnings per Share

For the purpose of Pro forma Adjusted Basic EPS for the periods ended 30 June 2018 and 30 June 2017, the average number of ordinary shares is stated as if the IPO had occurred at the beginning of the 2017 financial year.

Pro forma Adjusted Basic EPS is defined as Adjusted Net Income divided by the number of shares in issue at the current balance sheet date.

A reconciliation of Adjusted Net Income can be found in the Financial Review.

€ (in cents)	**Unaudited Half year 2018 (pro forma)**	Unaudited Half year 2017 (pro forma)
Pro forma adjusted basic earnings per share	**15.09**	11.40

Earnings used in Pro forma Adjusted Basic Earnings per Share

€m	**Unaudited Half year 2018 (pro forma)**	Unaudited Half year 2017 (pro forma)
Earnings used in pro forma adjusted basic EPS	**78.4**	59.3

Pro forma Adjusted Basic Weighted Average Number of Ordinary Shares

Number of shares (in millions)	**Unaudited Half year 2018 (pro forma)**	Unaudited Half year 2017 (pro forma)
Pro forma average number of ordinary shares as at 1 January	**519.4**	519.4
Pro forma average number of ordinary shares as at 30 June	**519.4**	519.4

8. Share-based Expense

The Omega Holdco II Limited 2015 Equity Incentive Plan, as adopted on 30 June 2015, was cancelled in the prior year as part of the October 2017 IPO. Please refer to the Annual Report for the year ended 31 December 2017 for details on the charge on cancellation and acceleration of the options under this scheme.

At cancellation, option holders were compensated by a combination of shares issued and replacement awards in the form of Restricted Stock Awards ("**RSAs**") or Restricted Stock Units ("**RSUs**").

On 24 October 2017, the TI Fluid Systems plc Long Term Incentive Plan was adopted. On 30 April 2018 the Company granted conditional share awards to selected key executives of the Group. The awards comprise an EPS Growth ("**EPS**") tranche and a Total Shareholder Return ("**TSR**") tranche, each with a separate performance condition. Vesting is over three years from date of grant and contingent on attainment of the applicable performance condition within the three year performance period, commencing on 1 January 2018, and continued employment with the Company.

As the awards are settled in shares of the Company, or cash at the discretion of the Company, they are accounted for as equity settled awards under IFRS 2 and fair valued at date of grant using the Black Scholes Model (EPS tranche)

and Monte Carlo simulation (TSR tranche). The fair value cost is recognised in the Income Statement on a straight line basis over the vesting period.

The key assumptions used in the calculation of the fair value for the conditional share awards granted in the six months ended 30 June 2018 are as follows:

- The expected volatility of 33% was based on the historical volatility of the Company's share price since its admission to trading on 25 October 2017.
- The expected volatility of the comparator companies' share prices is 28% and correlation to TIFS is 23%, both measured over a 3 year period, commensurate with the expected term of the awards.
- The risk free rate of return of 0.85% was based on zero-coupon UK government bond yields corresponding to the expected term.

As award holders are entitled to dividend equivalent compensation during the vesting period, no dividend yield assumption is required in the valuation of these awards.

The total charge for the period ended 30 June 2018 on share-based expense was €1.3 million.

9. Intangible Assets

	Unaudited 30 June 2018 €m	31 December 2017 €m
Goodwill	**731.3**	724.9
Capitalised development expenses, computer software and licences, technology and customer platforms	**526.3**	549.0
Total intangible assets	**1,257.6**	1,273.9

9.1 Goodwill

	Unaudited €m
Cost at 1 January 2018	**724.9**
Currency translation	**6.4**
Cost at 30 June 2018	**731.3**
Accumulated impairment at 1 January 2018	—
Accumulated impairment at 30 June 2018	—
Net book value at 30 June 2018	**731.3**

	€m
Cost at 1 January 2017	767.2
Currency translation	(42.3)
Cost at 31 December 2017	724.9
Accumulated impairment at 1 January 2017	—
Accumulated impairment at 31 December 2017	—
Net book value at 31 December 2017	724.9

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

(Unaudited)	Capitalised development expenses €m	Computer software, and licences €m	Technology €m	Customer Platforms €m	Total €m
Cost at 1 January 2018	**168.8**	**13.4**	**127.2**	**461.9**	**771.3**
Accumulated amortisation	**(47.5)**	**(8.0)**	**(71.3)**	**(95.5)**	**(222.3)**
Net book value at 1 January 2018	**121.3**	**5.4**	**55.9**	**366.4**	**549.0**
Additions	**20.3**	**0.6**	**—**	**—**	**20.9**
Disposals	**(0.9)**	**—**	**—**	**—**	**(0.9)**
Amortisation charge	**(11.2)**	**(0.7)**	**(15.0)**	**(20.2)**	**(47.1)**
Impairments	**(0.5)**	**—**	**—**	**—**	**(0.5)**
Currency translation	**0.8**	**(0.2)**	**0.5**	**3.8**	**4.9**
Net book value at 30 June 2018	**129.8**	**5.1**	**41.4**	**350.0**	**526.3**
Cost at 30 June 2018	**189.4**	**13.5**	**128.8**	**467.0**	**798.7**
Accumulated amortisation	**(59.6)**	**(8.4)**	**(87.4)**	**(117.0)**	**(272.4)**
Net book value at 30 June 2018	**129.8**	**5.1**	**41.4**	**350.0**	**526.3**

	Capitalised development expenses €m	Computer software, and licences €m	Technology €m	Customer Platforms €m	Total €m
Cost at 1 January 2017	141.4	10.1	137.2	496.8	785.5
Accumulated amortisation	(27.6)	(5.0)	(46.4)	(60.9)	(139.9)
Net book value at 1 January 2017	113.8	5.1	90.8	435.9	645.6
Additions	33.6	2.1	—	—	35.7
Disposals	(0.5)	—	—	—	(0.5)
Amortisation charge	(20.0)	(2.3)	(30.5)	(41.8)	(94.6)
Impairments	(1.5)	—	—	—	(1.5)
Currency translation	(4.1)	0.5	(4.4)	(27.7)	(35.7)
Net book value at 31 December 2017	121.3	5.4	55.9	366.4	549.0
Cost at 31 December 2017	168.8	13.4	127.2	461.9	771.3
Accumulated amortisation	(47.5)	(8.0)	(71.3)	(95.5)	(222.3)
Net book value at 31 December 2017	121.3	5.4	55.9	366.4	549.0

The above amortisation charge was included within cost of sales.

10. Property, Plant and Equipment

The composition of the total net book value of property, plant and equipment was:

	Unaudited **30 June 2018** **€m**	31 December 2017 €m
Land and buildings	**154.3**	154.1
Plant, machinery and equipment	**443.4**	437.3
Assets in the course of construction	**80.2**	95.4
Net book value at end of period	**677.9**	686.8

	Unaudited **30 June 2018** **€m**	31 December 2017 €m
Cost at 1 January	**911.1**	839.4
Accumulated depreciation	**(224.3)**	(139.7)
Net book value at 1 January	**686.8**	699.7
Additions	**39.0**	122.3
Disposals	**(0.4)**	(1.0)
Impairments	**(0.3)**	(1.1)
Depreciation charge	**(49.9)**	(97.7)
Currency translation	**2.7**	(35.4)
Net book value at end of period	**677.9**	686.8
Cost	**953.5**	911.1
Accumulated depreciation	**(275.6)**	(224.3)
Net book value at end of period	**677.9**	686.8

11. Issued Share Capital

(Unaudited)	**Number of shares**	**Nominal value of each share**	**Ordinary shares £m**	**Ordinary shares €m**	**Share premium €m**	**Total €m**
At 1 January 2018	**519,412,226**	**£0.01**	**5.2**	**6.8**	**404.3**	**411.1**
Capital reduction	**—**	**£0.01**	**—**	**—**	**(404.3)**	**(404.3)**
At 30 June 2018	**519,412,226**	**£0.01**	**5.2**	**6.8**	**—**	**6.8**

	Number of shares	Nominal value of each share	Ordinary shares £m	Ordinary shares €m	Share premium €m	Total €m
At 1 January 2017	350,056,644	£1.00	350.1	493.7	—	493.7
Capital Reduction	—	£(0.99)	(346.6)	(488.7)	—	(488.7)
	350,056,644	£0.01	3.5	5.0	—	5.0
Share capital raised on initial public offering	148,333,333	£0.01	1.5	1.6	423.0	424.6
Shares issued as consideration for the cancellation of certain historic share option plans	20,657,233	£0.01	0.2	0.2	—	0.2
Shares issued to certain non-executive directors	365,016	£0.01	—	—	1.0	1.0
Share capital issuance costs	—	—	—	—	(19.7)	(19.7)
At 31 December 2017	519,412,226	£0.01	5.2	6.8	404.3	411.1

On 16 January 2018, the Company undertook a court-approved capital reduction, which had the effect of cancelling the share premium account of €404.3 million and increasing the balance on accumulated profits by the same amount.

The Company is a public limited company, which is incorporated and domiciled in England and Wales, with registered number 09402231.

12. Reserves

Other Reserves

(Unaudited) **Items that may be subsequently reclassified to profit or loss**	**Hedging reserve €m**	**Currency translation reserve €m**	**Total €m**
At 1 January 2018	**(27.8)**	**(102.7)**	**(130.5)**
Amount recognised in OCI during the period - fair value gains: effective hedges	**19.6**	**—**	**19.6**
Amounts recycled from OCI - foreign exchange remeasurement	**(20.8)**	**—**	**(20.8)**
Amounts recycled from OCI - interest	**(0.8)**	**—**	**(0.8)**
Movement in fair value of effective cash flow hedges	**(2.0)**	**—**	**(2.0)**
Net investment hedge	**1.2**	**—**	**1.2**
Currency translation attributable to owners of the Parent Company	**—**	**12.8**	**12.8**
Items that may be subsequently reclassified to profit or loss	**(0.8)**	**12.8**	**12.0**
At 30 June 2018	**(28.6)**	**(89.9)**	**(118.5)**

Items that may be subsequently reclassified to profit or loss (Unaudited)	Hedging reserve €m	Currency translation reserve €m	Total €m
At 1 January 2017	(36.7)	(27.8)	(64.5)
Amount recognised in OCI during the year - fair value losses: effective hedges	(64.9)	—	(64.9)
Amounts recycled from OCI - foreign exchange remeasurement	76.3	—	76.3
Amounts recycled from OCI - interest	0.7	—	0.7
Movement in fair value of effective cash flow hedges	12.1	—	12.1
Net investment hedge	(3.2)	—	(3.2)
Currency translation attributable to owners of the parent company	—	(74.9)	(74.9)
Items that may be subsequently reclassified to profit or loss	8.9	(74.9)	(66.0)
At 31 December 2017	(27.8)	(102.7)	(130.5)

13. Borrowings

	Unaudited 30 June 2018 €m	31 December 2017 €m
Non-current:		
Secured loans:		
Main borrowing facilities	**1,017.0**	996.3
Other loans	**0.2**	0.2
Unsecured notes	**185.0**	179.7
Finance leases	**1.9**	2.0
Total non-current borrowings	**1,204.1**	1,178.2
Current:		
Secured loans:		
Main borrowing facilities	**1.4**	1.5
Other loans	**0.1**	0.1
Finance leases	**0.2**	1.4
Total current borrowings	**1.7**	3.0
Total borrowings	**1,205.8**	1,181.2
Main borrowing facilities and unsecured notes	**1,203.4**	1,177.5
Finance leases and other loans	**2.4**	3.7
Total borrowings	**1,205.8**	1,181.2

The main borrowing facilities and unsecured notes above are shown net of issuance discounts and fees of €28.4 million (31 December 2017: €31.3 million).

13.1. Movement in Total Borrowings

(Unaudited)	**Main borrowing facilities €m**	**Unsecured notes €m**	**Main borrowing facilities and unsecured notes €m**	**Finance leases and other loans €m**	**Total borrowings €m**
At 1 January 2018	**997.8**	**179.7**	**1,177.5**	**3.7**	**1,181.2**
Accrued interest	**20.3**	**7.9**	**28.2**	**0.3**	**28.5**
Scheduled payments	**(22.0)**	**(7.9)**	**(29.9)**	**(1.6)**	**(31.5)**
Fees expensed	**3.2**	**0.4**	**3.6**	**—**	**3.6**
Currency translation	**19.1**	**4.9**	**24.0**	**—**	**24.0**
At 30 June 2018	**1,018.4**	**185.0**	**1,203.4**	**2.4**	**1,205.8**

	Main borrowing facilities €m	Unsecured notes €m	Main borrowing facilities and unsecured notes €m	Finance leases and other loans €m	Total borrowings €m
At 1 January 2017	1,277.8	416.3	1,694.1	4.6	1,698.7
Accrued interest	49.4	31.9	81.3	0.8	82.1
Scheduled payments	(59.6)	(31.9)	(91.5)	(1.7)	(93.2)
Fees expensed	7.5	1.4	8.9	—	8.9
Fees on repricing of loans	(1.6)	—	(1.6)	—	(1.6)
Voluntary repayments of borrowings	(166.5)	(197.1)	(363.6)	—	(363.6)
Fees expensed on voluntary repayments of borrowings	4.2	4.5	8.7	—	8.7
Currency translation	(113.4)	(45.4)	(158.8)	—	(158.8)
At 31 December 2017	997.8	179.7	1,177.5	3.7	1,181.2

13.2. Main Borrowing Facilities and Unsecured Notes

2015 Agreements

The 2015 agreements comprise a package of secured loans (consisting of a term loan, an asset backed loan, and a revolving credit facility) and unsecured senior notes.

The amounts outstanding under the agreements are:

	Unaudited 30 June 2018 €m	31 December 2017 €m
Principal outstanding:		
US term loan	**727.1**	707.5
Euro term loan	**316.0**	317.7
Main borrowing facilities (term loans)	**1,043.1**	1,025.2
Unsecured senior notes	**188.7**	183.6
Total principal outstanding	**1,231.8**	1,208.8
Issuance discounts and fees	**(28.4)**	(31.3)
Main borrowing facilities and unsecured notes	**1,203.4**	1,177.5

The main borrowing facilities bore interest during the reported periods as shown below.

	US dollar term loan	Euro term loan
1 January 2017 - 26 January 2017	US$ LIBOR (minimum 1.0% p.a.) +3.5% p.a.	Euro LIBOR (minimum 1.0% p.a.) +3.5% p.a.
27 January 2017 - 29 December 2017	US$ LIBOR (minimum 0.75% p.a.) +2.75% p.a.	EURIBOR (minimum 0.75% p.a.) +3.0% p.a.
30 December 2017 - 30 June 2018	US$ LIBOR (minimum 0.75% p.a.) +2.5% p.a.	EURIBOR (minimum 0.75% p.a.) +2.75% p.a.

On 27 January 2017, the Group concluded a repricing of its term loans and on 30 December 2017, the Group met certain additional borrowings criteria which enabled it to further reduce the interest rate payable on its loans.

No further capital payments are due on the US dollar tranche until the balance falls due on 30 June 2022. The Euro tranche is repayable in amounts of €0.8 million per quarter, with the balance also falling due on 30 June 2022.

The unsecured senior notes carry an 8.75% coupon payable bi-annually (on a 360-day year basis) and are redeemable in full on 15 July 2023.

The Group has hedging transactions in place which effectively convert borrowings of $400.0 million at floating interest rates into €355.0 million at a fixed interest rate of 4.2%, thereby reducing foreign currency exposure for future cash flows and locking in lower long-term Euro fixed interest rates (Note 3.2).

On 16 July 2018 the Group successfully executed a repayment and modification of its external borrowings (Note 20).

13.3. Movements in Net Borrowings

(Unaudited)			**Non-cash changes**		
€m	**At 1 January 2018**	**Cash flows**	**Fees expensed**	**Currency translation**	**At 30 June 2018**
Cash and cash equivalents	**287.2**	**8.3**	**—**	**3.7**	**299.2**
Financial assets at FVTPL	**2.9**	**0.9**	**—**	**—**	**3.8**
Borrowings	**(1,181.2)**	**3.0**	**(3.6)**	**(24.0)**	**(1,205.8)**
Total net borrowings	**(891.1)**	**12.2**	**(3.6)**	**(20.3)**	**(902.8)**

			Non-cash changes		
€m	At 1 January 2017	Cash flows	Fees expensed	Currency translation	At 31 December 2017
Cash and cash equivalents	196.2	106.3	—	(15.3)	287.2
Financial assets at FVTPL	2.9	—	—	—	2.9
Borrowings	(1,698.7)	376.3	(17.6)	158.8	(1,181.2)
Total net borrowings	(1,499.6)	482.6	(17.6)	143.5	(891.1)

Borrowings cash flows in 2017 of €376.3 million comprise voluntary repayments of borrowings of €363.6 million, repayments of borrowings of €11.1 million and fees paid on repricing of loans of €1.6 million.

14. Fair Values of Financial Assets and Liabilities

14.1. Financial Instruments by Category

(Unaudited) Financial assets	Assets at amortised cost €m	Assets in hedged relationships €m	Assets at FVTPL €m	Total €m
Cash and cash equivalents	**299.2**	—	—	**299.2**
Financial assets at FVTPL	—	—	**3.8**	**3.8**
Trade and other receivables excluding prepayments	**573.4**	—	—	**573.4**
Derivative financial instruments:				
- Forward foreign exchange contracts (cash flow hedges)	—	**5.4**	**0.4**	**5.8**
- Interest rate swaps (cash flow hedges)	—	**10.7**	—	**10.7**
Total at 30 June 2018	**872.6**	**16.1**	**4.2**	**892.9**

(Unaudited) Financial liabilities	Liabilities at amortised cost €m	Liabilities in hedged relationships €m	Liabilities at FVTPL €m	Total €m
Trade and other payables excluding deferred income	**(587.7)**	—	—	**(587.7)**
Borrowings	**(1,205.8)**	—	—	**(1,205.8)**
Derivative financial instruments:				
- Forward foreign exchange contracts (cash flow hedges)	—	**(44.9)**	**(2.9)**	**(47.8)**
- Forward foreign exchange contracts (net investment hedges)	—	**(8.8)**	—	**(8.8)**
- Interest rate floor	—	—	**(3.2)**	**(3.2)**
Total at 30 June 2018	**(1,793.5)**	**(53.7)**	**(6.1)**	**(1,853.3)**

Financial assets	Loans and receivables €m	Assets in hedged relationships €m	Assets at FVTPL €m	Total €m
Cash and cash equivalents	287.2	—	—	287.2
Financial assets at FVTPL	—	—	2.9	2.9
Trade and other receivables excluding prepayments	531.6	—	—	531.6
Derivative financial instruments:				
- Forward foreign exchange contracts (cash flow hedges)	—	5.2	1.4	6.6
- Interest rate swaps (cash flow hedges)	—	7.0	—	7.0
Total at 31 December 2017	818.8	12.2	4.3	835.3

Financial liabilities	Liabilities at amortised cost €m	Liabilities in hedged relationships €m	Liabilities at FVTPL €m	Total €m
Trade and other payables excluding deferred income	(605.5)	—	—	(605.5)
Borrowings	(1,181.2)	—	—	(1,181.2)
Derivative financial instruments:				
- Forward foreign exchange contracts (cash flow hedges)	—	(59.2)	(2.7)	(61.9)
- Forward foreign exchange contracts (net investment hedges)	—	(10.0)	—	(10.0)
- Interest rate floor	—	—	(3.9)	(3.9)
Total at 31 December 2017	(1,786.7)	(69.2)	(6.6)	(1,862.5)

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the reporting date, which is a proxy for market price. All derivative items reported are within Level 2 of the fair value hierarchy specified in IFRS 13 ‘Fair Value Measurement’; their measurement includes inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The fair values of non-derivative amounts are determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis. For the non-derivative items reported above, it is assumed that by their nature their carrying value approximates their fair value, with the exception of unsecured notes included within borrowings.

At 30 June 2018, the borrowings figures above include unsecured notes carried at a book value of €188.7 million (31 December 2017: €183.6 million) before deduction of issuance discounts and fees. The fair value of these notes excluding deduction of issuance discounts and fees is €196.7 million at 30 June 2018 (31 December 2017: €196.0 million). These fair values are within Level 2 of the fair value hierarchy specified in IFRS 13 ‘Fair Value Measurement’.

14.2. Contracted Maturities of Financial Liabilities

(Unaudited)	**Less than one year €m**	**Between one and two years €m**	**Between two and five years €m**	**Over five years €m**	**Total €m**
Non-derivatives					
Borrowings excluding issuance discounts and fees	**3.7**	**5.2**	**1,036.7**	**188.6**	**1,234.2**
Interest	**61.6**	**61.6**	**139.1**	**8.3**	**270.6**
Total borrowings	**65.3**	**66.8**	**1,175.8**	**196.9**	**1,504.8**
Trade and other payables excluding deferred income	**573.0**	**14.7**	—	—	**587.7**
Total non-derivatives at 30 June 2018	**638.3**	**81.5**	**1,175.8**	**196.9**	**2,092.5**
Derivatives					
Cash flow hedging instrument:					
-Outflow	**21.3**	**11.1**	**505.0**	—	**537.4**
-Inflow	**(10.5)**	**(10.2)**	**(453.8)**	—	**(474.5)**
Interest rate swaps	**1.5**	**1.4**	**0.5**	—	**3.4**
Total derivatives at 30 June 2018	**12.3**	**2.3**	**51.7**	—	**66.3**

As of 31 December 2017	Less than one year €m	Between one and two years €m	Between two and five years €m	Over five years €m	Total €m
Non-derivatives					
Borrowings excluding issuance discounts and fees	4.8	5.3	1,018.8	183.6	1,212.5
Interest	56.4	56.3	148.3	16.1	277.1
Total borrowings	61.2	61.6	1,167.1	199.7	1,489.6
Trade and other payables excluding deferred income	588.4	17.1	—	—	605.5
Total non-derivatives at 31 December 2017	649.6	78.7	1,167.1	199.7	2,095.1
Derivatives					
Cash flow hedging instrument:					
-Outflow	1.3	1.3	378.8	—	381.4
-Inflow	—	—	(309.8)	—	(309.8)
Interest rate swaps	1.4	1.3	1.2	—	3.9
Total derivatives at 31 December 2017	2.7	2.6	70.2	—	75.5

The cash flow hedging instruments are expected to mature over a period of 5 years from inception concluding in 2020. These contracts are designed to partially match the interest and principal repayments of US dollar based debt.

15. Retirement Benefit Obligations

Income Statement: Half Year Ended 30 June 2018

(Unaudited) Net expense	US pensions €m	Other pensions €m	US healthcare €m	Other post employment liabilities €m	Total €m
Current service cost	(0.1)	(0.8)	—	(2.7)	(3.6)
Net interest (expense) / income	(1.2)	0.1	(0.7)	(0.3)	(2.1)
Total expense half year ended 30 June 2018	**(1.3)**	**(0.7)**	**(0.7)**	**(3.0)**	**(5.7)**

Income Statement: Half Year Ended 30 June 2017

(Unaudited) Net expense	US pensions €m	Other pensions €m	US healthcare €m	Other post employment liabilities €m	Total €m
Current service cost	(0.1)	(0.7)	(0.1)	(3.0)	(3.9)
Net interest expense	(1.4)	—	(1.1)	(0.6)	(3.1)
Total expense half year ended 30 June 2017	(1.5)	(0.7)	(1.2)	(3.6)	(7.0)

Balance Sheet: 30 June 2018

(Unaudited) Net liability	US pensions €m	Other pensions €m	US healthcare €m	Other post employment liabilities €m	Total €m
Present value of retirement benefit obligations	(231.6)	(94.5)	(39.9)	(81.7)	(447.7)
Fair value of plan assets	184.6	99.8	—	22.9	307.3
Asset ceiling	—	(5.9)	—	—	(5.9)
Net liability at 30 June 2018	**(47.0)**	**(0.6)**	**(39.9)**	**(58.8)**	**(146.3)**

Balance Sheet: 31 December 2017

Net liability	US pensions €m	Other pensions €m	US healthcare €m	Other post employment liabilities €m	Total €m
Present value of retirement benefit obligations	(243.3)	(93.2)	(42.4)	(81.3)	(460.2)
Fair value of plan assets	182.4	98.4	—	22.8	303.6
Asset ceiling	—	(5.8)	—	—	(5.8)
Net liability at 31 December 2017	(60.9)	(0.6)	(42.4)	(58.5)	(162.4)

At 30 June 2018, the Group reviewed the discount rates relating to the most significant retirement benefit obligations and determined the resulting financial impact was material for the following:

	Discount Rate	
	June 2018	December 2017
US Pensions	4.13%	3.56%
US Retiree Healthcare	4.07%	3.50%

Changes in the benchmark indexes used by the Group in the first-half of 2018 led to a decrease in the US Pensions obligations and a decrease in the US Retiree Healthcare obligations of €17.0 million and €2.8 million respectively, and an increase of €19.8 million recorded in actuarial gains in other comprehensive income.

16. Provisions

Movements in provisions are as follows:

(Unaudited)	**Product warranty €m**	**Restructuring €m**	**Other €m**	**Total €m**
At 1 January 2018	**19.8**	**1.5**	**6.7**	**28.0**
Provisions made during the period	**3.1**	**1.0**	**0.7**	**4.8**
Provisions used during the period	**(3.1)**	**(1.5)**	**—**	**(4.6)**
Provisions reversed during the period	**(1.3)**	**—**	**—**	**(1.3)**
Currency translation	**0.2**	**—**	**(0.2)**	**—**
At 30 June 2018	**18.7**	**1.0**	**7.2**	**26.9**

	Product warranty €m	Restructuring €m	Other €m	Total €m
At 1 January 2017	21.0	0.3	8.2	29.5
Provisions made during the period	13.9	6.3	0.9	21.1
Provisions used during the period	(11.6)	(5.1)	(1.8)	(18.5)
Provisions reversed during the period	(2.8)	—	—	(2.8)
Utilisation of discount	—	—	0.1	0.1
Currency translation	(0.7)	—	(0.7)	(1.4)
At 31 December 2017	19.8	1.5	6.7	28.0

Total Provisions

	Unaudited 30 June 2018 €m	31 December 2017 €m
Non-current	**2.9**	5.5
Current	**24.0**	22.5
Total provisions	**26.9**	28.0

Product Warranty

The majority of product warranty provisions relate to specific customer issues, and are based upon open negotiations and past customer claims experience.

Restructuring

Restructuring provisions comprise planned headcount reductions and similar costs of balancing production capacity with market requirements.

Other Provisions

Other provisions at 30 June 2018 comprise provisions for disputed claims for indirect taxes, asset retirement obligations and other claims.

17. Cash Generated from Operations

	Notes	**Unaudited Half year 2018 €m**	Unaudited Half year 2017 €m
Profit for the period		**76.2**	71.2
Income tax expense		**47.8**	47.3
Profit before income tax		**124.0**	118.5
Adjustments for:			
Depreciation, amortisation and impairment charges		**97.8**	99.1
Loss / (gain) on disposal of PP&E and intangible assets		**0.3**	(0.5)
Share-based expense	8	**1.3**	3.5
Net finance expense	5	**31.1**	48.4
Unremitted share of profit from associates		**—**	0.5
Net foreign exchange losses / (gains)		**2.4**	(24.3)
Changes in working capital:			
- Inventories		**(33.5)**	(32.0)
- Trade and other receivables		**(59.8)**	(47.3)
- Trade and other payables		**3.4**	8.6
Change in provisions		**(1.1)**	4.0
Change in retirement benefit obligations		**(1.0)**	(0.4)
Total		**164.9**	178.1

18. Commitments and Contingencies

Expenditure on non-current assets authorised and contracted for at the end of the period but not yet incurred is as below:

	Unaudited 30 June 2018 €m	31 December 2017 €m
Intangible assets	**5.9**	5.3
Property, plant and equipment	**59.9**	40.6
Total	**65.8**	45.9

19. Related Party Transactions and Controlling Parties

Transactions with Group Companies

Balances and transactions between Group companies have been eliminated on consolidation, except for subsidiaries that are not wholly owned, and associates. Transactions with those companies are made on the Group's standard terms of trade.

There have been no significant changes in the nature of transactions between subsidiaries that are not wholly owned, or associates, and other group companies that have materially affected the condensed group financial statements in the period.

Ultimate Controlling Party

The funds managed by Bain Capital have been the Company's ultimate controlling party since its incorporation.

20. Events After the Balance Sheet Date

On 16 July 2018 the Group successfully executed a repayment and modification of its external borrowings. The key elements of the transaction were as follows:

- The balance of 8.75% unsecured senior notes of $220.5 million (€189.0 million) was repaid using a combination of:
  - €115.0 million of additional borrowing under the Euro term loan
  - $41.0 million (€35.1 million) of additional borrowing under the US dollar term loan
  - $45.3 million (€38.9 million) existing cash from the Balance Sheet
- Interest rates and maturity dates of the Euro and US dollar term loans remained unchanged
- Maturities of the revolving credit facility and asset backed loan were extended by 3 years to 30 June 2023

An early repayment fee of $9.6 million (€8.2 million) was incurred on the unsecured senior notes and unamortised transaction costs of $4.3 million (€3.7 million) were released on their extinguishment. Both amounts will be recognised as exceptional finance expenses in the second half of 2018.

$2.1 million (€1.8 million) of directly attributable incremental fees were capitalised, to be released to the Income Statement over the remaining term of the Euro and US dollar term loans.

Independent review report to TI Fluid Systems plc

Report on the half year condensed group financial statements

Our conclusion

We have reviewed TI Fluid Systems plc's half year condensed group financial statements (the "interim financial statements") in the interim report of TI Fluid Systems plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2018;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
7 August 2018

Directors' Responsibility Statement

The Directors of the Company confirm that these half year condensed group financial statements have been prepared in accordance with the basis of preparation (Note 1.1) and that they include a fair review of the information required, namely:

- An indication of important events that have occurred during the first six months and their impact on the half year condensed group financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report for the year ended 31 December 2017.

By order of the Board

William L Kozyra
President and CEO
7 August 2018

Timothy J Knutson
Chief Financial Officer
7 August 2018