



TI Fluid Systems plc

Q3 2022 Trading Update

Continuing strong EV bookings Updated 2022 outlook in line with market consensus

TI Fluid Systems plc, a leading global manufacturer of highly engineered automotive fluid storage, carrying, delivery and thermal management systems for light vehicles issues a trading update for the third quarter and nine months ended 30 September 2022.

Summary

The Group continues to make excellent progress on its organic electrification growth strategy with €0.9 billion of lifetime revenue for Battery Electric Vehicle (“BEV”) awards year to date, of which €300 million was booked in Q3 2022. Further success on Hybrid Electric Vehicles (“HEV”) delivered € 1.0 billion lifetime revenue bookings year to date.

The Group’s revenue for the nine months to September 2022 grew by 10.4% at actual rates compared to a global light vehicle production (“GLVP”) growth¹ of 7.5%. At constant currency, revenue grew 4.5% and underperformed GLVP growth by 300 basis points (“bps”). Over the first three quarters, the Group outperformed the growth in GLVP in every region except China, where revenue growth was impacted by mix on BEV growth. Q3 2022 revenue was €846.4 million, an increase of 28.8% at actual rates compared to last year and to a market growth of 27.5%. At constant currency, revenue increased 19.9% in Q3 2022 and underperformed GLVP growth by 760 bps.

Significant cost recoveries have been agreed with customers, similar to other suppliers in the industry. However, inflationary cost increases are expected to remain, and the Group continues to actively pursue ongoing cost recoveries and price adjustments.

Q3 Trading Results

The Group had €300 million of lifetime revenue BEV bookings in Q3 2022, bringing BEV bookings for the first nine months of 2022 to €0.9 billion which evidences the progress being made by the Group on securing future revenue growth as the industry continues the transition to BEV platforms.

GLVP volumes in Q3 2022 continued their rebound and were 27.5% higher than in Q3 2021, driven by the recovery from the severe microchip shortages and supply chain disruptions experienced in Q3 2021, partially tempered by the ongoing impact of the Ukraine/Russia conflict on European volumes during 2022.

Q3 2022 Group revenue was 28.8% higher year over year at reported rates at €846.4 million, or 19.9% year over year at constant currency which represented an underperformance of 760 bps compared to the change in GLVP growth for the quarter.

Revenue continues to grow at a favourable pace despite being constrained by the Group’s lower participation on the mainly domestic BEV platforms in the Chinese market where significant BEV growth is being supported by local incentives.

¹ All production volume outperformance metrics herein are based on S&P Global Mobility, October 2022, and Company estimates

By segment, on a constant currency basis, FCS Q3 year over year revenue grew by 22.7%, outperforming the market in all regions except Asia Pacific, while FTDS Q3 revenue grew by 16.2%.

By region, on a constant currency basis, Q3 2022 revenue was higher by 17.9% in Europe and Africa, 22.1% in North America, and 20.2% in Asia Pacific.

Nine months ended 30 September 2022

The Group delivered revenue of €2,405.9 million in the nine months ended 30 September 2022, a 10.4% increase from the same period in 2021.

€m	9 months ended Sep 22	9 months ended Sep 21	% Change	% Change at constant currency
Group Revenue	2,405.9	2,179.6	10.4%	4.5%
By Segment				
Fluid Carrying Systems (“FCS”)	1,373.9	1,186.8	15.8%	8.9%
Fuel Tank and Delivery Systems (“FTDS”)	1,032.0	992.8	3.9%	(0.9)%
By Region				
Europe and Africa	880.9	862.4	2.1%	1.9%
Asia Pacific	821.8	756.8	8.6%	1.7%
North America	665.2	525.1	26.7%	12.7%
Latin America	38.0	35.3	7.6%	(4.7)%

Compared to the same period last year, the US Dollar appreciated by 11.0% against the Euro, and the Chinese Renminbi by 9.3%. With just under half of the Group’s revenue denominated in these currencies, these foreign exchange rate movements against the Euro had a significant positive impact on the Group’s revenue performance. The foreign exchange movements accounted for just over half of the year-on-year reported revenue increase. On a constant currency basis, revenue increased by 4.5%.

Revenue by Segment

FCS revenue increased by 8.9% at constant currency and outperformed the growth in GLVP by 140 bps. The segment’s revenue growth is primarily driven by execution of the EV strategy in Europe and North America and related programme launches.

FTDS revenue declined slightly by 0.9% at constant currency, mainly impacted by the increase of BEV particularly in China, launch activities in 2021 not repeated in 2022 as well as the exit of part of the business in Latin America.

Revenue by Region

In Europe and Africa, revenue increased by 1.9% year over year at constant currency, compared to a 0.9% decline in light vehicle production volume in that region, representing an outperformance of 280 bps, as the business continues to benefit from thermal HEV/BEV business launches in both divisions. This benefit offset the cessation of operations in Russia.

Asia Pacific revenue increased by 1.7% year over year at constant currency impacted by the increase in domestic Chinese OEM smaller BEV production where the Group has minimal content, and impact of continued COVID related lockdowns in the region.

In North America revenue significantly increased by 12.7% year over year at constant currency and outperformed light vehicle production volume growth in that region by 210 bps, primarily due to continued thermal launches and programme ramp ups.

Outlook

Based on our current view of Q4 2022, we expect to report full year results in line with current consensus market expectations, with full year revenue growth consistent with, or slightly below, GLVP growth (on a constant currency basis), a full year adjusted EBIT margin of approximately 6.0%, and historical levels of cash flow conversion.

Trading update call

TI Fluid Systems plc is holding a call for analysts and investors at 11:00 am UK time today.

Conference Call Dial-In Details:

United Kingdom	0800 640 6441
United Kingdom (Local)	0203 936 2999
United States	1 855 9796 654
United States (Local)	1 646 664 1960
All other locations	+44 203 936 2999
Access code:	560951

You can pre-register for the call using the link below to receive a unique PIN to dial directly into the call:

[Pre-Event Registration](#)

An audio recording will be available on <http://www.tifluidsystems.com> later today.

Enquiries

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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 "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 announcement. 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.