



**TI Fluid Systems plc**

**Post Close Trading Update**

TI Fluid Systems plc, a leading global manufacturer of highly engineered automotive fluid storage, carrying, and delivery systems and thermal management systems for light vehicles issues a trading update for the year ended 31 December 2020, ahead of publishing Full Year 2020 Results on 16 March 2021.

**Summary**

- Continued business resilience demonstrating effective model of cost flexibility, free cash generation, balance sheet strength and liquidity despite significant light vehicle production decline and global COVID-19 pandemic
- Full year 2020 revenues anticipated to be in line with decline in global light vehicle production volumes with full year Adjusted EBIT margin % estimated to be slightly better than expected
- Estimated strong cash generation in Q4 2020 resulting in full year Adjusted Free Cash flow well ahead of our expectations and Net Debt anticipated to be significantly lower than 2019 level
- Continued progress with respect to electrification strategy, with additional new battery electric vehicle ("BEV") business wins and the production launch of multiple Hyundai, Kia and Genesis BEV's
- The Group has repaid all COVID-19 related UK furlough payments it received and has retroactively reinstated pay levels for all employees who participated in temporary pay reductions in 2020
- The Board has declared and approved an interim dividend of 6.74 Euro cents per share, to be paid in February 2021 based on the Group's financial position and prospects and intends to return to its stated annual dividend policy and normal dividend payment cadence for the 2021 financial year
- Continued confidence in the Group's ability to outperform global light vehicle production on a constant currency basis, maintain high margins and generate strong cash flow in 2021
- Capital Markets Event on 13 April 2021

**Group Results**

We are pleased to announce that we anticipate the Group's results for the year ended 31 December 2020, to reflect strong operational performance and the confidence we outlined in our Q3 2020 Trading Update issued on 5 November 2020.

The Group is expected to report revenue of approximately €2.8 billion for the year ended 31 December 2020. On a constant currency basis, we expect our 2020 revenue performance to be in line with the decline in global light vehicle production\*.

Despite the extremely challenging environment, the Group's operating flexibility and extensive cost reduction and cash preservation activities initiated early in the year are expected to deliver a full year 2020 Adjusted EBIT margin % slightly better than the mid-single digit range. Cash Flow generation remained strong in Q4 2020 and the Group expects to deliver full year Adjusted Free Cash flow well ahead of our expectations, with year-end net debt to be €0.6bn, significantly lower than 2019 level of €0.74bn and lower than guidance provided at the time of the Q3 2020 Trading Update.

\* Source: IHS Markit January 2020 and Company estimates

## **Electrification Strategy Progress**

The Group continued to see positive momentum through the successful execution of our organic growth strategy and focus on electric vehicles. Further to the wins announced in November 2020, we are now in volume production of a range of products for thermal fluid management on Volkswagen's ID.3 and ID.4 BEVs. In addition to supplying Volkswagen various thermal coolant assemblies, the Group is also proud to be the sole supplier of the cabin comfort CO<sub>2</sub> heat pump valve unit assembly on this BEV platform, an exciting new technology which delivers increased operating efficiency and supports extended electric vehicle driving range over that of a traditional refrigeration based cabin comfort system. We look forward to the success of these vehicles and our growing content in this important strategic BEV segment.

We are also pleased to announce that the Group has recently launched into production thermal coolant fluid carrying loops for a large family of Hyundai, Kia and Genesis battery electric vehicles, starting with the NE EV, a new compact crossover BEV based on the Hyundai's futuristic "45" concept vehicle.

These coolant fluid carrying systems will be supplied across eight different Hyundai BEV platforms, all produced in South Korea. The new fluid carrying products apply our innovative approach for light weight and optimized engineered polymer lines with quick connectors that are formed and assembled in various diameter sizes for the battery and motor drive thermal management systems.

The Group also continues to win new business awards for BEV programs with a wide range of global and regional OEMs across all three major light vehicle production regions.

These successful launches and business wins continue to demonstrate our ability to meet the fluid handling and thermal management needs of all propulsion modes including electrification.

## **Dividend Update**

In light of the exceptional performance during the closing months of 2020, the Group is pleased to announce that during Q4 2020 it repaid any previously received UK furlough payments received from the UK government and has retroactively reinstated pay levels for all employees who took part in pay and salary reductions during 2020. We wish to thank our entire global organization for their shared sacrifice, commitment, excellent performance and support through one of the most severe market declines this industry has historically faced.

In the Q3 Trading Update the Board stated the intention to declare an interim dividend in Q1 2021 reflecting the strong operating and financial performance of the Group over the past several years, together with its increasing confidence in the outlook for the business.

The Company is pleased to announce today that the Board has approved and declared an interim dividend of 6.74 Euro cents per share, amounting to €35.0 million based on the overall strength of the Group's financial position and prospects. The interim dividend will be converted to Sterling at a fixed rate on 5 February 2021 (the "Dividend Record Date") and will be paid on 19 February 2021, to shareholders on the register at the Dividend Record Date.

The Group is committed to its stated annual dividend policy (30% Adjusted Net Income) paid on an interim and final basis for each financial year. However, in light of the significant amount of the interim dividend now being declared and the anticipation that, despite exceptional operating and financial performance during 2020, Adjusted Net Income for the 2020 financial year will be relatively low, the Board has decided that it would not be practical to propose a nominal final year 2020 dividend under the dividend policy. The Company expects to return to its stated annual dividend policy and normal dividend payment cadence for the 2021 financial year. The Board continues to believe that dividends represent an important part of the Group's shareholder value proposition and that the Company's dividend policy is both affordable and sustainable within its wider capital allocation framework.

## **Outlook**

We have entered 2021 with solid momentum and are encouraged by the sequential recovery in our markets through the second half of 2020. Whilst the COVID-19 pandemic continues to create areas of uncertainty, we remain confident in the Group's ability to outperform global light vehicle production on a constant currency basis, maintain high margins and generate strong cash flow. We expect to provide our 2021 outlook with our full year 2020 results.

The resilient performance through the extremely challenging conditions faced in 2020 have reinforced the strength of the Group's business model, cost flexibility, solid cash generation capability and experienced management team. 2020 also saw the Group make significant progress in executing on a successful transition to electrification, with strong momentum in its BEV thermal product and system content wins and launches.

## **Capital Markets Event**

TI Fluid Systems plc plans to hold a virtual Capital Markets Event on 13 April 2021.

The virtual event will be hosted by Bill Kozyra, CEO and Ronald Hundzinski, CFO, and will include product demonstrations as well as presentations from our Executive Vice Presidents of our two segments, Fluid Carrying Systems ("FCS") and Fuel Tank and Delivery Systems ("FTDS").

**Enquiries**

TI Fluid Systems plc  
David J Royce  
Investor Relations  
Tel: +1-248-376-8624

FTI Consulting  
Richard Mountain  
Nick Hasell  
Tel: +44 (0) 20 3727 1340

**Cautionary Statement**

This announcement is based on unaudited provisional results for the year ended 31 December 2020. This announcement also 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.