



TI Fluid Systems plc

Q1 2021 Trading Update

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 three months ended 31 March 2021.

Group Results

The Group achieved revenue of €787.0 million in the first quarter, reflecting a 9.7% increase from the first quarter of 2020 as revenue continues to pick up in line with recovery in light vehicle production volumes. On a constant currency basis, revenue increased by 14.2% year over year and outperformed global light vehicle production by 0.2%.

€m	3 months ended Mar 20	3 months ended Mar 21	% Change	% Change at constant currency
Group Revenue	717.3	787.0	9.7%	14.2%
By Region				
Europe and Africa	303.3	320.3	5.6%	5.9%
Asia Pacific	181.5	263.6	45.2%	49.5%
North America	219.4	190.2	-13.3%	-5.2%
Latin America	13.1	12.9	-1.2%	33.1%
By Segment				
Fluid Carrying Systems (“FCS”)	396.8	418.8	5.6%	10.9%
Fuel Tank and Delivery Systems (“FTDS”)	320.5	368.2	14.9%	18.1%

Revenue by Region

In Europe and Africa, revenue increased by 5.9% at constant currency and outperformed light vehicle production volume in that region by 6.8%, benefitting from new thermal BEV business wins. The outperformance is also a reflection of largely uninterrupted trading in 2021 compared to the prior year when factory shut downs began towards the end of the quarter.

Asia Pacific revenue continues to be strong and increased by 49.5% at constant currency, outperforming light vehicle production volume in that region by 16.9%, again reflecting a full quarter of trading compared to the prior year where factory shutdowns commenced in January 2020. Both businesses have managed to stay well ahead of the market due to the impact of new business launches, particularly in China.

In North America revenue decreased by 5.2% at constant currency and slightly underperformed light vehicle production volume in that region by 0.7%. The underperformance was caused by planned ramp down of powertrain programmes, which offset the favourable impact of new business launches in FTDS.

Revenue by Segment

FCS revenue increased by 10.9% at constant currency primarily driven by the ramp up of new BEV wins in Europe as well as our Asia Pacific region benefitting from higher growth in China. In spite of the unfavourable impact of powertrain programme ramp downs in North America, the segment shows double digit positive growth.

FTDS revenue increased by 18.1% at constant currency as the segment continues to benefit from successful business launches in Asia Pacific and North America.

Outlook

The Group has made a strong start to the year and the outlook guidance issued on 16 March 2021 remains unchanged. Annual global light vehicle production volumes are forecasted to continue to recover during 2021, and potentially return to pre-Covid levels by 2022. IHS-Markit's 2021 light vehicle production volume forecasts continue to show volatility in quarterly phasing as a result of supply related constraints impacting specific OEM plant uptime scheduling. However, despite this volatility, we remain confident that our full year 2021 revenue will outperform global light vehicle production volumes and with these recovering volumes and the benefits arising from the restructuring program started in 2020, we continue to target a high single digit adjusted EBIT margin. These earnings will support the Adjusted Free Cash Flow generation similar to pre-COVID levels and a resumption of the dividend policy targeting a pay-out ratio of 30% of Adjusted Net Income.

Re-financing:

On 16 April 2021, TIFS issued its inaugural European eight year unsecured bond for proceeds of €600 million which were used to repay portions of its USD and EUR secured term loans. In addition, the USD and EUR secured term loans and the \$225 million revolving credit facility were repriced and maturities extended by two years from 2024 to 2026. The transaction served to diversify, stagger and extend the average maturity, from four years to seven years, of the TIFS debt portfolio. In addition, the weighted average cost of debt was reduced to 3.6% from 4.5%, which is expected to reduce annual interest expense by €10 million. Both Moody's and Standard and Poors (S&P) rating agencies viewed the transaction as credit positive, with TIFS receiving an Outlook upgrade to Stable from Negative from S&P. The highly successful transaction is a testament to the market's recognition of the excellent performance the global TIFS team has delivered despite the challenges of these unprecedented times.

Capital Markets Event Feedback

We were pleased to hold our 2021 Capital Market Event on 13 April where we met with over 90 investors to provide an update on our company strategy and technology, which we named “Fluid Evolution”. Our audience was impressed with our progress in developing and selling products to meet our customers electric vehicle needs. A replay of our presentation can be found on our investor relations page of our website at <https://investors.tifluidsystems.com/reports-and-presentations/2021> where you can learn more about our strategy and key technologies of our “Fluid Evolution”. We remain excited of the execution of our strategy that has led to so much success.

We remain confident about the execution of our strategy, which is already delivering successfully and look forward to providing more information on the progress of the business at the time of our half year results, which we are planning to release in August.

Trading update call

TI Fluid Systems plc is holding a call for analysts and investors at 09:00am UK time today.

Conference Call Dial-In Details:

UK: +44 (0)330 336 9105

Conference Code: 2997305

The audio recording will be available on 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.