

2022 Full Year Results Presentation

TI Fluid Systems plc



A close-up, monochromatic photograph of industrial machinery, specifically a series of parallel metal pipes or tubes. The pipes are arranged in a slightly curved, downward-sloping pattern. At the bottom of the frame, several hexagonal metal fittings or nuts are visible, securing the pipes. The lighting creates strong highlights and shadows, emphasizing the metallic texture and the complex geometry of the components.

Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of TI Fluid Systems plc (the “Company”). The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “will”, “may”, “should” and similar expressions identify forward-looking statements. Others can be identified from the context in which they are made. By their nature, forward-looking statements involve risks and uncertainties, and such forward-looking statements are made only as of the date of this presentation. Accordingly, no assurance can be given that the forward-looking statements will prove to be accurate and you are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty therein. Past performance of the Company cannot be relied on as a guide to future performance. Nothing in this presentation should be construed as a profit forecast.

The financial information in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. For more detailed information, please see the preliminary results announcement for the year ended 31 December 2022.

Agenda

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2022 Highlights – Hans Dieltjens

2

Financial Performance – Ron Hundzinski

3

Business Development – Hans Dieltjens

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Q&A

2022 Highlights

Strong BEV/HEV bookings confirm strategic pivot to electrification

FINANCIAL

Revenue
€3.3 B
+10.5% growth
+5.2% at constant rates

aEBIT
€180 M
5.5% margin

aFCF
€78 M

NEW BUSINESS

BEV Awards
€1.3 B
+29% growth

HEV Awards
€1.3 B
+78% growth

China BEV Awards
€0.44 B

STRATEGIC

Thermoplastic Refrigerant Lines Brought to Market

eMIC Concept Launched

New Sustainability Targets Approved

Financial Performance

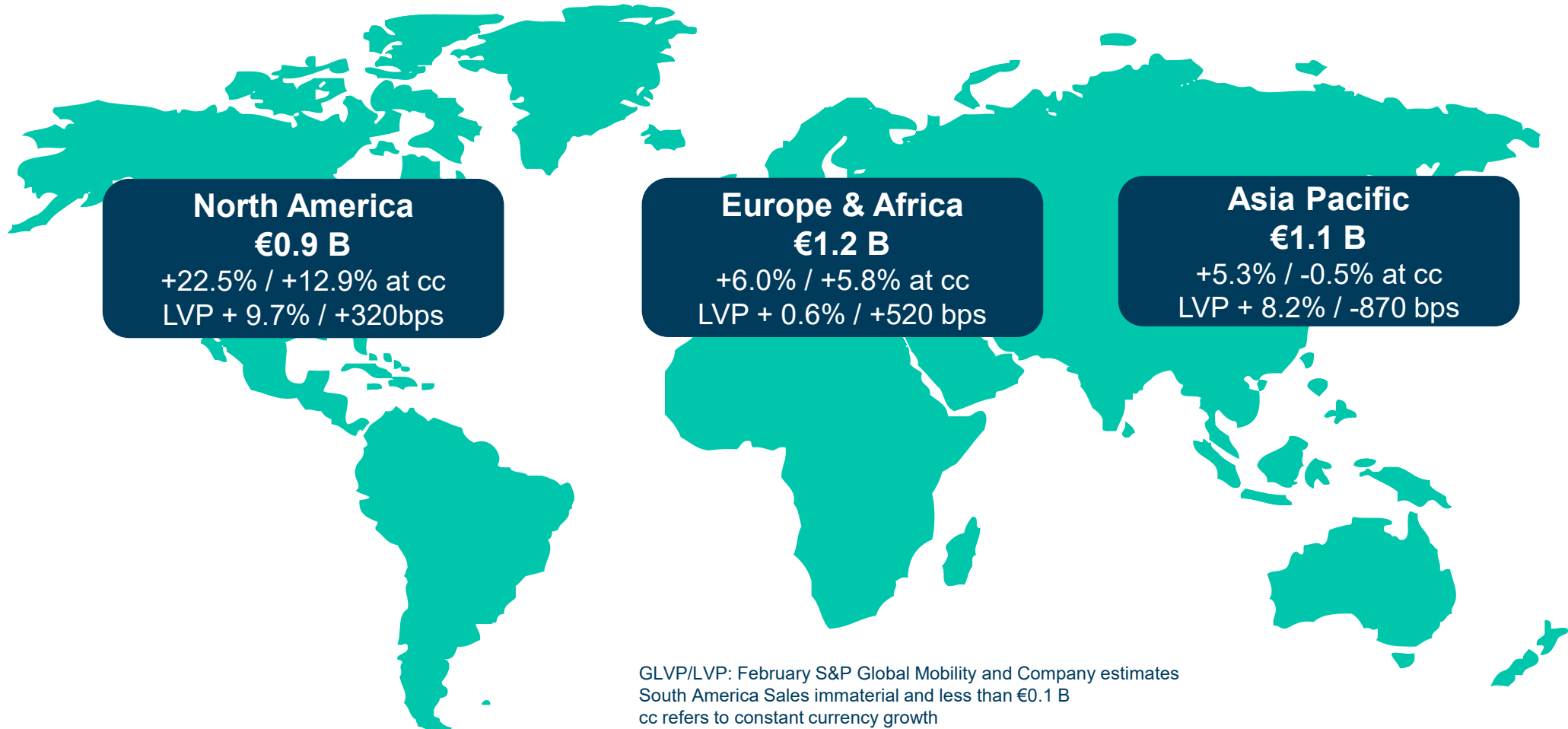
Ron Hundzinski



Regional Revenue



Outperformance in North America, Europe and Asia Pacific excl China



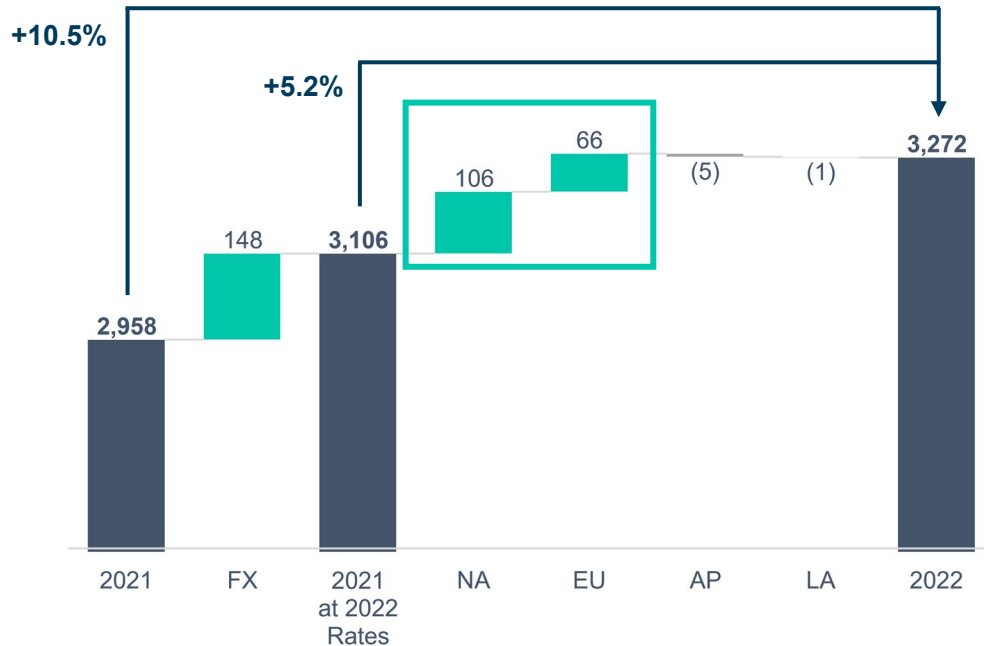
GLVP/LVP: February S&P Global Mobility and Company estimates
South America Sales immaterial and less than €0.1 B
cc refers to constant currency growth

Revenue Growth



Good performance outside China in 2022

Group Revenue (€m)



Global Light Vehicle Production Growth

+ 6.7%

Key Comments

- Revenue increased by **5.2%** at constant currency (or +10.5% at reported rates)
 - Global light vehicle production increase of ^(a)6.7%
- Outperformed in Europe, North America:
 - Europe : **37%** of the Group's revenue - growth driven by new HEV/EV launch activity, +520bps outperformance
 - North America : **27%** of the Group's revenue - benefitted from strong growth in FCS, +320 bps outperformance
- Asia Pacific:
 - **34%** of the Group's revenue
 - China OEM BEV under-representation
 - Asia Pacific excl China +250 bps outperformance

(a) February 2023 S&P Global Mobility and company estimates
 Note: Latin America represents <2% of the Group's revenue

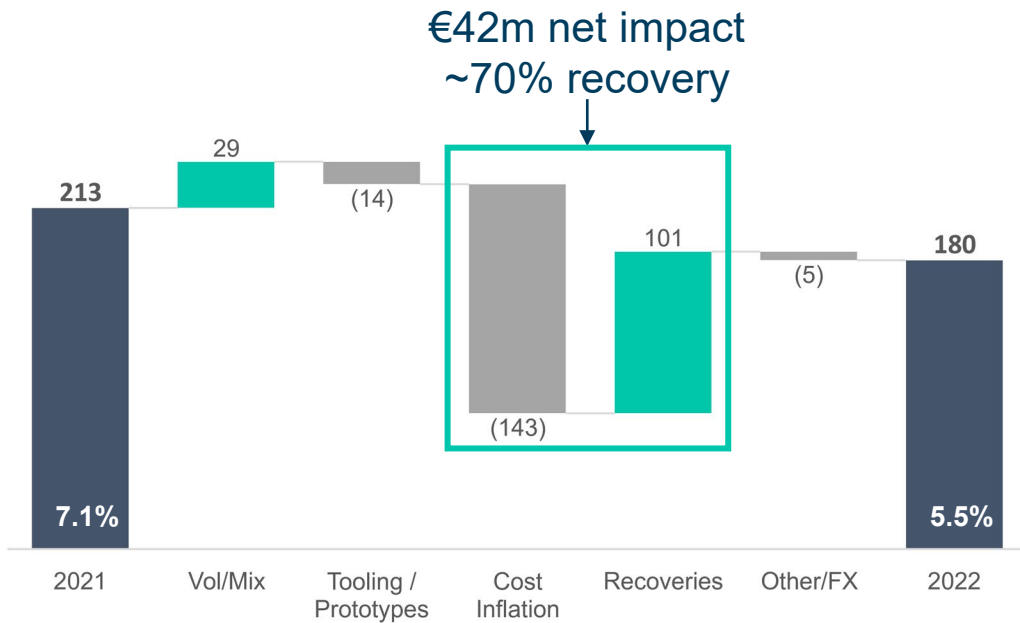
Adjusted EBIT Bridge



Cost headwinds impacted margin performance

Adj. EBIT (€m)

Key Comments



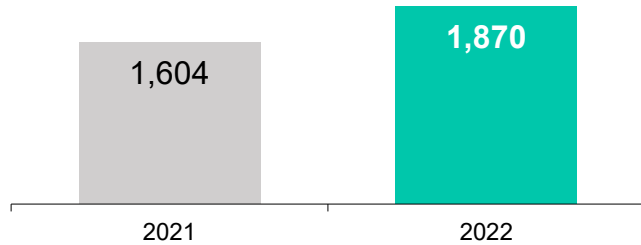
- Inflation headwinds offset by customer recoveries
 - ~70% recovery
- Expect cost inflation to ease in 2023
- Manufacturing footprint adapting and flexing to customer requirements – 6 locations closed in 2022, 7 locations downsized
- Cost-saving activities mainly offset by production volatility and supply chain disruption

Adjusted EBIT defined as operating profit before exceptional items adjusted for net foreign exchange gains/(losses), net restructuring charges, associate share of profits or losses, associate dividends received and the impact of any business acquisitions or disposals, less depreciation, amortisation and non-exceptional impairment on tangible and intangible assets net of depreciation and amortisation on purchase price accounting

Segment Revenue and Adjusted EBIT Margins

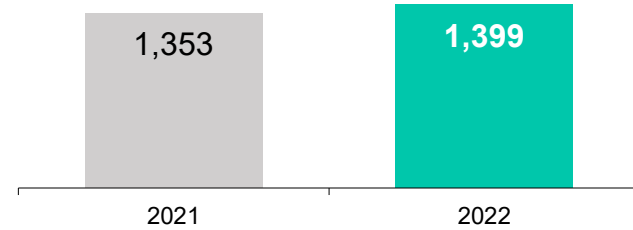


FCS Revenue (€m)



Adj. EBIT Margin	2021	2022
	7.4%	5.1%

FTDS Revenue (€m)



Adj. EBIT Margin	2021	2022
	7.0%	6.1%

- Revenue increase of 16.6% at reported rates
 - HEV/BEV launches driving revenue increase
- Adj. EBIT margin impacted by
 - China market volatility and mix
 - Fewer contracts with commodity index links
 - Non-repeated on-time 2021 revenues

- Revenue increase of 3.4% at reported rates
- Addressable market for ICE/HEV products increased at a slower rate
- Historically higher level of commodity indexing

Adjusted Free Cash Flow

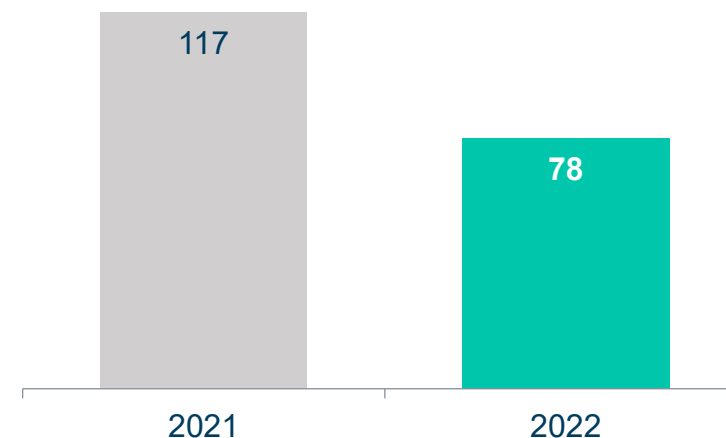


Consistent Adjusted Free Cash Flow Generation

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

Adj. Free Cash Flow (€m)

	2021	2022
Adj. EBITDA	353	333
PP&E and Intangibles	(122)	(118)
Working Capital, Provisions and Other	(12)	(27)
Cash Interest	(48)	(52)
Cash Tax	(54)	(58)
Adj. Free Cash Flow ^{a)}	117	78
<i>% Adjusted EBITDA</i>	33%	23%



a) Adj. Free Cash Flow defined as cash generated from operating activities, less cash used by Investing activities, adjusted for cash movements in financial assets at fair value through the profit or loss, net cash flows relating to restructuring, settlement of derivatives and the impact of any business acquisitions or disposals

Adjusted Net Income, Adjusted Basic EPS and Dividend



Adj. Basic EPS of 8.5 € cents with final dividend of 1.54 € cents per share

Adj. Net Income Reconciliation (€m)

	2021	2022
Profit / (loss) for the period	16	(279)
Non-controlling Interests	(2)	-
Net FX (gains) / losses	7	1
Exceptional items	9	297
Other reconciling items	28	25
Adj. Net Income^(a)	58	44
Adjusted Basic EPS^{b)}	11.2c	8.5c

Dividend

- 2022 final dividend of **1.54 euro cents** per share^(c)
- Total payout of **€7.9m** on **513m** shares ranking for dividend
- Full-year dividend 2.54 euro cents per share / €13.0 million
- Dividend in line with 30% Adjusted Net Income policy

(a) Adjusted Net Income 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 impairments), non-controlling interests share of profit and the impact of any costs associated with any acquisitions or disposals

(b) Adjusted Basic EPS defined as Adjusted Net Income divided by the weighted average number of shares for the year

(c) Dividend exchange rate of EUR to GBP set at ex-dividend date. Dividend payment date of 23 June 2023

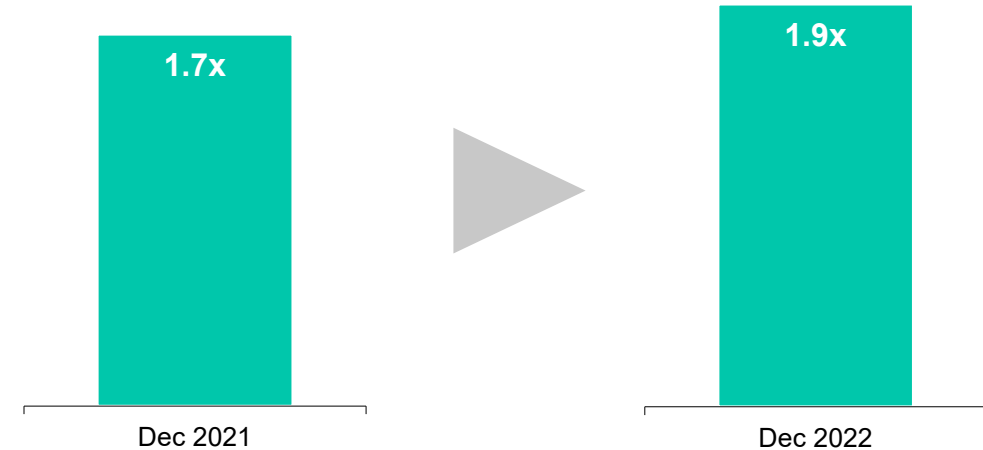
Capital Structure and Liquidity



Capital Structure Evolution

€m	Interest rate	2021	2022
Financial liabilities			
Secured Term Loan (2026)	US LIBOR+ 3.25% Euribor + 3.25%	525	537
Unsecured Senior Notes (2029)	3.75%	600	600
Unamortised Fees		(25)	(21)
Total borrowings		1,100	1,116
Cash and cash equivalents ^(a)		(500)	(491)
Net Debt ^(b)		600	625
Net Debt / Adj. EBITDA LTM		1.7x	1.9x

Leverage (Net Debt / Adj. EBITDA)



(a) Cash and cash equivalents includes financial assets at Fair Value Through Profit or Loss ("FVTPL")

(b) With IFRS 16 lease liabilities, net debt would be €775 million (2021: €750 million) and leverage 2.3x Adj. EBITDA Last Twelve Months (LTM) as at 31 December 2022 (2021: 2.1x)

Capital Allocation Priorities



Capital allocation priorities aligned with TI Fluid Systems' strategic objectives

Capex / Capitalised R&D

Continue to invest ~ 4% - 5% of revenue to support organic growth prioritising Thermal

Dividends

Target pay-out ratio of 30% of Adjusted Net Income

Deleveraging

Target leverage levels in line with UK/ European peers

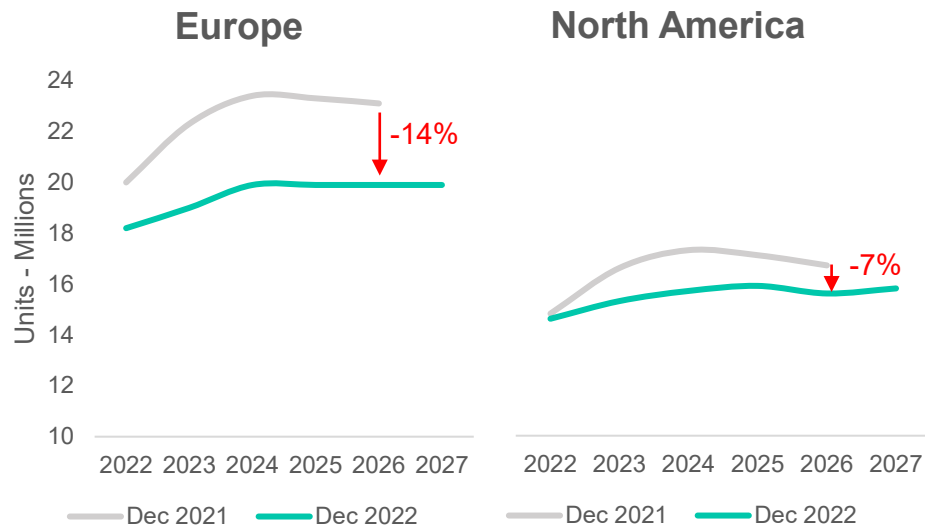
M&A

Building M&A pipeline to expand mechatronics content

Exceptional Impairment – Non-Cash



Volume outlook comparison



Source: S&P Global Mobility and company estimates

Commentary

- Gross impairment of €317 million
 - Bain Goodwill - €217m
 - Bain Asset Uplifts - €13m (PPA impact €4m for 2023)
 - Other Assets - €87m
- Tax credit on impairment €20m
- Reduction in greatest in EU and NA
- Delayed margin improvement resulting from continued inflation
- Higher interest rates

Non-cash impairment driven by slower global volume recovery and increasing discount rates

Adjusted EBIT Margin recovery



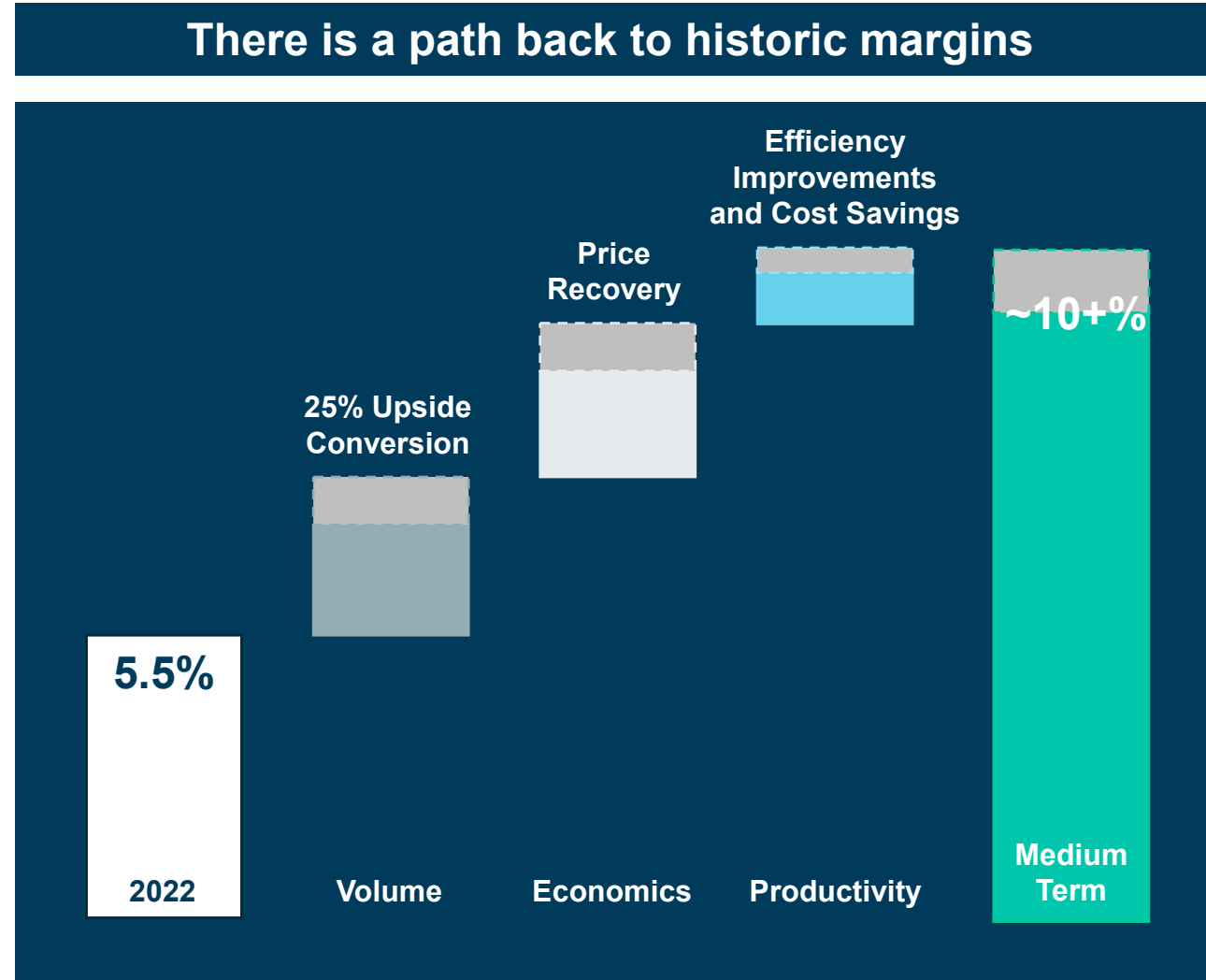
Path to historic margins has three components:

1. Volume

- Expect 'normal' upside conversion and outperformance
- Margins on new BEV business progressing to historic levels

2. Economics – price recovery and easing cost inflation

3. Productivity benefits from stable volumes, less launch cost inefficiencies, and cost savings



2023 Outlook



	2021	2022	2023 Outlook
Global Light Vehicle Production GLVP	77.2 million units	82.0 million units	c.83 million units
Revenue vs GLVP Growth at constant currency	+220 bps	(150) bps	Return to Outperformance *
Adjusted EBIT Margin	7.2%	5.5%	Expansion > 6%
Adjusted Free Cash Flow % Adj EBITDA	€117 million 33%	€78 million 24%	~ 30% Adj EBITDA

* Subject to changes in the market conditions in China with respect to BEV launch timing by the local and global OEMs

Business Development

Hans Dieltjens



Investor Value Proposition

Business Fundamentals Unchanged



Experienced management team with proven track record of strong growth and financial performance and support of ESG initiatives, including enhanced diversity and inclusivity



Demonstrated above-market growth with leading technologies, strong market positions, global low-cost footprint (including China strength) and diversification



Significant growth opportunities aligned with electrification of HEVs and BEVs and TI's strength in thermal management systems



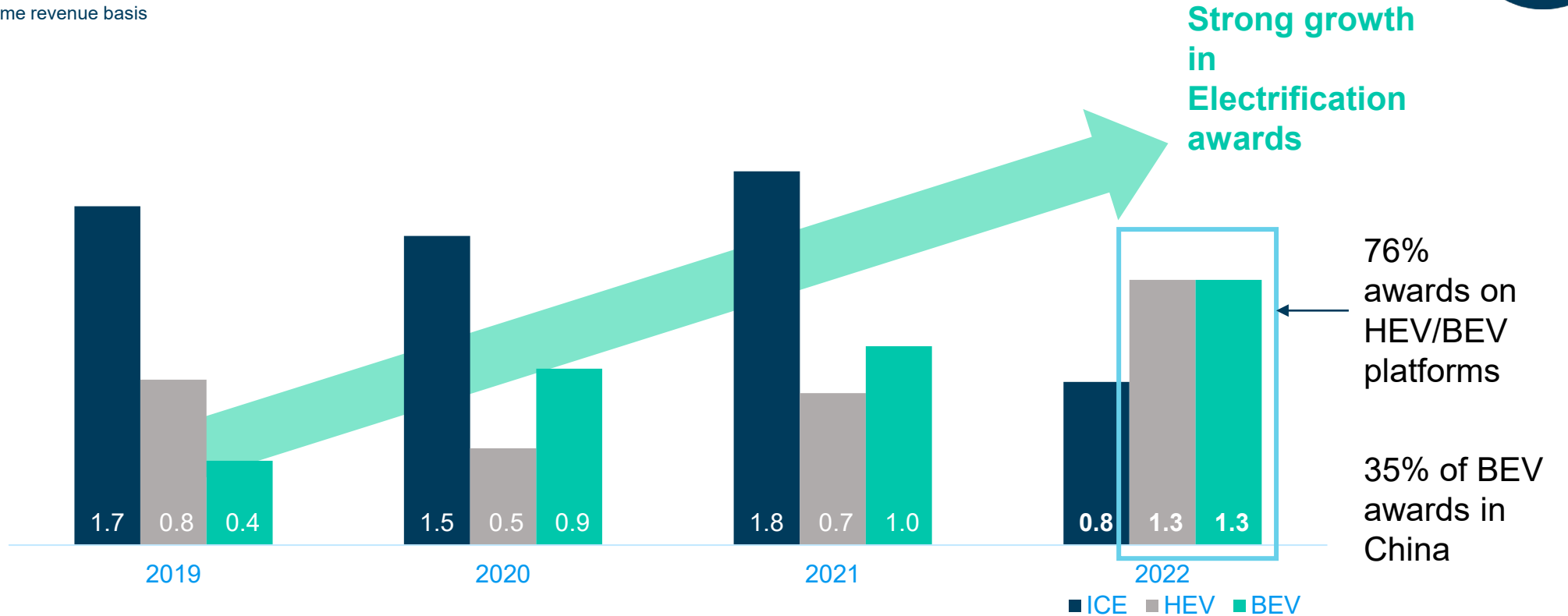
Strong revenue growth, superior margins and free cash flow generation, robust balance sheet

TAKE THE TURN STRATEGY GAINING MOMENTUM WITH THE ELECTRIFICATION PIVOT

Winning on Electrification: Awards 2019-2022



€B - Bookings on lifetime revenue basis

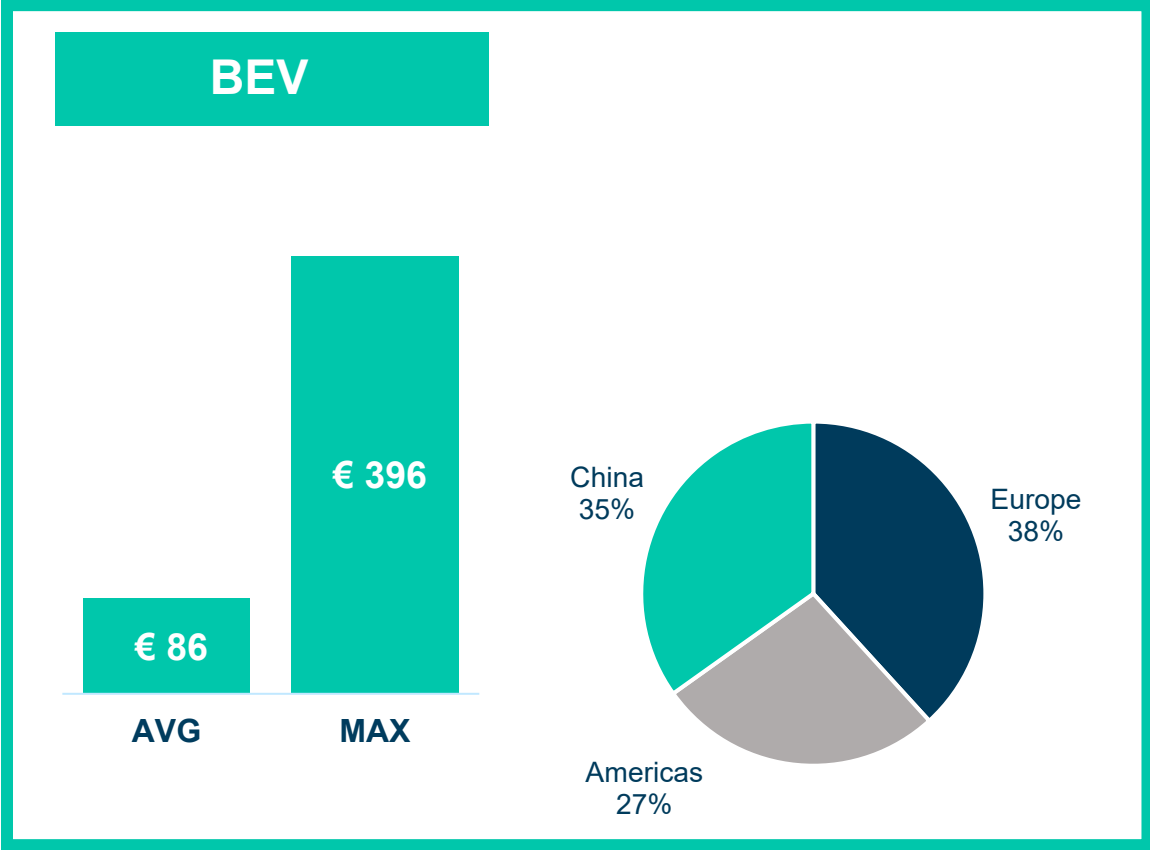


Awards of Electrified platforms continues to grow

Electrification Potential 2022 Awards Analysis – Content Per Vehicle



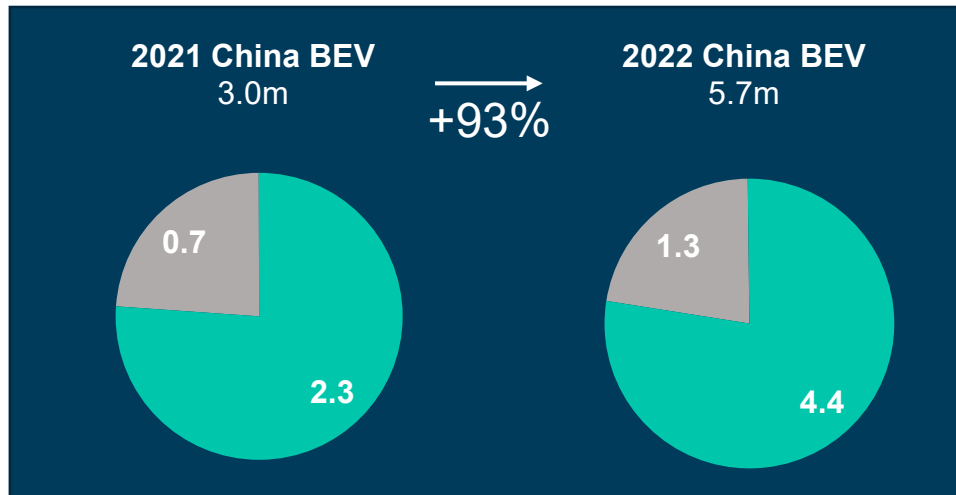
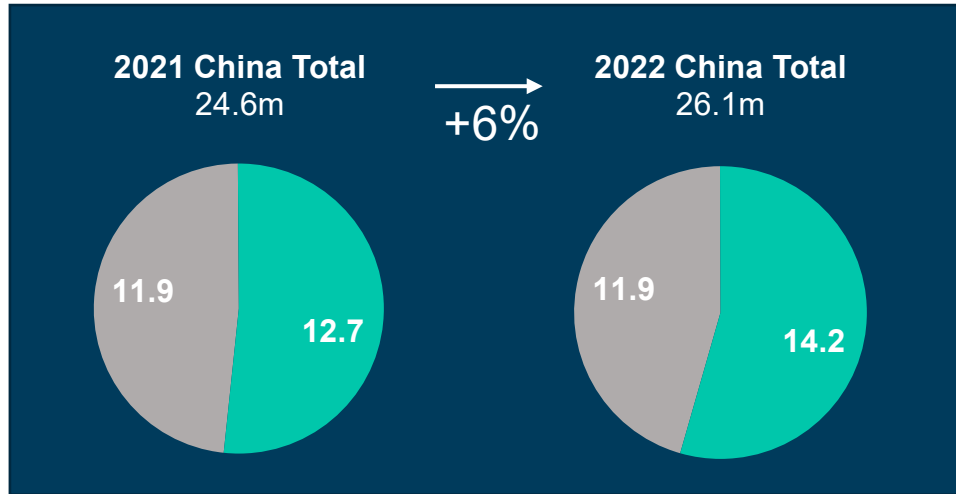
ICE



BEV awards continue to be at higher CPV

ICE includes mild hybrid vehicles
Source: Company information ; CPV: Content per Vehicle

China Growth



■ Global OEM ■ China OEM

Expect TIFS outperformance in China

2022

- China BEV growth driven by domestic manufacturers (BYD/SGM) and Tesla
- Growth at the expense of ICE production
- BEV incentives withdrawn end December 2022

2023

- Expect growth in BEV with declining ICE
- 21 launches with Global OEM
- 27 launches with Local OEM

Our Launches

BEV 2022 Example



Geely/Volvo SPA2(XC90, S90,Polestar 3)

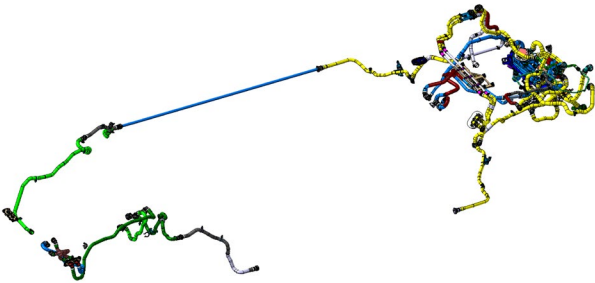


Lifetime production volume: 0.4M ^{a)}

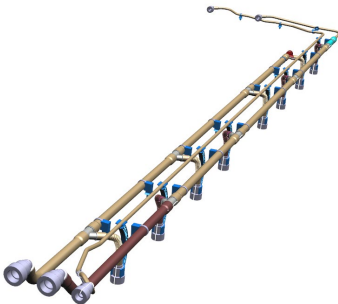
Product Technology: Brake and coolant lines

Average CPV: ~240 €

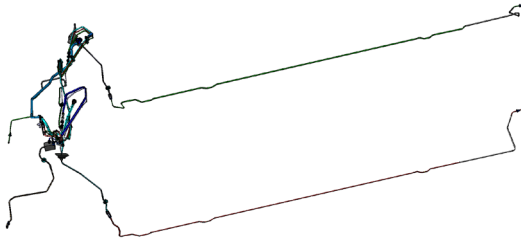
Battery cooling lines



Plastic Inner battery cooling line



Brake lines



Our Launches

BEV/HEV 2022 Example



BEV/HEV BBAC (Mercedes) Coolant and Brake lines EVA2 X294

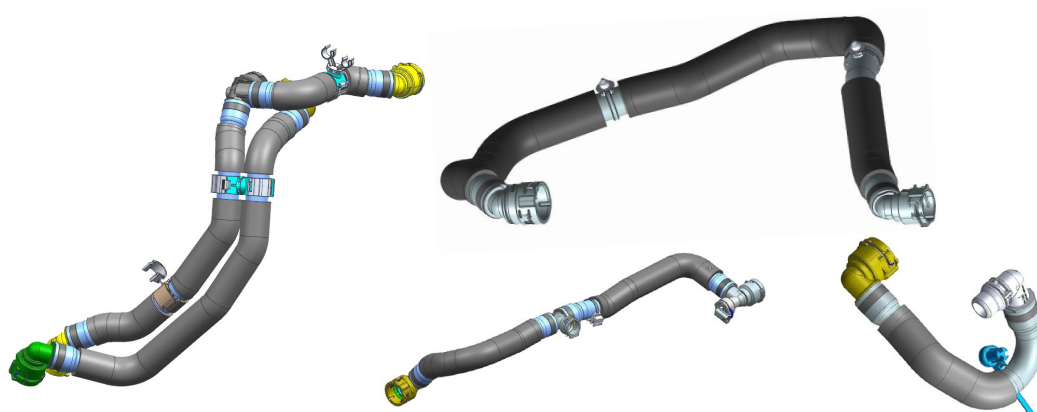


Lifetime production volume: 0.3M ^{a)}

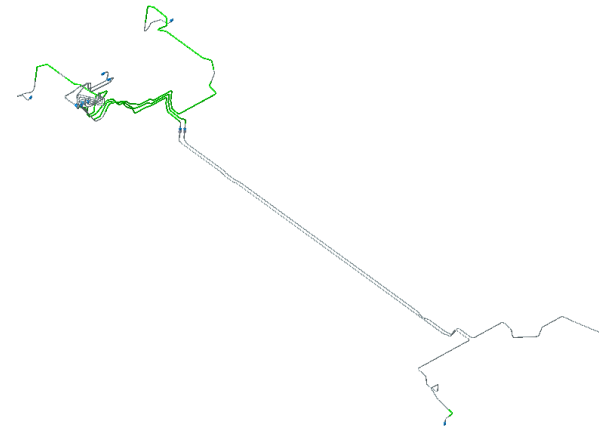
Product Technology: Brake lines and coolant lines

Average CPV: ~45€

Coolant lines



Brake lines



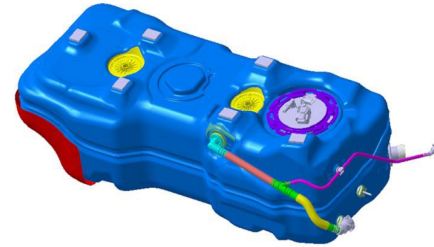
Source: Company information, a) based on S&P Global Mobility January 2023 volumes

Our Launches

PHEV Example



Great Wall - H6 PHEV (B01 PHEV)



Great Wall - Mocha PHEV (V61 PHEV)



Lifetime production volume: 225k units ^{a)}

Product Technology: Pressurised Tank

Average CPV: ~€ 90

Technology

Thermoplastic Refrigerant Lines - TPRL



- TPRL technology validated replacing air conditioning lines traditionally made of Rubber and Aluminium
 - Fewer joints
 - Weight – typically ~50% reduction
 - Cost effective
 - Reduced carbon footprint
- Awarded on 3 platforms launching in 2024



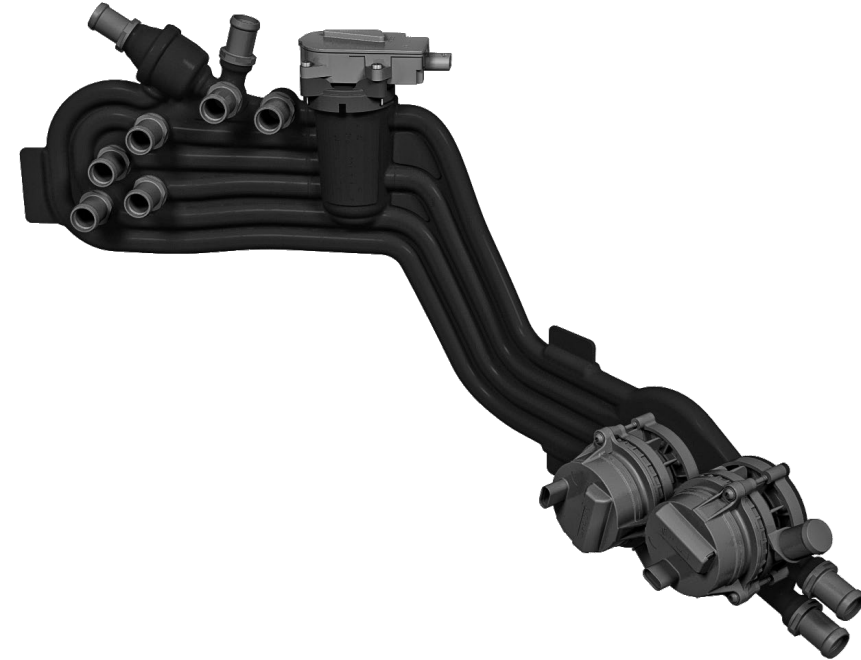
Various programmes awarded for launch in 2024 onwards

Technology

Integrated Thermal Module - ITM



- TIFS answer to the Customers exploring modular solutions for Thermal Module (ITM) solution
 - Highly flexible
 - Easier assembly at OEM plant
 - Lower weight and cost
 - Increased efficiency
- The ITM product line is fully validated and introduced on three platforms (launching in next few years)
- (Pre-) Development started with a variety of OEMs



Three significant orders in Europe and China for launch in 2024

Technology e-Mobility Innovation Centres



Strategic global investment

Five regional eMICs
Local for Local

Positive customer engagement





EcoVadis Rating



CDP Climate Change



Updated CO₂(e) Reduction Targets

Scope 1 & 2
50%

Scope 3
30%

Absolute reduction by **2030**
from a 2021 Baseline

Aligned with, and submitted to, SBTi



Scope 1 emissions

Global Scope 1 emissions (CO₂eT)

2019	39,170
2020	30,680
2021	27,763
2022	30,383

Scope 2 emissions

Global Scope 2 emissions (CO₂eT)

2019	267,913
2020	235,947
2021	230,279
2022	229,185

Energy Efficiency

Multi-year plan to achieve CO₂(e) reductions:

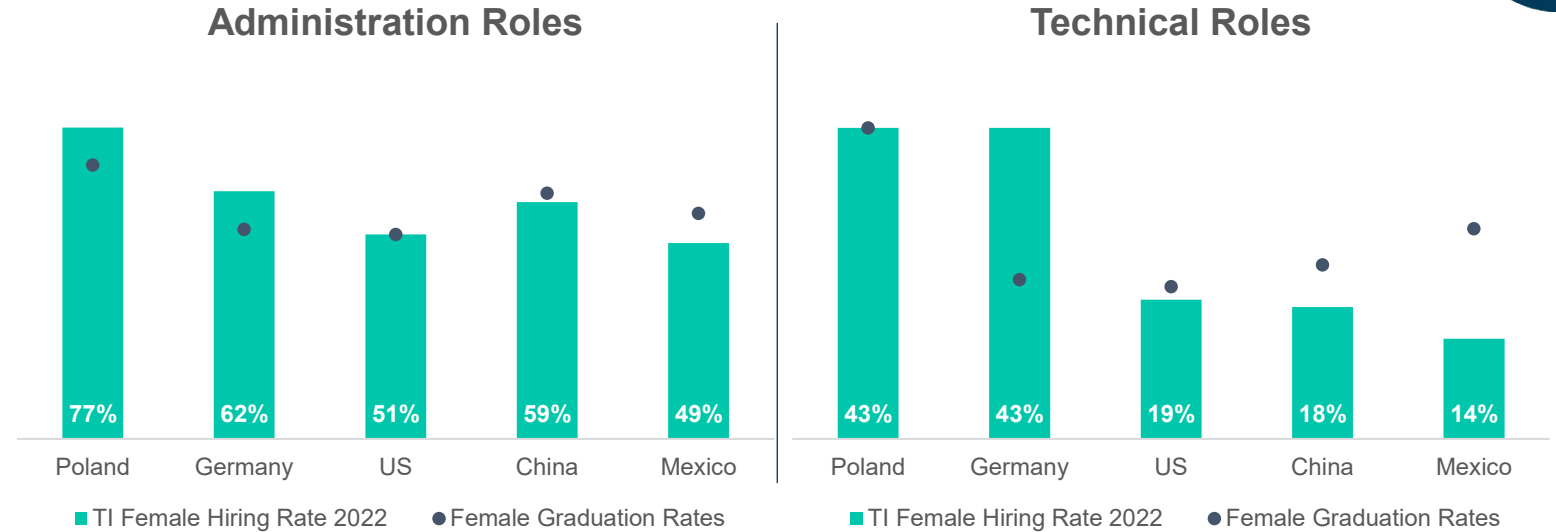
- Renewables
- Efficiency
- Supplier engagement





Diversity

- TI has programs to support diverse hiring in line with local graduation rates
- Top employing countries are at, or better than, target



Community

- TI funds annual scholarships in each major region to support women in STEM studies
- Local internship opportunities for recipients



Investor Value Proposition

Confident about improving performance in 2023



Experienced management team with proven track record of strong growth and financial performance and support of ESG initiatives, including enhanced diversity and inclusivity



Demonstrated above-market growth with leading technologies, strong market positions, global low-cost footprint (including China strength) and diversification



Significant growth opportunities aligned with electrification of HEVs and BEVs and TI's strength in thermal management systems



Strong revenue growth, superior margins and free cash flow generation, robust balance sheet

Q & A



Appendix

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High Level Income Statement



Income Statement Summary

€m	2021	2022
Revenue	2,956	3,268
Adj. EBIT	213	180
<i>Adj. EBIT %</i>	7.2%	5.5%
PPA	(52)	(54)
D&A	192	207
Adj. EBITDA	353	333
<i>Adj. EBITDA %</i>	11.9%	10.2%
D&A	(192)	(207)
Net FX Gains/ (Losses)	(7)	(1)
Exceptional impairment	-	(318)
Other Reconciling Items ^(a)	(27)	(24)
Operating (Loss) / Profit	127	(217)
Net finance expense	(72)	(59)
Tax	(38)	(3)
Associate loss	(1)	-
Profit / (Loss) for the Period	16	(279)

Comments

- **Adjustments** primarily relate to certain non-cash and non-operational expenses
- **Purchase Price Accounting (“PPA”)** - depreciation and amortisation arising on the fair value uplifts related to the Bain Capital and Millennium acquisitions
- **Exceptional impairment** - recognised in H2 2022 and relates to the medium-term volume reductions, associated profit/cash flow drop, and increases in discount rates. This impairment gave rise to a deferred tax credit of €20 million

Effective Tax Rate Revised for UK Losses & PY Tax Adjustments



Effective Tax Rate Revisions

€m	2021	2022
Profit before income tax & exceptional items	66	42
UK losses	43	43
Share of associate loss	1	-
Revised profit before income tax & exceptional items	110	85
Income tax before exceptional items	(38)	(23)
Prior year tax provisions / adjustments	(2)	(15)
Revised income tax before exceptional items	(40)	(38)
Revised effective tax rate	37%	45%

Key Comments

- **Revised effective tax rate** - approximately 45%
- **Revisions to reported profit before tax** – relate to expenses in the UK that are either not deductible or not tax effected because of the UK loss position including interest, financing and operating costs
- **Revisions to income tax** – relate to changes arising in the year affecting items originally provided for in prior periods

Revised Effective Tax Rate ~ 45%