TI Fluid Systems plc - Half year results 2021
Released: 9 August 2021

TI Fluid Systems plc
Results for the six months ended 30 June 2021

TI Fluid Systems plc (TIFS), a leading global manufacturer of automotive fluid storage, carrying and delivery systems and thermal management products and systems for light vehicles announces its results for the six-month period ended 30 June 2021.

	Management basis*			As reported		
€m	**H1 2021**	H1 2020	Change	**H1 2021**	H1 2020	Change
Revenue	**1,522.5**	1,183.1	339.4	1,522.5	1,183.1	339.4
% Change at constant currency			32.7 %			28.7 %
Adjusted EBIT / Operating Profit or (Loss)	**127.8**	27.6	100.2	**76.5**	(311.9)	388.4
Margin	**8.4 %**	2.3 %	6.1 %	**5.0 %**	(26.4)%	31.4 %
Adjusted Net Income / Profit or (Loss) for the period	**45.4**	(39.7)	85.1	**11.1**	(320.8)	331.9
Earnings per share	**8.75**	(7.61)	16.36	**1.96**	(61.66)	63.62
Adjusted Free Cash Flow**	**46.3**	34.9	11.4			
Dividend (€ cents)	**1.93**	—	1.93	**1.93**	—	1.93

*Management basis metrics are Non - IFRS measures as defined on pages 19 to 20
** No equivalent GAAP measure - see table 8a for reconciliation to statutory cash flow items

Group Highlights:

- Successfully demonstrating the Group’s continued resilient performance within the ongoing light vehicle production recovery and volatile production schedules impacted by supply chain disruption:
  - Revenue of €1,522.5 million outperformed global light vehicle production by 3.5% at constant currency and grew 28.7% at actual exchange rates
  - Robust Adjusted EBIT margin of 8.4%; Operating Profit is returning to normalised levels due to recovering revenues and the non-repeat of the prior period exceptional impairment charge
  - Significant Adjusted Free Cash Flow generation of €46.3 million and net cash generated from operating activities of €98.8 million
  - Strong balance sheet and liquidity with cash position of €469.4 million at 30 June 2021
  - Issue of €600.0 million Bond repayable in 2029, with the proceeds used to reduce the term loan facilities. Term loans extended from 2024 to 2026
- The fixed cost reduction programme which commenced last year continues to be executed

- Continued execution of our organic growth strategy and strategic focus on battery electric vehicles (“BEVs”) and hybrid electric vehicles (“HEVs”)
  - Approximately 50% of first half 2021 total new business wins were on HEV and BEV platforms
  - The Group estimates to have its product content on more than half of 94 key BEVs recently identified to come to market in Europe and North America between 2020 and 2028. Approximately 40% of these BEVs also have TIFS thermal product content*
  - Awarded a high volume pressure resistant fuel tank programme with a Japanese supplier in Asia Pacific
  - Successfully launching HEV and BEV vehicle programmes with European, North American and Asian OEMS across all major light vehicle production regions

*Company estimates / JP Morgan Europe Equity Research: JP Morgan Electric Cars – The EV Revolution is underway 6 April 2021

- 2021 interim dividend of 1.93 euro cents per share, which could represent a full year pay-out in line with our 30% of Adjusted Net Income dividend policy (and dividend cover of 4.5x Adjusted Basic EPS)
- As discussed in our 2020 Annual Report, we have begun a variety of initiatives to progress and better communicate our various sustainability activities, including increasing focus and accountability at all levels of the organization with respect to Environmental, Social and Governance (‘ESG’) matters. To that end, the Board formed our ESG Steering Committee in March 2021 to provide oversight and guidance on our ESG strategy, policies, and processes. Now, the company is pleased to announce its updated goal to reduce its greenhouse gas (GHG) emissions by 37.5% by 2039 compared to 2019. This new target is consistent with the Paris Agreement and is designed to meet the 'Well Below the 2 Degree' scenario and supports the UN Sustainable Development Goal 13 Climate Action.

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

“The first six months of 2021 saw the continued recovery of global light vehicle production volumes from the impacts of the 2020 COVID-19 pandemic. We continued to deliver strong revenue outperformance, robust profit and significant positive free cash flow generation despite headwinds from volatile production schedules caused by supply side shortages of microchips for our OEM customers. Our balance sheet, liquidity and cash positions remain strong. In addition to having received the London Stock Exchange Green Economy Mark which recognises the Group’s strong revenue generation from the supply of products that contribute to the green economy by helping make vehicles cleaner, we are also pleased to announce our updated goal to reduce our greenhouse gas (GHG) emissions significantly by 2039 which represents our ongoing effort to do our part to make the world a better place to live. We continue to make steady progress in our growth strategy for fluid systems and continue to win significant HEV and BEV programmes with multiple customers across all major production regions. We are well positioned on BEVs launching in the market today and over 2021-2028 we have a leading share of new thermal product content on key BEV programmes coming to market. We continue to win new business awards with our advanced pressure resistant plastic fuel tank technology and continue with new collaboration projects with key customers, including in China, to reduce weight, and maximise

efficiency in the vehicle through integrated thermal products and systems. The Group remains well positioned for the automotive megatrends of reduced emissions and electrification.

The Group continued to demonstrate its ability to outperform global light vehicle production in H1 2021. We remain confident in our strategy, business model resilience, operating flexibility and strength in our ability to generate positive profit and positive free cash flow in H1 2021."

Outlook

The Group had strong performance through the first half of 2021. While annual global light vehicle production volumes are forecast to return to pre-Covid levels by the end of 2022, IHS-Markit's current 2021 global light vehicle production volume forecasts (approximately 82 million units) may be optimistic given ongoing microchip and other supply related constraints impacting specific OEM plant production scheduling. However, despite this potential volume softness for the second half of 2021, our annual outlook guidance issued on 16 March 2021 remains unchanged. We remain confident that our full year 2021 revenue will outperform global light vehicle production volumes. We also continue to target a high single digit adjusted EBIT margin for 2021 as well as Adjusted Free Cash Flow that will support our dividend policy targeting a pay-out of approximately 30% of Adjusted Net Income.

Results presentation

TI Fluid Systems plc will host a teleconference for analysts and investors at 9.00 am UK time on 9 August 2021.

Analysts wishing to join may listen to the presentation live by using the details below.

Conference Call Dial-In Details:
UK: +44 (0) 330 336 9105
Conference Code: 3223555

The presentation will be available at 7:00 am UK time from www.tifluidsystems.com. An audio recording will be available on our website in due course.

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Chief Executive Officer's review

Global light vehicle production volumes continued to recover and we are able to report strong performance for the first half of 2021 despite the ongoing impact of microchip supply shortages on our OEM customers production schedules. Management continues to take meaningful actions to protect the business and make the Group even stronger and more competitive in the future.

Half year 2021 performance

Global light vehicle production volume increased by 29.2% in the first six months of 2021, compared to the first half of 2020. We delivered revenue of €1,522.5 million (32.7% at constant currency), or 3.5% above global light vehicle production. If we include the impact of currency translation, revenue increased by 28.7%.

We also continued to generate strong Adjusted EBITDA of €198.5 million (13.0% margin) and Adjusted EBIT of €127.8 million (8.4% margin). Adjusted Net Income for the period was €45.4 million (H1 2020: €(39.7) million loss) and positive Adjusted Free Cash Flow amounted to €46.3 million (H1 2020: €34.9 million). The increase in reported Net Profit for the period was due to the better trading conditions and also the exceptional impairment charge of €304.6 million in H1 2020 which was not repeated in H1 2021.

Our ability to maintain our strong revenue outperformance and financial performance with robust margins and excellent positive cash flow given the ongoing recovery and production schedule volatility demonstrates the Group's consistent resilience and the strength of our strategy, business model and experienced management team and focus.

Strategy update

In 2021, we expect to continue our success as a leading global manufacturer of highly engineered fluid storage, carrying and delivery systems for light vehicles through the execution of our strategy. Our financial performance benefits from our commitment, focus and dedication to designing and producing products that help make vehicles greener, the environment cleaner and the world a better place to live. This is core to our business model and strategy. We also continue to benefit from operational flexibility and our balanced and diversified customer, platform and regional profile. We remain confident in our focus on electrification and our HEV and BEV strategy which is progressing very well and is clearly evidenced by our ability to transition strongly in new business wins on HEV and BEV and to have product content on approximately half of the 94 key BEV platforms identified to come to market in Europe and North America between 2021 and 2028. This further demonstrates our successful transition to an electrified world by validating the Group having thermal product content on approximately 40% of these 94 BEVs. We also continue to win new business awards for our advanced pressure resistant plastic fuel tank technology on hybrid electric vehicles. We are proud of this continuing accomplishment and trajectory.

We continue to build on and invest in our leadership in technology, global manufacturing and competitive cost structure to support long-term revenue growth and outperformance, profitability and positive cash flow generation.

Over the longer term, we expect to benefit not only as global light vehicle production returns to growth, but also from increased demand for our advanced fluid handling products and systems and higher content opportunities driven by the underlying megatrends of emission reduction, increased fuel efficiency and electrification. These megatrends have been and will continue to be front and centre for our sector.

We will continue to prioritise variable and fixed cost management and capital allocation to deliver sustainable growth and continued strong financial performance.

We believe the Group's strong and diversified customer relationships, extensive global footprint and long trusted reputation as a leading fluid systems provider has contributed to several thermal BEV collaboration activities and agreements, HEV and BEV production contracts and will support continued growth in these markets for many years to come. We continue to successfully invest in the transition to electrification.

I remain excited about the path we are on and the Group's future.

Updated Greenhouse Gas (GHG) Reduction Target

As discussed in our 2020 Annual Report, we have begun a variety of initiatives to progress and better communicate our various sustainability activities, including increased focus and accountability at all levels of the organisation with respect to Environmental, Social, and Governance ('ESG') matters. To that end, the Board formed our ESG Steering Committee in March 2021 to provide oversight and guidance on our ESG strategy, policies, and processes. Now, we are pleased to announce our updated goal to reduce our GHG emissions by 37.5% compared to 2019 by 2039. This updated GHG reduction target is based on an absolute contraction approach, meaning that we will use the actual mass of emissions from our baseline year of 2019 and strive to reduce that mass to the target level by 2039. In 2019, the Group emitted approximately 314k tonnes of CO2(e) Scope 1 and 2 combined emissions. As such, we will seek to achieve a maximum of 196k tonnes of total CO2(e) emissions by 2039. Our updated target is consistent with the Paris Agreement and is designed to meet the 'Well Below 2 Degree' scenario and supports the UN Sustainable Development Goal 13 Climate Action. Consistent with, and as an extension of, our updated GHG reduction target, we ultimately aspire to become carbon neutral.

Our people

The Group relies on the skills and expertise of its excellent employees worldwide, and the H1 2021 results would not have been achieved without the commitment and dedication of our entire global team. We are proud to have a strong senior management team whose deep experience, leadership and determination

remains critical during these continued uncertain times. I would like to recognise, sincerely thank and continue to hope all can remain healthy as things continue to improve moving forward.

Our experienced management team has a track record of execution and delivery and will continue to manage through the near term challenges in 2021.

Bill Kozyra
Chief Executive Officer and President
6 August 2021

Chief Financial Officer's Report

In the first half of 2021, we have continued to build on the momentum created by the recovery of global volume production from the unprecedented rapid decline in global light vehicle production volumes experienced in H1 2020 influenced by the COVID-19 pandemic. With our robust revenue growth outperforming global light vehicle production, we delivered margin expansion and continue to demonstrate strong cash generation. In April 2021, we refinanced and extended the maturities of our borrowing facilities to underpin our strong liquidity position and lower the cost of debt.

Table 1: Key Performance measures €m

	Management basis*			**As reported**		
	H1 2021	H1 2020	**Change**	**H1 2021**	H1 2020	**Change**
Revenue	**1,522.5**	1,183.1	339.4	**1,522.5**	1,183.1	339.4
% Change at constant currency			32.7 %			28.7 %
Adjusted EBITDA	**198.5**	109.7	88.8			
Margin	**13.0 %**	9.3 %	*3.7 %*			
Adjusted EBIT / Operating Profit or (Loss)	**127.8**	27.6	100.2	**76.5**	(311.9)	388.4
Margin	**8.4 %**	2.3 %	6.1 %	**5.0 %**	(26.4 %)	31.4 %
Adjusted Net Income / Profit or (Loss) for the period	**45.4**	(39.7)	85.1	**11.1**	(320.8)	331.9
Earnings per share (€ cents)	**8.75**	(7.61)	16.36	**1.96**	(61.66)	63.62
Adjusted Free Cash Flow **	**46.3**	34.9	11.4			
Dividend (€ cents)	**1.93**	—	1.93	**1.93**	—	1.93

*Management basis metrics are Non - IFRS measures as defined on pages 19 to 20
**No equivalent GAAP measure - see table 8a for reconciliation to statutory cash flow items

Global light vehicle production remains the principal driver of the Group's performance. In the first half of 2021, global light vehicle production increased significantly to 39.4 million vehicles or by 29.2% compared to the prior period as the world continues to emerge from the adverse COVID-19 market impacts.

Revenue increased by €374.9 million, or 32.7% period over period on a constant currency basis, to €1,522.5 million, outperforming global light vehicle production by 3.5% in the period. If we include the negative currency impact of €35.6 million, reported revenue increased by €339.4 million, or 28.7% period over period.

We generated Adjusted EBIT of €127.8 million with a margin of 8.4%, an increase of 610bps from the prior period Adjusted EBIT margin. The increase in margin is directly related to the conversion of higher sales due to the ongoing recovery from the impacts of COVID-19 in the prior period. On an 'as reported' basis, we achieved an operating profit of €76.5 million compared to an operating loss of €311.9 million in the prior period mainly due to the conversion of higher sales and the exceptional impairment charge of €304.6 million recognised in H1 2020. This is discussed in more detail in the Operating Profit, Adjusted EBITDA and Adjusted EBIT section of this report.

Adjusted Net Income rose €85.1 million to €45.4 million, compared to €(39.7) million in the prior period. The reported profit for the half year was €11.1 million compared to €320.8 million loss in the corresponding half of 2020. Basic EPS was 1.96 Euro cents (H1 2020: (61.66) Euro cents) and Adjusted Basic EPS was 8.75 Euro cents, an increase from (7.61) Euro cents in the first half of 2020. In spite of the volatility in customer production scheduling, driven by supply chain disruptions, the first half of 2021 was also another period of impressive cash flow performance, where we delivered Adjusted Free Cash Flow of €46.3 million (H1 2020: €34.9 million). This strong cash performance was offset by cash outflows from financing, resulting in our reported cash and cash equivalent balances decreasing by €32.6 million (H1 2020: increasing by €141.3 million) before currency translation, mostly related to our dividend payment and a period end cash balance of €469.4 million (H1 2020: €485.8 million). We ended the period with net debt of €621.2 million (31 December 2020: €590.0 million).

Automotive Markets

Global light vehicle production volumes increased significantly by 29.2% in H1 2021 to 39.4 million vehicles as shown in table 2 - signalling strong recovery after the unprecedented fall due to the impact of COVID-19 in H1 2020. The recovery was across all major regions of the world.

Table 2: Global light vehicle production volumes: millions of units

	H1 2021	**% Change**
Europe, including Middle East and Africa	**10.0**	28.4 %
Asia Pacific	**21.3**	27.2 %
North America	**6.8**	32.0 %
Latin America	**1.3**	61.5 %
Total global volumes	**39.4**	29.2 %

Source: IHS Markit, July 2021 and Company estimates
Change percentages calculated using unrounded data

Revenue

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

Table 3: Revenue by region and by segment €m

	H1 2021	H1 2020	**Change**	**% Change**	**% Change at constant currency**
Total Group Revenue	**1,522.5**	1,183.1	339.4	28.7 %	32.7 %
By Region					
Europe and Africa	**622.4**	453.5	168.9	37.3 %	37.4 %
Asia Pacific	**519.3**	415.9	103.4	24.9 %	26.9 %
North America	**356.5**	298.4	58.1	19.5 %	30.7 %
Latin America	**24.3**	15.3	9.0	58.7 %	93.1 %
By segment					
Fluid Carrying Systems ("FCS")	**813.1**	651.0	162.1	24.9 %	29.8 %
Fuel Tank and Delivery Systems ("FTDS")	**709.4**	532.1	177.3	33.3 %	36.2 %

Group revenue in H1 2021 was €1,522.5 million, an increase of 32.7% period over period at constant currency and when compared to the global light vehicle production increase of 29.2% over the same period resulted in a 3.5% outperformance primarily driven by HEV/BEV launches in Europe.

In Europe and Africa, revenue at constant currency increased by 37.4% period over period compared to a light vehicle production increase of 28.4%, an outperformance of 9.0%. This strong outperformance was driven by the successful launch of new HEV/BEV programmes for both FTDS and FCS, as well as a full trading period compared to H1 2020 when the region experienced wide ranging factory shutdowns.

In Asia Pacific, revenue at constant currency increased by 26.9% period over period compared to light vehicle production increase of 27.2%, for a slight underperformance of 0.3%. This underperformance was driven by the timing of programme ramp downs in FTDS, which offset the benefit of new launches.

In North America, revenue at constant currency increased by 30.7% period over period compared to light vehicle production increase of 32.0%, reflecting a slight underperformance of 1.3%. The main impact for this region was programme ramp downs in the FCS division mainly caused by our de-emphasis of Powertrain, and the continued impact of our lower share of the full-size full-frame trucks and SUV platforms of the North American market primarily in the United States. FTDS NA experienced strong growth due to new business launches and ramp ups, outperforming the market in that region by 21.0%.

FCS revenue increased by €186.5 million, 29.8% at constant currency from the prior period to €813.1 million, an outperformance of 0.6% when compared to global light vehicle production. The strong FCS revenue growth is driven by successful launches of thermal programmes in Europe and Asia Pacific. The division has been impacted by the Group's de-emphasis on Powertrain which has resulted in programme ramp downs in North America region, offsetting the benefit of new thermal launches.

FTDS revenue at constant currency increased by 36.2% to €709.4 million, outperforming global light vehicle production by 7.0%, primarily driven by new business launches in Europe and North America. Overall Asia Pacific outperformance slowed down due to programme ramp downs.

Revenue increased by 28.7% to €1,522.5 million at reported rates due to a net adverse currency exchange rate impact of €35.6 million compared with the prior period. This was mostly due to strengthening of the Euro against the US dollar, partially offset by the weakening in other key currencies in countries where the Group has manufacturing operations. Table 4 below sets out the movement in exchange rates most relevant to our operations.

Table 4: Exchange Rates

Key Euro exchange rates	**H1 2021 Average**	H1 2020 Average	% Change	**30 June 2021 Period End**	30 June 2020 Period End	% Change
US dollar	**1.205**	1.102	9.3 %	**1.185**	1.124	5.4 %
Chinese renminbi	**7.797**	7.747	0.6 %	**7.651**	7.941	(3.7)%
South Korean won	**1,347**	1,328	1.4 %	**1,340**	1,349	(0.7)%

Operating profit, Adjusted EBITDA* and Adjusted EBIT*

We use several financial measures to manage our business, including Adjusted EBITDA and Adjusted EBIT, which are non-IFRS measures, but are measures of profitability that have been used consistently by the Group and give insight into the operating performance of the business. The metrics are also used in certain of our compensation plans and to communicate to our investors. Table 5 shows a reconciliation between the reported measure, operating profit, Adjusted EBITDA and Adjusted EBIT.

Table 5: Calculation of Adjusted EBITDA* and Adjusted EBIT* €m

	H1 2021	H1 2020
Operating profit / (loss)	**76.5**	(311.9)
Depreciation and impairment of PP&E	47.1	54.3
Depreciation and impairment of right-of-use assets	14.7	16.9
Amortisation and impairment of intangible assets	35.0	39.4
Share of loss of associates	(1.2)	(0.1)
Exceptional impairment	—	304.6
EBITDA	**172.1**	103.2
Net foreign exchange losses / (gains)	7.6	(0.7)
Dividend received from associates	—	0.5
Net restructuring costs	17.6	6.6
Share of loss of associates	1.2	0.1
Adjusted EBITDA	**198.5**	109.7
Less:		
Depreciation and impairment of PP&E	(47.1)	(54.3)
Depreciation and impairment of right-of-use assets	(14.7)	(16.9)
Amortisation and impairment of intangible assets	(35.0)	(39.4)
Add back:		
Depreciation uplift arising on purchase accounting	5.3	6.5
Amortisation uplift arising on purchase accounting	20.8	22.0
Adjusted EBIT	**127.8**	27.6

* See Non-IFRS measures on pages 19 to 20

The operating profit of €76.5 million (H1 2020: €311.9 million loss) represents a significant increase on the prior year principally as there was no repeat of the first half 2020 exceptional impairment charge of €304.6 million which was recognised following a full impairment review triggered by the significant change in projected volumes and forecast cash flows projected at that time. Further details of the Group's impairment indicators assessment that confirms that no further charge is required can be found in Note 7. The latest global light vehicle production volume projections indicate volumes return to 2019 levels slightly earlier in the forecast period than the data used for the June 2020 impairment review. Our future cash forecasts are also

ahead of those used to underpin the impairment charge recognised. As market uncertainties still remain, we have not reversed any of the impairment charge recognised.

The restructuring programme started in 2020 continues to be implemented in 2021, and in this regard we incurred further restructuring charges of €17.6 million in the period related to permanent headcount reductions across all our businesses and the planned closure and downsizing of manufacturing plants in Europe, North America and Latin America. At the end of H1 2021 there was a restructuring provision of €18.5 million (H1 2020: €11.0 million).

Adjusted EBITDA has recovered to €198.5 million (H1 2020: €109.7 million) and Adjusted EBITDA margin was 13.0% (H1 2020: 9.3%) with the major impact being the increase of operating profit due to the conversion on higher revenue. Our operating costs have increased at a slower pace compared to revenue growth mainly due to efficiency gains from running relatively good factory capacities in 2021, and the temporarily suppressed costs due to the benefit of working from home across most of our administrative functions. We continue to see challenge in the supply chain relating to pricing pressure and inflation of input costs for metals and resin.

Adjusted EBIT was €127.8 million (H1 2020: €27.6 million) and Adjusted EBIT margin was 8.4% (H1 2020: 2.3%). This change was impacted by higher Adjusted EBITDA as described previously. During the period there were programme specific impairment charges of €1.2 million (H1 2020: €4.1 million).

By segment, FCS Adjusted EBIT grew by €55.5 million to €69.6 million (H1 2020: €14.1 million) with Adjusted EBIT margin of 8.6% (H1 2020: 2.2%). The period over period margin growth reflects the strong rebound from COVID-19 impacts, particularly in Europe and Asia Pacific. The segment particularly benefited from efficiency gains in labour and other costs incurred during the factory shutdown period in H1 2020.

FTDS Adjusted EBIT increased by €44.7 million to €58.2 million (H1 2020: €13.5 million) with Adjusted EBIT margin of 8.2% (H1 2020: 2.5%). The increase in margin reflects the conversion of the significantly higher revenues in H1 2021. Asia Pacific margin also remains strong, benefiting from new business launches in the fuel tanks business.

As a direct consequence of unwinding the Group's hedging programme in March 2020 to release 'in the money' contractual positions to cash, the Group has borne the translation impact on unhedged non-Euro currency inter-company loan positions. This is the primary constituent of the €7.6 million foreign exchange loss arising in the period. The refinancing completed in April 2021 sought to rebalance the currency split of the external borrowings to reduce the unhedged exposures.

Net finance expense

Net finance expense, before exceptional items for the period was €30.8 million, a decrease of €9.9 million from the prior period. The decrease was mainly due to fair value net losses on financial instruments and derivatives

that were incurred in the first half of 2020. As a result of the refinancing carried out in April 2021, an exceptional expense of €11.6 million associated with the capitalised fee write off has been incurred. The expected annual saving of the reduced interest expense as a result of the refinancing in April 2021 is expected to be approximately €9.0 million.

Taxation

The Group income tax charge for the first half of 2021 is €24.6 million based on Group Profit Before Tax of €44.5 million. This period over period increase in the tax charge of €27.3 million is primarily due to a significant period over period increase in profit. The H1 2021 Effective Tax Rate is 55.2% (H1 2020: 5.6%) There were no significant changes to uncertain tax positions during the period.

The H1 2021 Adjusted Effective Tax Rate is 34.6% (H1 2020: 40.8%). The Adjusted Effective Tax Rate is calculated by adjusting for the impact of UK losses, the impact of the share of associates loss and the prior period tax movements.

Table 6 shows the calculation of the Effective and Adjusted Effective Tax Rates.

Table 6: Calculation of Effective and Adjusted Effective Tax rates* €m

Amounts in the table below do not include the exceptional charge of €11.6 million and exceptional tax benefit of €2.8 million.

	H1 2021			H1 2020		
	Profit before tax	**Tax charge**	**Tax rate**	Profit before tax	Tax credit	Tax rate
As reported	**44.5**	**(24.6)**	**55.2 %**	(48.1)	2.7	5.6 %
Add back:						
Share of associate loss	**1.2**			0.1		
UK accounting loss**	**26.3**	**—**		43.1	—	
	72.0	**(24.6)**	**34.2 %**	(4.9)	2.7	55.1 %
Less:						
Prior period deferred tax benefit		**—**			(0.1)	
Prior period corporate tax benefit		**(0.3)**			(0.6)	
Adjusted	**72.0**	**(24.9)**	**34.6 %**	(4.9)	2.0	40.8 %

*See Non-IFRS measures on pages 19 to 20

** UK accounting loss is not tax effected due to the UK historical tax loss position

Adjusted Net Income* and profit for the period

Adjusted Net Income is a component of the Adjusted Basic EPS calculation and is also used to guide our dividend policy calculation. The calculation of Adjusted Net Income is shown in table 7a.

Table 7a: Adjusted Net Income* €m

	H1 2021	H1 2020
Adjusted EBITDA (see table 5)	198.5	109.7
Less:		
Net finance expense before exceptional items	(30.8)	(40.7)
Income tax (expense)/ credit before exceptional items	(24.6)	2.7
Depreciation and impairment of PP&E	(47.1)	(54.3)
Depreciation and impairment of right-of-use assets	(14.7)	(16.9)
Amortisation and impairment of intangible assets	(35.0)	(39.4)
Non-controlling interests' share of profit	(0.9)	(0.8)
Adjusted Net Income	**45.4**	(39.7)

Table 7b: Reconciliation of profit for the period to Adjusted Net Income* €m

	H1 2021	H1 2020
Profit /(loss) for the period	11.1	(320.8)
Less:		
Non-controlling interests' share of profit	(0.9)	(0.8)
Net foreign exchange losses/ (gains)	7.6	(0.7)
Add back:		
Exceptional finance expenses	11.6	—
Exceptional deferred tax credit	(2.8)	(29.2)
Exceptional asset impairment cost	—	304.6
Net restructuring costs	17.6	6.6
Associate income less dividend received	1.2	0.6
Adjusted Net Income	**45.4**	(39.7)

*See Non-IFRS measures on pages 19 to 20

Adjusted Net Income was €45.4 million in H1 2021, a significant increase from a €(39.7) million loss in H1 2020, primarily driven by the flow through of higher revenues as a result of the rebound in global light vehicle production volumes.

Basic EPS and Adjusted Basic EPS*

On a statutory basis, Basic Earnings per Share ('EPS') was 1.96 Euro cents for the period (H1 2020: (61.66) Euro cents), reflecting the significantly improved profit for the period. Adjusted Basic EPS calculation is based on Adjusted Net Income and the weighted average number of shares issued. Adjusted Basic EPS was 8.75 Euro cents per share for the period (H1 2020: (7.61) Euro cents per share) reflecting the increase in Adjusted Net Income as noted above.

*See Non-IFRS measures on pages 19 to 20

Dividend

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

The Group paid a dividend of 6.74 Euro cents per share, amounting to €35.0 million on 19 February 2021 based on the overall strength of the Group's financial position and prospects. The Group is committed to resuming its stated annual dividend policy and the Board has decided to recommend a 2021 interim dividend of 1.93 Euro cents per share, amounting to €10.0 million. 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.

The Group continues to remain confident in its business model, cost flexibility, strong cash generation, experienced management team, and successful transition to electrification.

Cash Flow performance

The Group uses Adjusted Free Cash Flow as its primary operating measure of cash flow performance.

Table 8a: Adjusted Free Cash Flow* €m

	H1 2021	H1 2020
Net cash generated from operating activities	98.8	92.5
Net cash used by investing activities	(62.6)	(48.6)
Free Cash Flow*	**36.2**	43.9
Deduct:		
Cash received on settlement of derivatives	—	(16.6)
Add back: Net restructuring cash spend	10.1	7.6
Adjusted Free Cash Flow	**46.3**	34.9

Table 8b: Reconciliation of Adjusted EBITDA to Adjusted Free Cash Flow* €m

	H1 2021	H1 2020
Adjusted EBITDA	198.5	109.7
Less:		
Net cash interest paid	(22.6)	(27.8)
Cash taxes paid	(28.0)	(20.9)
Payment for property, plant and equipment	(42.2)	(36.3)
Payment for intangible assets	(21.7)	(14.3)
Movement in working capital	(37.1)	42.8
Movement in retirement benefit obligations	(1.2)	0.7
Movement in provisions and other	(9.5)	(10.0)
Free Cash Flow*	**36.2**	43.9
Deduct:		
Cash received on settlement of derivatives	—	(16.6)
Add back: Restructuring cash spend	10.1	7.6
Adjusted Free Cash Flow	**46.3**	34.9

*See Non-IFRS measures on pages 19 to 20

In H1 2021, we generated Adjusted Free Cash Flow of €46.3 million (H1 2020: €34.9 million). The Adjusted EBITDA generated by the Group was used to fund investment in capital equipment and intangibles. There was a

€13.3 million increase in property, plant and equipment and intangibles expenditure showing a return to pre-COVID-19 capital expenditure. Tax cash payments were €7.1 million higher due to higher taxable profits. The outflow from working capital of €37.1 million was driven by the increase in working capital balances due to the recovery of activity levels compared to last year. The net cash outflow on restructuring was €10.1 million, predominantly severance payments (H1 2020: €7.6 million). In H1 2020 €16.6 million was received from foreign exchange hedges which were closed out in March 2020.

Free cash flows of €36.2 million (H1 2020: €43.9 million) were offset by cash outflows from financing of €68.8 million (H1 2020: €97.4 million in flows), resulting in a reported decrease in cash and cash equivalents of €32.6 million (H1 2020: increase of €141.3 million). Financing outflows include the net impact of the H1 2021 refinancing and other borrowing repayments of €17.8 million (H1 2020: €110.7 million), and €16.0 million (H1 2020: €12.8 million) lease principal repayments.

The 2021 dividend cash outflow amounted to €35.0 million (H1 2020: €nil).

Retirement benefits

We operate funded and unfunded defined benefit schemes across multiple jurisdictions with the largest being the US pension and retiree healthcare schemes, which represent 52% of our net unfunded position at 30 June 2021 (H1 2020: 60%). We also have funded schemes in the UK and Canada 1% (H1 2020: 2%) and Germany 20% (H1 2020: 16%). While all our major plans are closed to new entrants, a few allow for future accrual. Our schemes are subject to periodic actuarial valuations. Our net unfunded position decreased by €21.4 million from December 2020 to €139.3 million at 30 June 2021 due primarily to discount rates differential period-on-period and overall pension investment performance.

Net debt* and net leverage*

Net debt, a non-IFRS measure, as at 30 June 2021 was €621.2 million, a slight increase of €31.2 million from the prior year end. On 16 April 2021, the Group successfully completed the issue of a €600.0 million unsecured bond. The proceeds were used to pay down the existing term loans, in addition the term loan interest rates were lowered and the maturity dates increased from December 2024 to December 2026. These facilities also include an additional $225.0 million revolving credit facility with an undrawn amount of $222.2 million (€187.5 million) at 30 June 2021. Full details of these changes are given in Note 8. These changes resulted in incremental costs of €14.7 million which were capitalised, as well as reduced interest costs, the annual impact of which is estimated at €9.0 million. The annual fee amortisation after these changes is €4.2 million. Issuance fees and discounts of €25.4 million on the loans are carried forward for future amortisation.

The Group's net leverage ratio, also a non-IFRS measure, was 1.5 times Adjusted EBITDA as at 30 June 2021 (31 December 2020: 1.8 times); the decrease reflects the higher Adjusted EBITDA.

The Group excludes IFRS 16 lease liabilities from its net debt and net leverage ratio. If the IFRS 16 lease liabilities were to be included, the Group's net debt would be €777.6 million (31 December 2020: € 741.0 million) and net leverage ratio would be 1.9 times Adjusted EBITDA (31 December 2020: 2.2 times).

*See Non-IFRS measures on pages 19 to 20

Liquidity and Going Concern

Our principal sources of liquidity have historically been cash generated from operating activities and amounts available under our credit facilities, that currently consist of a revolving facility under our cash flow credit agreement of $225.0 million (€189.9 million). The refinancing completed in April 2021 maintains existing levels of liquidity, lowered our cost of debt and extended debt maturities to December 2026. Total available liquidity (cash plus available facilities) on 30 June 2021 was €656.9 million (31 December 2020: €666.5 million).

The Directors have reviewed the likely performance of the Group for the period to 31 December 2022 by reference to an outlook using the approved Budget and Medium Term Plan, updated for actual year to date performance and current projections as a base case scenario (global light vehicle volume assumptions - 2021: 83.0 million units, 2022: 87.2 million units). The 2022 volumes used are lower than the current IHS global light vehicle production forecast of 90.7 million reflecting some modelling caution and alignment with the assumptions made during our Budget and Medium Term Plan. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's existing committed finance facilities, the Group's strategy, business model and the potential impact of the principal risks and how these are managed, as detailed in the strategic report contained within the 2020 Annual Report.

In making their assessment, the Directors reviewed a base case forecast covering the period to 31 December 2022 prepared using a global light vehicle production volume forecast which takes account of the short-term challenges associated with the current supply chain issues and showed liquidity (cash plus undrawn banking facilities) of €836 million at the end of the review period. The base model was stress tested to assess the adverse impact of the crystallisation of the principal risks likely to have a significant financial impact in the period to December 2022. This severe but plausible downside scenario assumed:

- 8.1% lower global production volumes in 2021 compared to the data used in the base model, volumes used – 2021: 77.0 million units, 2022: 87.2 million units, (Risk: Global Light Vehicle production volumes)
- 5% operating margin reduction caused by operational inefficiencies increased arising from customer schedule changes (Risk: Competitor and Customer Pricing Pressure)
- 0.5% sales price reduction (Risk: Competitor and Customer Pricing Pressure)
- €20 million annual warranty charge (Risk: Product quality)

Available liquidity on 30 June 2021 was €657 million. The impact of the severe but plausible downside scenario would be to reduce available liquidity as per the base case to €701 million at the end of the review period,

€135m lower than the base case. In both the base case and the severe but plausible downside scenarios, there were no covenant breaches.

A reverse stress test was attempted to determine the level of global light vehicle production which would extinguish all cash. It was found that only a reduction of 40% in 2021 and 80% in 2022 compared to the base case (volumes used – 2021: 49.9 million units, 2022: 17.2 million units) for the period under review, excluding any mitigating actions would be required to use all the Group’s cash without utilising the $225 million revolving credit facility. This contrasts with the 2020 global light vehicle production drop to 74.6 million, a drop 16.1% compared to 2019. As a result, the Directors do not believe that a drop of 40% in 2021 and 80% drop in 2022 is likely and therefore do not regard this as a probable outcome.

The Directors have concluded, after reviewing the future funding requirements for the Group over the period to the end of 2022 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 with no material uncertainties.

Principal Risks and Uncertainties

The executive management and Directors have considered the principal risks and uncertainties of the Group and have determined, on balance, that those reported in the 2020 Annual Report and Accounts remain relevant for the remaining half of the financial year. Current operating challenges from volatile customer production volumes and supply chain disruptions in the automotive industry are not thought to represent prolonged long-term risks though they will persist into the second half and potentially into 2022. The Directors continue to monitor and consider the COVID-19 landscape and related risks stemming from the pandemic as well as reviewing the developing risks identified in our 2020 Annual Report - product portfolio redundancies, technological obsolescence, product pivoting, climate change and the microchip related supply chain disruptions. We continue to believe that these do not represent separate new principal risks and uncertainties at this time. Details of the Group's Principal Risks and Uncertainties are available in the 2020 Annual Report and Accounts available on our website www.tifluidsystems.com.

Outlook

The Group had strong performance through the first half of 2021. While annual global light vehicle production volumes are forecast to continue to return to pre-Covid levels by the end of 2022, IHS-Markit’s current 2021 global light vehicle production volume forecasts (approximately 82 million units) may be optimistic given ongoing microchip and other supply-related constraints impacting specific OEM plant production scheduling. However, despite this potential volume softness for the second half of 2021, our annual outlook guidance issued on 16 March 2021 remains unchanged. We remain confident that our full year 2021 revenue will outperform global light vehicle production volumes. We continue to target a high single digit adjusted EBIT margin for 2021 as well as Adjusted Free Cash Flow that will support our dividend policy targeting a pay-out of approximately 30% of Adjusted Net Income.

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. Such measures are also utilised by the Board as targets in determining compensation of certain executives and key members of management, as well as in our communications with investors. 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.

EBITDA is defined as profit or loss before tax before net finance expense, depreciation, amortisation and exceptional impairment of tangible and intangible assets.

Adjusted EBITDA is defined as EBITDA adjusted for exceptional administration costs, net foreign exchange gains/(losses), net restructuring charges and associate share of profits or losses and dividends received from associates.

Adjusted EBIT is defined as Adjusted EBITDA less depreciation, amortisation and impairment arising on tangible and intangible assets net of depreciation and amortisation arising on purchase price accounting.

Constant currency refers to the statement of prior period results at current exchange rates to eliminate fluctuations in translation rates and achieve a like for like comparison.

Revenue outperformance is defined as the growth in revenue at constant currency compared to the growth in global light vehicle production volumes.

Operating profit margin is defined as operating profit expressed as a percentage of revenue.

Adjusted Net Income is defined as Profit or Loss for the period attributable to the ordinary shareholders before exceptional items adjusted to reflect associate dividends received and eliminate the impact of net restructuring charges and foreign exchange gains or losses.

Adjusted Basic EPS is defined as Adjusted Net Income divided by the weighted average number of shares in issue in the period.

Free Cash Flow is defined as the total of net cash generated from operating activities and net cash used by investing activities.

Adjusted Free Cash Flow is defined as Free Cash Flow adjusted for cash movements in financial assets at fair value through the profit or loss, cash payments related to IPO costs, net cash flows relating to restructuring and settlement of derivatives. The restructuring cash adjustment is made to align the treatment of restructuring with the other Adjusted measures and is applied retrospectively.

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.

Net debt is defined as the total of current and non-current borrowings excluding lease liabilities, net of cash and cash equivalents and financial assets at fair value through the profit and loss.

Net leverage is defined as net debt divided by last 12 months Adjusted EBITDA.

Ronald Hundzinski
Chief Financial Officer
6 August 2021

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.

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Condensed Consolidated Income Statement

For the period ended 30 June

Continuing operations Unaudited	Note	**2021** **Before exceptional items** **€m**	**Exceptional items** **€m**	**2021** **After exceptional items** **€m**	2020 Before exceptional items €m	Exceptional items €m	2020 After exceptional items €m
Revenue	2	**1,522.5**	**—**	**1,522.5**	1,183.1	—	1,183.1
Cost of sales		**(1,334.0)**	**—**	**(1,334.0)**	(1,090.0)	(120.4)	(1,210.4)
Gross profit/(loss)		**188.5**	**—**	**188.5**	93.1	(120.4)	(27.3)
Distribution costs		**(46.1)**	**—**	**(46.1)**	(35.5)	—	(35.5)
Administrative Expenses		**(60.2)**	**—**	**(60.2)**	(70.0)	(184.2)	(254.2)
Other income		**1.9**	**—**	**1.9**	4.4	—	4.4
Net foreign exchange (losses)/gains		**(7.6)**	**—**	**(7.6)**	0.7	—	0.7
Operating profit/(loss)		**76.5**	**—**	**76.5**	(7.3)	(304.6)	(311.9)
Finance income	3	**2.5**	**—**	**2.5**	1.0	—	1.0
Finance expense	3	**(33.3)**	**(11.6)**	**(44.9)**	(41.7)	—	(41.7)
Net finance expense	3	**(30.8)**	**(11.6)**	**(42.4)**	(40.7)	—	(40.7)
Share of loss of associates		**(1.2)**	**—**	**(1.2)**	(0.1)	—	(0.1)
Profit/(loss) before income tax		**44.5**	**(11.6)**	**32.9**	(48.1)	(304.6)	(352.7)
Income tax (expense)/credit	4	**(24.6)**	**2.8**	**(21.8)**	2.7	29.2	31.9
Profit/(loss) for the period		**19.9**	**(8.8)**	**11.1**	(45.4)	(275.4)	(320.8)
Profit/(loss) for the year attributable to:							
Owners of the Parent Company		**19.0**	**(8.8)**	**10.2**	(46.2)	(275.4)	(321.6)
Non-controlling interests		**0.9**	**—**	**0.9**	0.8	—	0.8
		19.9	**(8.8)**	**11.1**	(45.4)	(275.4)	(320.8)
Total earnings per share (Euro, cents)							
Basic	5			**1.96**			(61.66)
Diluted	5			**1.95**			(61.66)

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June

	Unaudited 2021 €m	Unaudited 2020 €m
Profit/(loss) for the period	**11.1**	(320.8)
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
– Re-measurements of retirement benefit obligations	**24.4**	(23.7)
– Income tax (expense)/credit on retirement benefit obligations	**(4.9)**	5.2
	19.5	(18.5)
Items that may be subsequently reclassified to profit or loss		
– Currency translation	**31.8**	(23.8)
– Cash flow hedges	**—**	12.2
– Net investment hedges	**—**	6.9
	31.8	(4.7)
Total other comprehensive income/(expense) for the period	**51.3**	(23.2)
Total comprehensive income/(expense) for the period	**62.4**	(344.0)
Attributable to:		
– Owners of the Parent Company	**61.6**	(343.9)
– Non-controlling interests	**0.8**	(0.1)
Total comprehensive income/(expense) for the period	**62.4**	(344.0)

Condensed Consolidated Balance Sheet

As at 30 June and 31 December

	Note	Unaudited 2021 €m	2020 €m
Non-current assets			
Intangible assets	7	**881.3**	883.8
Right-of-use assets		**130.9**	124.9
Property, plant and equipment	6	**585.8**	590.8
Investments in associates		**13.3**	14.6
Deferred income tax assets	4	**61.0**	62.4
Trade and other receivables		**19.4**	18.9
		1,691.7	1,695.4
Current assets			
Inventories		**383.8**	351.4
Trade and other receivables		**514.5**	534.8
Current income tax assets	4	**13.2**	13.7
Derivative financial instruments	9	**1.1**	0.4
Financial assets at fair value through profit and loss	9	**0.9**	0.9
Cash and cash equivalents	9	**469.4**	485.8
		1,382.9	1,387.0
Total assets		**3,074.6**	3,082.4
Equity			
Share capital		**6.8**	6.8
Share premium		**2.2**	2.2
Other reserves		**(105.8)**	(137.7)
Retained earnings		**986.2**	987.7
Equity attributable to owners of the Parent Company		**889.4**	859.0
Non-controlling interests		**26.0**	25.2
Total equity		**915.4**	884.2
Non-current liabilities			
Trade and other payables		**17.5**	20.0
Borrowings	8	**1,089.5**	1,069.3
Lease liabilities		**125.9**	122.4
Deferred income tax liabilities	4	**101.8**	104.3
Retirement benefit obligations	10	**139.3**	160.7
Provisions	11	**2.6**	4.9
		1,476.6	1,481.6
Current liabilities			
Trade and other payables		**577.4**	614.1
Current income tax liabilities	4	**40.5**	40.7
Borrowings	8	**2.0**	7.4
Lease liabilities		**30.5**	28.6
Derivative financial instruments	9	**—**	0.2
Provisions	11	**32.2**	25.6
		682.6	716.6
Total liabilities		**2,159.2**	2,198.2
Total equity and liabilities		**3,074.6**	3,082.4

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June

Unaudited	**Ordinary shares €m**	**Share premium €m**	**Other reserves €m**	**Retained earnings €m**	**Total €m**	**Non-controlling interests €m**	**Total equity €m**
Balance at 1 January 2021	**6.8**	**2.2**	**(137.7)**	**987.7**	**859.0**	**25.2**	**884.2**
Profit for the period	—	—	—	**10.2**	**10.2**	**0.9**	**11.1**
Total other comprehensive income for the period	—	—	**31.9**	**19.5**	**51.4**	**(0.1)**	**51.3**
Total comprehensive income for the period	—	—	**31.9**	**29.7**	**61.6**	**0.8**	**62.4**
Share-based expense	—	—	—	**3.5**	**3.5**	—	**3.5**
Dividends paid	—	—	—	**(35.0)**	**(35.0)**	—	**(35.0)**
Issue of own shares from Employee Benefit Trust	—	—	—	**1.2**	**1.2**	—	**1.2**
Vested share awards	—	—	—	**(0.9)**	**(0.9)**	—	**(0.9)**
Balance at 30 June 2021	**6.8**	**2.2**	**(105.8)**	**986.2**	**889.4**	**26.0**	**915.4**

Unaudited	Ordinary shares €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2020	6.8	2.2	(106.1)	1,261.7	1,164.6	24.5	1,189.1
(Loss)/profit for the year	—	—	—	(321.6)	(321.6)	0.8	(320.8)
Other comprehensive expense	—	—	(3.8)	(18.5)	(22.3)	(0.9)	(23.2)
Total comprehensive expense for the period	—	—	(3.8)	(340.1)	(343.9)	(0.1)	(344.0)
Share-based credit	—	—	—	(2.3)	(2.3)	—	(2.3)
Dividends paid	—	—	—	—	—	(0.5)	(0.5)
Balance at 30 June 2020	6.8	2.2	(109.9)	919.3	818.4	23.9	842.3

Condensed Consolidated Statement of Cash Flows

For the period ended 30 June

	Note	**Unaudited 2021 €m**	Unaudited 2020 €m
Cash flows from operating activities			
Cash generated from operations	12	**150.7**	142.0
Interest paid		**(23.9)**	(28.6)
Income tax paid		**(28.0)**	(20.9)
Net cash generated from operating activities		**98.8**	92.5
Cash flows from investing activities			
Payment for property, plant and equipment		**(42.2)**	(36.3)
Payment for intangible assets		**(21.7)**	(14.3)
Proceeds from the sale of property, plant and equipment		**—**	1.2
Interest received		**1.3**	0.8
Net cash used by investing activities		**(62.6)**	(48.6)
Cash flows from financing activities			
Proceeds from new borrowings	8	**600.0**	135.6
Fees paid on proceeds from new borrowings	8	**(13.7)**	—
Voluntary repayments of borrowings	8	**(600.0)**	(22.7)
Scheduled repayments of borrowings	8	**(4.1)**	(2.2)
Lease principal repayments		**(16.0)**	(12.8)
Dividends paid		**(35.0)**	—
Dividends paid to non-controlling interests		**—**	(0.5)
Net cash (used by)/generated from financing activities		**(68.8)**	97.4
(Decrease)/Increase in cash and cash equivalents		**(32.6)**	141.3
Cash and cash equivalents at the beginning of the period		**485.8**	411.7
Currency translation on cash and cash equivalents		**16.2**	(9.6)
Cash and cash equivalents at the end of the period		**469.4**	543.4

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are the same as those applied in the audited consolidated financial statements for the year ended 31 December 2020.

1.1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared on the going concern basis. They do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 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 condensed consolidated interim financial statements have been reviewed, not audited.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom and the Disclosure and Transparency Rules of the Financial Conduct Authority. These condensed consolidated interim financial statements need to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020 which were prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

For the year ending 31 December 2021, the annual financial statements will be prepared in accordance with IFRS as adopted by the UK Endorsement Board. This change in basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in company law. There is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

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

There are no new standards or IFRS IC interpretations effective in the period that have a material impact on the Group.

1.3. Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates and for management to exercise judgement in applying the Group's accounting policies. Assumptions and accounting estimates are subject to regular review, governed by Group-wide policies and controls. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

The judgement and estimates that have the most significant and critical effect on the amounts included in the financial statements are in relation to post-employment obligations, impairments of assets, refinancing of borrowings and recognition of deferred tax assets as described below.

1.3.1 Critical Accounting Estimates

Details of the Group's critical accounting estimates around post employment obligations and deferred tax assets can be found in Note 1.4.1.1 of the audited consolidated financial statements for the year ended 31 December 2020.

1.3.2 Critical Accounting Judgements

1.3.2.1 Impairments of assets

Management have exercised judgement in their interim review for indicators of impairment. Having performed this review, management have concluded that their findings do not represent indicators of additional impairment or indicators for the reversal of previous impairments. Accordingly, a full impairment test has not been performed to estimate the recoverable amount of CGU assets as at 30 June 2021. Further discussion on this judgement is included within Note 7.

1.3.2.2 Refinancing of borrowings

Management have used judgement in the determination of whether the refinancing of the Group's borrowings on 16 April 2021 constituted a modification, extinguishment, or partial extinguishment of those borrowings, see Note 8. Management have determined that the refinancing is a partial extinguishment. The portion of the borrowings which have been repaid are extinguished, and the issuance discounts and fees associated with the portion repaid of €11.6 million, have been expensed during the period. The remaining portion of the borrowings are judged to have been modified as the qualitative characteristics of the remaining borrowings are considered to have been principally unchanged, primarily based on the impact of the net present value of the remaining cash flows.

Management have also used judgement in determining whether to treat the partial write-off of the previously incurred issuance discounts and fees, of €11.6 million, associated with reduction of the Group's term loan balances as an exceptional item. Management have made this determination based on the significant size of the fee write-off and the relative infrequency of the transaction.

2. 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 forms the basis of the disclosure. The Company’s CODM is the Chief Executive Officer ('CEO'), Chief Operating Officer (CEO-designate) and the

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

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

	Unaudited Half Year 2021 €m	Unaudited Half Year 2020 €m
Revenue		
– FCS - External	**813.1**	651.0
- Inter-segment	**36.7**	28.7
	849.8	679.7
– FTDS - External	**709.4**	532.1
- Inter-segment	**0.1**	1.7
	709.5	533.8
Inter-segment elimination	**(36.8)**	(30.4)
Total consolidated revenue	**1,522.5**	1,183.1
Adjusted EBITDA		
– FCS	**98.3**	53.3
– FTDS	**100.2**	56.4
	198.5	109.7
Adjusted EBITDA % of revenue		
– FCS	**12.1 %**	8.2 %
– FTDS	**14.1 %**	10.6 %
Total	**13.0 %**	9.3 %
Adjusted EBIT		
– FCS	**69.6**	14.1
– FTDS	**58.2**	13.5
	127.8	27.6
Adjusted EBIT % of revenue		
– FCS	**8.6 %**	2.2 %
– FTDS	**8.2 %**	2.5 %
Total	**8.4 %**	2.3 %

3. Finance Income and Expenditure

	Note	**Unaudited Half Year 2021 €m**	Unaudited Half Year 2020 €m
Finance income			
Interest on short-term deposits, other financial assets and other interest income		**1.5**	1.0
Fair value gains on derivatives and foreign exchange contracts not in hedged relationships		**1.0**	—
Finance income		**2.5**	1.0
Finance expense			
Interest payable on term loans including expensed fees	8	**(21.9)**	(27.0)
Interest payable on unsecured senior notes including expensed fees	8	**(4.9)**	—
Net interest expense of retirement benefit obligations	10	**(1.3)**	(1.5)
Fair value net losses on derivatives and foreign exchange contracts not in hedged relationships		**—**	(0.5)
Fair value net losses on financial instruments: ineffectiveness		**—**	(7.1)
Net interest expense related to specific uncertain tax positions		**(0.2)**	—
Interest payable on lease liabilities		**(5.0)**	(5.4)
Utilisation of discount on provisions and other finance expense		**—**	(0.2)
Finance expense before exceptional items		**(33.3)**	(41.7)
Unamortised issuance discounts and fees expensed on voluntary repayments of borrowings		**(11.6)**	—
Exceptional finance expense		**(11.6)**	—
Finance expense after exceptional items		**(44.9)**	(41.7)
Total net finance expense		**(42.4)**	(40.7)

Exceptional finance expenses in the period of €11.6 million (2020: €nil) relate to a release of unamortised transaction costs following the partial extinguishment of the Group's Euro and US dollar term loans, see Note 8.

In the prior period, the Group terminated all its forward foreign exchange contracts designated in cash flow hedge relationships, its forward foreign exchange contracts designated in net investment hedges, and all its interest rate swaps. Termination of the hedges resulted in the recognition of ineffectiveness of €7.0 million.

4. Income Tax

The income tax expense for the period ending 30 June 2021 has been recognised based on Management's estimate of the annual effective tax rate of each company or tax groups within a country considering projected permanent tax adjustments, tax credits that are available and the applicable statutory tax rates for each country. The annual estimated effective tax rates are applied to the first half profits / losses of each company or tax groups to determine the overall Group tax charge for the period.

This has resulted in an ordinary effective tax rate of 55.2% for the half year ended 30 June 2021 (5.6% for the half year ended 30 June 2020). The effective tax rate is impacted by the UK book loss of €26.3 million for the half year ended 30 June 2021 (€43.1 million for the half year ended 30 June 2020). This is not tax effected due to the projected and historical tax loss position in the UK and therefore has a material impact on the effective tax rate for both periods.

The UK book loss incurred to 30 June 2021 is due to net interest and financing expense in the amount of €10.8 million (30 June 2020: €21.1 million); net foreign exchange losses of €4.7 million (30 June 2020: net foreign exchange loss of €11.2 million) based on fluctuations in the US dollar to Euro exchange rates related to US dollar denominated intercompany loans and other operating expenses of €10.8 million (30 June 2020: €10.8 million).

When the UK book loss of €26.3 million for the half year ended 30 June 2021 (€43.1 million loss for the half year ended 30 June 2020), the share of the associates loss and the prior period tax adjustments are not considered, the effective tax rate is adjusted to 34.6% for the half year to 30 June 2021 (40.8% for the half year ended 30 June 2020).

The effective tax rate has increased to 55.2% (half year to 30 June 2020 5.6%). The effective tax rate for 30 June 2021 was impacted by the non recognition of the UK losses. The 30 June 2020 effective tax rate represented a small tax credit on an overall loss for the period which was also primarily due to the non recognition of the UK losses discussed above.

Exceptional charge / tax benefit

During April of 2021, the Group debt was refinanced which resulted in the write-off of a portion of the US related loan fees from prior refinancing transactions. This resulted in an exceptional US refinancing charge of €11.6 million and a tax benefit of €2.8 million for the half year ended 30 June 2021. The exceptional tax benefit of €2.8 million results in an effective tax rate of approximately 24% which represents the blended US Federal and various State effective tax rates.

Other items

The table below analyses the constituent elements of the Group income tax charge separately identifying the tax charges recognised in respect of entities that ordinarily pay tax or where the recognition of deferred tax assets is appropriate, the impact of entities where the level of tax losses limits the payment of tax or restricts the deferred tax recognition in respect of the losses, the impact of withholding taxes suffered in the UK, Group tax charges recognised in respect of unremitted overseas distributable reserves and the impact of purchase accounting adjustments.

Unaudited	30 June 2021 Profit before tax €m	Tax (charge)/credit €m	ETR	30 June 2020 Profit before tax €m	Tax credit/(charge) €m	ETR
Results excluding exceptional items	**44.5**	**(24.6)**	**55.2 %**	(48.1)	2.7	5.6%
Adjustments:						
Share of associate losses	**1.2**	—		0.1	—	
	45.7	**(24.6)**	**53.8 %**	(48.0)	2.7	5.6%
Analysed as:						
Tax charges (including deferred tax assets) recognised	**100.8**	**(27.8)**	**27.6 %**	33.5	(1.1)	3.2%
Tax losses where no deferred tax assets recognised	**(29.1)**	**—**	**— %**	(53.0)	—	-0.1%
UK Withholding tax and Group tax on Unremitted Distributable Reserves	**—**	**(3.1)**		—	(3.3)	
Annual amortisation and depreciation of assets with historic purchase price	**(26.0)**	**6.3**	**24.3 %**	(28.5)	7.1	24.9%
	45.7	**(24.6)**	**53.8 %**	(48.0)	2.7	5.6%

Deferred tax assets originating from tax loss carry forwards mainly relate to Germany, France and Spain as at 30 June 2021. Forecasts for Germany, France and Spain are prepared by management on a five year basis and use external automotive industry data sources which is consistent with the forecasts used for the going concern and impairment models. The forecasts demonstrate several years of continued future profitability and all have consistent expectations of future financial performance. As a result, management believe that the current tax losses will be utilised.

5. Earnings Per Share

5.1. Basic and Diluted Earnings Per Share

Unaudited	2021 Profit attributable to shareholders (€m)	Earnings Per Share (€, cents)	2020 Profit attributable to shareholders (€m)	Earnings Per Share (€, cents)
Basic	**10.2**	**1.96**	(321.6)	(61.66)
Diluted	**10.2**	**1.95**	(321.6)	(61.66)

5.2. Adjusted Earnings Per Share

Unaudited	2021 Basic	Diluted	2020 Basic	Diluted
Adjusted Net Income (€m)	**45.4**	**45.4**	(39.7)	(39.7)
Adjusted Earnings Per Share (€, in cents)	**8.75**	**8.67**	(7.61)	(7.61)

Adjusted Net Income is based on profit for the period attributable to shareholders of €10.2 million (2020: €321.6 million loss) after adding back net adjustments of €35.2 million (2020: €281.9 million).

6. Property, Plant and Equipment ("PP&E")

During the period the Group made PP&E additions of €37.1 million (2020 full year: €78.4 million). Assets with a carrying value of €3.9 million (2020 full year: €10.7 million) were disposed of during the period.

7. Intangible assets and impairments

7.1. Intangible Assets

	Unaudited 30 June 2021 €m	31 2020 €m
Goodwill	**547.9**	535.9
Capitalised development expenses, computer software and licences, technology and customer platforms	**333.4**	347.9
Total intangible assets	**881.3**	883.8

7.2. Goodwill

Unaudited	**€m**
Cost at 1 January 2021	**714.2**
Currency translation	**14.2**
Cost at 30 June 2021	**728.4**
Accumulated impairment at 1 January 2021	**(178.3)**
Currency translation	**(2.2)**
Accumulated impairment at 30 June 2021	**(180.5)**
Net book value at 30 June 2021	**547.9**

7.3.

	€m
Cost at 1 January 2020	739.0
Currency translation	(24.8)
Cost at 31 December 2020	714.2
Accumulated impairment at 1 January 2020	—
Exceptional impairment charge	(184.2)
Currency translation	5.9
Accumulated impairment at 31 December 2020	(178.3)
Net book value at 31 December 2020	535.9

7.4. 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 2021	**254.4**	**23.3**	**126.7**	**455.2**	**859.6**
Accumulated amortisation	**(151.5)**	**(12.7)**	**(119.8)**	**(227.7)**	**(511.7)**
Net book value at 1 January 2021	**102.9**	**10.6**	**6.9**	**227.5**	**347.9**
Additions	**14.7**	**0.6**	**—**	**—**	**15.3**
Disposals	**(1.6)**	**(0.2)**	**—**	**—**	**(1.8)**
Amortisation charge	**(12.3)**	**(1.4)**	**(1.1)**	**(19.7)**	**(34.5)**
Impairments	**(0.5)**	**—**	**—**	**—**	**(0.5)**
Currency translation	**1.5**	**0.3**	**0.2**	**5.0**	**7.0**
Net book value at 30 June 2021	**104.7**	**9.9**	**6.0**	**212.8**	**333.4**
Cost at 30 June 2021	**262.6**	**23.8**	**129.0**	**466.0**	**881.4**
Accumulated amortisation	**(157.9)**	**(13.9)**	**(123.0)**	**(253.2)**	**(548.0)**
Net book value at 30 June 2021	**104.7**	**9.9**	**6.0**	**212.8**	**333.4**

*Customer platforms includes intangible assets relating to: customer platforms (€184.1 million); aftermarket customer relationships (€25.6 million); trade names & trademarks (€3.1 million).

The above amortisation charges for “technology” and “customer platforms” amounting to €20.8 million arise from intangible assets recognised through purchase price accounting. Amortisation charges are included in cost of sales.

	Capitalised development expenses €m	Computer software and licences €m	Technology €m	Customer platforms* €m	Total €m
Cost at 1 January 2020	237.4	16.2	135.9	474.4	863.9
Accumulated amortisation	(102.2)	(11.3)	(125.5)	(181.7)	(420.7)
Net book value at 1 January 2020	135.2	4.9	10.4	292.7	443.2
Additions	24.3	8.4	—	—	32.7
Disposals	(0.1)	—	—	—	(0.1)
Amortisation charge	(26.7)	(1.6)	(2.3)	(40.4)	(71.0)
Impairments - exceptional charge	(21.2)	(0.5)	(0.7)	(15.2)	(37.6)
Impairments - other charges	(5.7)	—	—	—	(5.7)
Currency translation	(2.9)	(0.6)	(0.5)	(9.6)	(13.6)
Net book value at 31 December 2020	102.9	10.6	6.9	227.5	347.9
Cost at 31 December 2020	254.4	23.3	126.7	455.2	859.6
Accumulated amortisation	(151.5)	(12.7)	(119.8)	(227.7)	(511.7)
Net book value at 31 December 2020	102.9	10.6	6.9	227.5	347.9

*Customer platforms includes intangible assets relating to: customer platforms (€197.3 million); aftermarket customer relationships (€27.1 million); trade names & trademarks (€3.1 million).

The above amortisation charges for 'technology' and 'customer platforms' amounting to €42.7 million arise from intangible assets recognised through purchase price accounting.

7.5. Impairment Tests for Goodwill and Intangibles

At 30 June 2020, the Group recorded a €304.6 million impairment charge against CGU net assets, primarily arising as a result of the COVID-19 pandemic's negative impact on forecast automotive sales volumes. This charge was allocated against Group assets as follows:

Unaudited	**H1 2020 impairment charge €m**
Goodwill	184.2
Capitalised development expenses	21.2
Computer software and licences	0.5
Other intangible assets	15.9
Land & buildings	13.9
PP&E	41.6
Assets in the course of construction	10.5
Right-of-use assets	16.8
	304.6

Whilst the €184.2 million goodwill impairment cannot be reversed in subsequent reporting periods, the other asset impairments totalling €120.4 million can be, if there is sufficient evidence that favourable events since the date of impairment have given rise to a sustainable increase in the asset's recoverable amount.

Management have therefore performed a CGU-level review for both indicators of additional impairment and indicators for the reversal of previous impairments. This has involved reviewing: external forecast global light vehicle production volumes (IHS Markit); actual cash generation against budget; the impact of restructuring activities undertaken; market developments, including changes in customer and competitor practices and possible changes to the underlying CGU discount and long-term growth rates used in the calculation of recoverable amount.

Having performed this review, Management have concluded that despite automotive sales volume forecasts demonstrating improved confidence when compared to those that contributed to the H1 2020 impairment, the presence of a number of downside risks to the rate and level of forecast recovery give rise to sufficient uncertainty to prevent interpreting the emerging recovery as an indicator of impairment reversal.

These downside risks include the recent supply chain interruptions caused by global semi-conductor shortages and changing consumer trends driven by climate change awareness, as well as the continuing threat COVID-19 presents to the reopening of global economies. Management believe that the impact of these risks will subside in the short to medium term and therefore do not in themselves represent indicators of additional impairment.

Management will therefore continue to monitor the recovery profile of automotive sales volumes for the remainder of 2021, as well as the impact of mitigating restructuring activities undertaken, until a point that they are satisfied that a significant and prolonged improvement in forecast operating cash flows is evident. During the fourth quarter of 2021, the Group will prepare its full annual budget and medium-term plan, utilising latest volume forecasts and full market analysis covering the period 2022 to 2026. This will provide an up to date basis from which to perform the 2021 annual impairment test.

8. Borrowings

	Note	Unaudited 30 June 2021 €m	31 December 2020 €m
Non-current:			
Unsecured senior notes		**591.2**	—
Secured loans:			
- Term loans and facilities		**498.3**	1,069.2
- Other secured loans		**—**	0.1
Total non-current borrowings		**1,089.5**	1,069.3
Current:			
Secured loans:			
- Term loans and facilities		**1.9**	7.4
- Other secured loans		**0.1**	—
Total current borrowings		**2.0**	7.4
Total borrowings		**1,091.5**	1,076.7
Unsecured senior notes	8.1/8.2	**591.2**	—
Term loans and facilities	8.1/8.2	**500.2**	1,076.6
Main borrowing facilities	8.2	**1,091.4**	1,076.6
Other secured loans		**0.1**	0.1
Total borrowings		**1,091.5**	1,076.7

The main borrowing facilities are shown net of issuance discounts and fees of €25.4 million (2020: €25.3 million).

8.1 Movement in Total Borrowings

Unaudited	**Unsecured senior notes** **€m**	**Term loans and facilities** **€m**	**Other loans** **€m**	**Total borrowings** **€m**
At 1 January 2021	**—**	**1,076.6**	**0.1**	**1,076.7**
Accrued interest	**4.6**	**18.8**	**—**	**23.4**
Scheduled payments	**(4.6)**	**(22.9)**	**—**	**(27.5)**
Fees expensed	**0.2**	**3.2**	**—**	**3.4**
New borrowings	**600.0**	**—**	**—**	**600.0**
Fees on new borrowings	**(9.0)**	**(5.7)**	**—**	**(14.7)**
Voluntary repayments of borrowings	**—**	**(600.0)**	**—**	**(600.0)**
Fees expensed on voluntary repayments of borrowings	**—**	**11.6**	**—**	**11.6**
Currency translation	**—**	**18.6**	**—**	**18.6**
30 June 2021	**591.2**	**500.2**	**0.1**	**1,091.5**

On 16 April 2021, the Group successfully executed a refinancing of its external borrowings. The key elements of the transaction were as follows:

- The Group issued €600.0 million new unsecured Senior Notes bearing an interest rate of 3.75% per annum. Interest on the Notes is payable semi-annually in arrears on April 15 and October 15 of each year, commencing on 15 October 2021. The maturity date of the notes is 15 April 2029.

- The Euro term loan of €497.5 million was partly repaid using a portion of the proceeds from the issuance of the unsecured Senior Notes. €232.5 million was repaid as part of the transaction, reducing the balance outstanding on the loan to €265.0 million. The remaining balance on the loan was then extended from 16 December 2024 to 16 December 2026. The rate on the loan was also reduced from three-month EURIBOR (minimum 0.75% p.a.) +3.75% p.a. to three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a. As a result of the loan principal reduction the amount repayable per quarter on the loan has fallen from €1,250,000 a quarter to €662,500 a quarter until the final balance falls due on 16 December 2026.
- The US dollar term loan of $736.3 million was also partly repaid using a portion of the proceeds from the issuance of the unsecured Senior Notes. $436.3 million (€367.5 million) was repaid as part of the transaction, reducing the balance outstanding on the loan to $300.0 million. The remaining balance on the loan was then extended from 16 December 2024 to 16 December 2026. The rate on the loan was also reduced from US dollar LIBOR (minimum 0.75% p.a.) +3.75% p.a. to US-dollar LIBOR (minimum 0.5% p.a.) +3.25% p.a. As a result of the loan reduction the amount repayable per quarter on the loan has fallen from $1,850,000 a quarter to $750,000 a quarter until the final balance falls due on 16 December 2026.
- The revolving credit facility ('RCF') of $225.0 million was extended from 16 July 2024 to 16 July 2026. The amount of the facility remained unchanged.

The refinancing was treated as a partial extinguishment of the Group's term loans, and as a result unamortised transaction costs were released for the Euro and US dollar term loans in proportion to the reduction in the loan principal outstanding. The costs released were recognised as an exceptional finance expense in the period of €11.6 million being $8.8 million (€7.3 million) for the US dollar term loan and €4.3 million for the Euro term loan.

Directly attributable incremental fees of €14.7 million were capitalised as part of the transaction consisting of €1.3 million for the Euro term loan, $3.9 million (€3.1 million) for the US dollar term loan, $1.5 million for the RCF (€1.3 million) and €9.0 million for the unsecured Senior notes. These will be released to the Income Statement over the remaining term of the borrowings and RCF facility. €13.7 million of these fees were paid in the period and €1.0 million are recorded in accrued expenses at the balance sheet date.

	Main borrowing facilities	Other loans	Total borrowings
	€m	€m	€m
1 January 2020	1,150.7	0.2	1,150.9
Accrued interest	47.9	—	47.9
Scheduled payments	(53.1)	(0.1)	(53.2)
Fees expensed	8.0	—	8.0
New borrowings	213.6	—	213.6
Fees on new borrowings	(17.7)	—	(17.7)
Voluntary repayments of borrowings	(209.6)	—	(209.6)
Currency translation	(63.2)	—	(63.2)
31 December 2020	1,076.6	0.1	1,076.7

New borrowings in the prior year consisted of a partial drawdown of the asset-backed loan of $25.0 million (€22.6 million), a drawdown of the revolving credit facility of $125.0 million (€113.0 million) and an increase in the Euro tranche of the main borrowings of €78.0 million as a result of the Group's refinancing on 30 September 2020. Voluntary repayments of borrowings in the prior year consisted of a repayment of the asset-backed loan of $25.0 million drawn earlier that year (€22.8 million), a repayment of the revolving credit facility drawn earlier that year of $125.0 million (€106.2 million) and a repayment of the US dollar tranche of the main borrowings of $94.2 million (€80.6 million) as a result of the Group's refinancing on 30 September 2020.

8.2 Main Borrowing Facilities

The main borrowing facilities are comprised of unsecured Senior Notes and a package of secured loans consisting of a Euro term loan, a US dollar term loan, and a revolving credit facility (which was undrawn during the period except for letters of credit).

The amounts outstanding under the agreements are:

	Unaudited	
	30 June	31 December
	2021	2020
	€m	€m
Principal outstanding:		
Unsecured senior notes	**600.0**	—
US term loan	**252.5**	603.1
Euro term loan	**264.3**	498.8
Total principal outstanding	**1,116.8**	1,101.9
Issuance discounts and fees	**(25.4)**	(25.3)
Main borrowing facilities	**1,091.4**	1,076.6

8.3 Movements in Net Borrowings and Lease liabilities

			Non-cash changes				
	At 1 January 2021	**Cash flows**	**New leases**	**Fees expensed net of fees accrued**	**Currency translation**	**Remeas-urement and disposals**	**At 30 June 2021**
Unaudited	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Cash and cash equivalents	**485.8**	**(32.6)**	**—**	**—**	**16.2**	**—**	**469.4**
Financial assets at FVTPL	**0.9**	**—**	**—**	**—**	**—**	**—**	**0.9**
Borrowings	**(1,076.7)**	**17.8**	**—**	**(14.0)**	**(18.6)**	**—**	**(1,091.5)**
Net borrowings	**(590.0)**	**(14.8)**	**—**	**(14.0)**	**(2.4)**	**—**	**(621.2)**
Lease liabilities	**(151.0)**	**16.0**	**(14.4)**	**—**	**(2.4)**	**(4.6)**	**(156.4)**
Net borrowings and lease liabilities	**(741.0)**	**1.2**	**(14.4)**	**(14.0)**	**(4.8)**	**(4.6)**	**(777.6)**

			Non-cash changes				
	At 1 January 2020	Cash flows	New leases	Fees expensed	Currency translation	Remeas-urement and disposals	At 31 December 2020
	€m	€m	€m	€m	€m	€m	€m
Cash and cash equivalents	411.7	110.6	—	—	(36.5)	—	485.8
Financial assets at FVTPL	0.9	—	—	—	—	—	0.9
Borrowings	(1,150.9)	19.0	—	(8.0)	63.2	—	(1,076.7)
Net borrowings	(738.3)	129.6	—	(8.0)	26.7	—	(590.0)
Lease liabilities	(166.7)	28.6	(17.9)	—	7.0	(2.0)	(151.0)
Net borrowings and lease liabilities	(905.0)	158.2	(17.9)	(8.0)	33.7	(2.0)	(741.0)

Cash flows from financing activities arising from changes in financial liabilities are analysed below:

	Unaudited	
	30 June 2021	31 December 2020
	€m	€m
Proceeds from new borrowings	**(600.0)**	(135.6)
Fees paid on proceeds from new borrowings	**13.7**	—
Voluntary repayments of borrowings	**600.0**	22.7
Scheduled repayments of borrowings	**4.1**	2.2
Lease principal repayments	**16.0**	12.8
Cash outflows/(inflows) from financing activities arising from changes in financial liabilities	**33.8**	(97.9)
Borrowings cash flows	**17.8**	(110.7)
Lease liabilities cash flows	**16.0**	12.8
Cash outflows/(inflows) from financing activities arising from changes in financial liabilities	**33.8**	(97.9)

9. Fair Values of Financial Assets and Liabilities

Financial Instruments by Category

As at 30 June 2021:

Unaudited **Financial assets**	**Assets at amortised cost** **€m**	**Assets at FVTPL** **€m**	**Total** **€m**
Cash and cash equivalents	**469.4**	**—**	**469.4**
Financial assets at FVTPL	**—**	**0.9**	**0.9**
Trade and other receivables excluding prepayments	**476.0**	**—**	**476.0**
Derivative financial instruments:- Forward foreign exchange contracts (cash flow hedges)	**—**	**1.1**	**1.1**
Total at 30 June 2021	**945.4**	**2.0**	**947.4**

Unaudited **Financial liabilities**	**Liabilities at amortised cost** **€m**	**Total** **€m**
Trade and other payables excluding deferred income	**(477.6)**	**(477.6)**
Borrowings	**(1,091.5)**	**(1,091.5)**
Lease liabilities	**(156.4)**	**(156.4)**
Total at 30 June 2021	**(1,725.5)**	**(1,725.5)**

As at 31 December 2020:

Financial assets	Assets at amortised cost €m	Assets at FVTPL €m	Total €m
Cash and cash equivalents	485.8	—	485.8
Financial assets at FVTPL	—	0.9	0.9
Trade and other receivables excluding prepayments	496.1	—	496.1
Derivative financial instruments:- Forward foreign exchange contracts (cash flow hedges)	—	0.4	0.4
Total at 31 December 2020	981.9	1.3	983.2

Financial liabilities	Liabilities at amortised cost €m	Liabilities at FVTPL €m	Total €m
Trade and other payables excluding deferred income	(503.3)	—	(503.3)
Borrowings	(1,076.7)	—	(1,076.7)
Lease liabilities	(151.0)	—	(151.0)
Derivative financial instruments:- Forward foreign exchange contracts (cash flow hedges)	—	(0.2)	(0.2)
Total at 31 December 2020	(1,731.0)	(0.2)	(1,731.2)

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 2021, the borrowings figures above include unsecured senior notes carried at a book value of €591.2 million after deducting issuance discounts and fees (31 December 2020: €nil). The carrying value of the notes is €600.0 million before deduction of these fees. The fair value of these notes before deduction of these fees is €611.5 million at 30 June 2021 (31 December 2020: €nil).

10. Retirement Benefit Obligations

Balance Sheet

The net liability for defined benefit arrangements is as follows:

Unaudited	**US pensions**	**Other pensions**	**US healthcare**	**Other post-employment liabilities**	**Total**
Net liability	**€m**	**€m**	**€m**	**€m**	**€m**
Present value of retirement benefit obligations	**(204.9)**	**(115.3)**	**(33.5)**	**(91.9)**	**(445.6)**
Fair value of plan assets	**166.3**	**117.4**	**—**	**26.7**	**310.4**
Asset ceiling	**—**	**(4.1)**	**—**	**—**	**(4.1)**
Net liability at 30 June 2021	**(38.6)**	**(2.0)**	**(33.5)**	**(65.2)**	**(139.3)**

	US pensions	Other pensions	US healthcare	Other post-employment liabilities	Total
Net liability	€m	€m	€m	€m	€m
Present value of retirement benefit obligations	(209.2)	(117.9)	(33.8)	(95.3)	(456.2)
Fair value of plan assets	156.9	115.4	—	26.8	299.1
Asset ceiling	—	(3.6)	—	—	(3.6)
Net liability at 31 December 2020	(52.3)	(6.1)	(33.8)	(68.5)	(160.7)

Income Statement

Net (expense)/income recognised in the Income Statement is as follows:

Unaudited **Net expense**	**US pensions** **€m**	**Other pensions €m** **€m**	**US healthcare** **€m**	**Other post-employment liabilities** **€m**	**Total** **€m**
Current service cost	**—**	**(0.8)**	**—**	**(2.1)**	**(2.9)**
Settlement/curtailment gain	**—**	**—**	**—**	**0.1**	**0.1**
Net interest expense	**(0.6)**	**—**	**(0.4)**	**(0.3)**	**(1.3)**
Total expense for the period ended 30 June 2021	**(0.6)**	**(0.8)**	**(0.4)**	**(2.3)**	**(4.1)**

Unaudited Net expense	US pensions €m	Other pensions €m	US healthcare €m	Other post-employment liabilities €m	Total €m
Current service cost	(0.1)	(0.6)	—	(3.7)	(4.4)
Net interest expense	(0.7)	—	(0.4)	(0.4)	(1.5)
Total expense for the period ended 30 June 2020	(0.8)	(0.6)	(0.4)	(4.1)	(5.9)

At 30 June 2021, the Group reviewed the discount rates relating to the most significant retirement benefit obligations and determined for US pension obligations the discount rate was 2.75% (2.40%, at 31 December 2020).

Changes resulting from these US benchmark indexes in the first-half of 2021 and overall pension asset performance in the same period decreased the net US pension liability by €13.7 million.

The decrease/(increase) in the total retirement benefit obligations due to a +50bp/-50bp change in the discount rate is €30.9m/(€36.2m) for all plans combined.

11. Provisions

Movements in provisions are as follows:

Unaudited	**Product warranty** **€m**	**Restructuring** **€m**	**Other** **€m**	**Total** **€m**
At 1 January 2021	**14.6**	**11.0**	**4.9**	**30.5**
Provisions made during the period	**1.6**	**17.9**	**—**	**19.5**
Provisions used during the period	**(4.1)**	**(10.1)**	**—**	**(14.2)**
Provisions reversed during the period	**(0.7)**	**(0.3)**	**—**	**(1.0)**
Currency translation	**0.1**	**—**	**(0.1)**	**—**
At 30 June 2021	**11.5**	**18.5**	**4.8**	**34.8**

	Product warranty €m	Restructuring €m	Other €m	Total €m
At 1 January 2020	13.9	5.1	5.3	24.3
Provisions made during the year	15.0	16.1	0.2	31.3
Provisions used during the year	(12.1)	(2.6)	(0.3)	(15.0)
Provisions reversed during the year	(1.5)	—	—	(1.5)
Utilisation of discount	—	—	(0.1)	(0.1)
Non cash movements	—	(7.0)	—	(7.0)
Currency translation	(0.7)	(0.6)	(0.2)	(1.5)
At 31 December 2020	14.6	11.0	4.9	30.5

Restructuring provisions made in the period of €17.9 million include €14.7 million in relation to reorganisation initiatives in Germany.

The net restructuring charge of €17.6 million in the period comprises €7.2 million in relation to the FCS division and €10.4 million in relation to FTDS (year ended 31 December 2020: €7.0 million and €9.1 million respectively).

12. Cash Generated from Operations

	Unaudited Half Year 2021 €m	Unaudited Half Year 2020 €m
Profit/(Loss) for the period	**11.1**	(320.8)
Income tax expense/(credit)before exceptional items	**24.6**	(2.7)
Exceptional income tax credit	**(2.8)**	(29.2)
Profit/(Loss) before income tax	**32.9**	(352.7)
Adjustments for:		
Depreciation, amortisation and impairment charges	**96.8**	110.6
Exceptional impairment charges	**—**	304.6
Loss on disposal of PP&E and intangible assets	**0.3**	0.2
Share-based expense/(credit) excluding social security costs	**3.5**	(2.3)
Net finance expense	**42.4**	40.7
Unremitted share of loss from associates	**1.2**	0.6
Net foreign exchange losses/(gains)	**7.6**	(0.7)
Changes in working capital:		
- Inventories	**(24.3)**	(11.5)
- Trade and other receivables	**38.0**	181.9
- Trade and other payables	**(50.8)**	(127.7)
Change in provisions	**4.3**	(2.4)
Change in retirement benefit obligations	**(1.2)**	0.7
Total	**150.7**	142.0

The changes in working capital (movements in inventories, trade and other receivables and trade and other payables) reflect a number of non-cash transactions. The most significant of these arises from movements due to changes in foreign exchange rates, on translation of the Group's overseas operations into the Group's presentation currency, Euro.

13. Commitments and Contingencies

Capital Commitments

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 2021 €m	31 December 2020 €m
Intangible assets	**10.8**	10.4
Property, plant and equipment	**44.8**	47.3
Total	**55.6**	57.7

14. Related Party Transactions

14.1 Transactions with Group Companies

Balances and transactions between Group companies have been eliminated on consolidation, and are not disclosed in this note except for subsidiaries that are not wholly owned. 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.

14.2 Ultimate controlling party

Certain funds managed by Bain Capital, through BC Omega Holdco Ltd, have been the Group's ultimate controlling party since incorporation up until 15 April 2021, when it was announced that approximately 10% of the holding of BC Omega Holdco Ltd was sold, via a placing, reducing its holding in the ordinary share capital of TI Fluid Systems plc, to 44.4%. TI Fluid Systems plc did not receive any proceeds from the placing. As a result, at 30 June 2021 there is now no ultimate controlling party of TI Fluid Systems plc.

Independent review report to TI Fluid Systems plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed TI Fluid Systems plc’s condensed consolidated interim financial statements (the “interim financial statements”) in the Half year results 2021 of TI Fluid Systems plc for the 6 month period ended 30 June 2021 (the “period”).

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 UK adopted International Accounting Standard 34, 'Interim Financial Reporting' 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 Condensed Consolidated Balance Sheet as at 30 June 2021;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the Condensed Consolidated interim financial statements.

The interim financial statements included in the Half year results 2021 of TI Fluid Systems plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half year results 2021, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half year results 2021 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 Half year results 2021 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 Half year results 2021 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
6 August 2021

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 2020.

By order of the Board

Bill Kozyra
President and CEO
6 August 2021

Ronald Hundzinski
Chief Financial Officer
6 August 2021