TI Fluid Systems

8 August 2023

2023 Half Year Results Presentation

TI Fluid Systems plc

Disclaimer

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

The financial information in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. For more detailed information, please see the preliminary results announcement for the half year ended 30 June 2023.

Agenda

- 2023 H1 Highlights
- Financial Performance
  Capital Allocation
- Business Development
- Q&A

2023 H1 Highlights

Strong revenue growth, margin expansion and BEV award growth

FINANCIAL

Revenue
€1.8 Bn
+15.1% at constant rates
+390 bps outperformance

Adjusted EBIT
7.5% margin
+210 bps growth

Improved full year guidance

NEW BUSINESS

Total Awards
€1.4 Bn

BEV Awards
€649 M
Including additional success in ITMa awards

China BEV Awards
€304 M

STRATEGIC

eMICs opened in Japan and South Korea

New Capital Allocation Policy

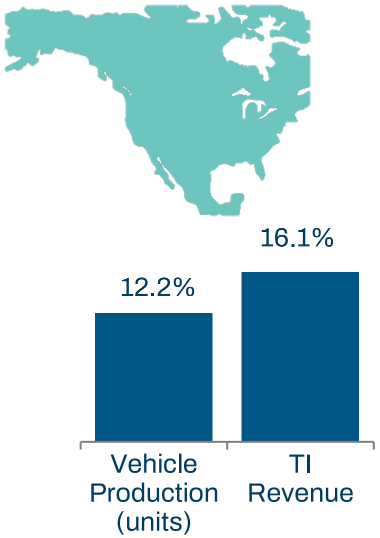
Ahead of 2023 CO_2e reduction plan

Revenue and Vehicle Production

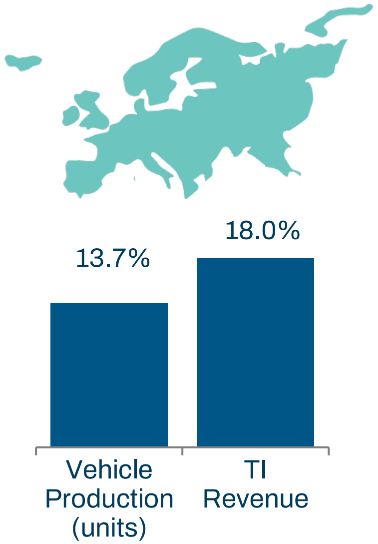
Revenue outperformance in all regions

Region	North America	Europe & Africa	Asia-Pacific	Global

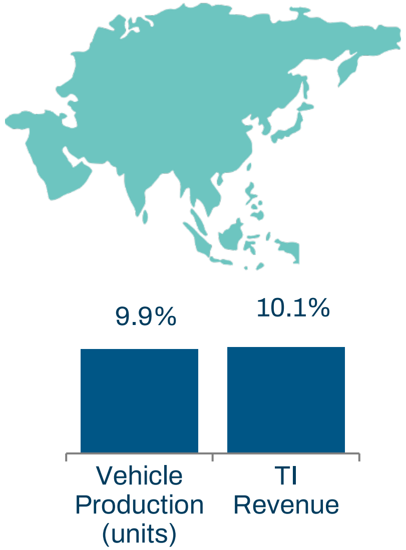
H1 2023 Growth*



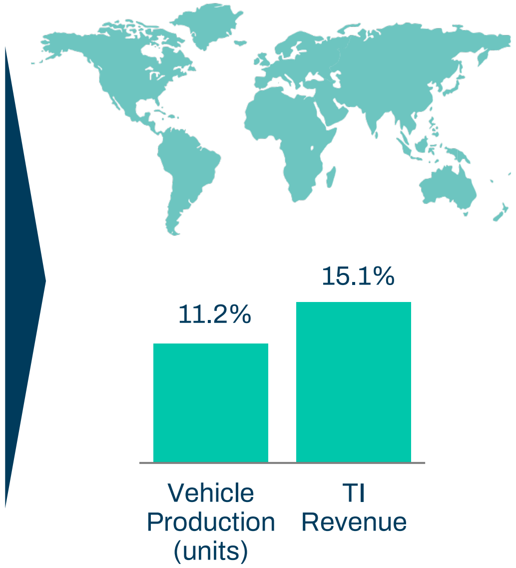
- Strong growth due to volume ramp-up and new thermal launches
- Improved cost recoveries



- Strong growth with the market recovery in addition to launches of new thermal products on BEV platforms
- Improved cost recoveries



- Growth in all countries in the region
- China slightly underperforming while improving in line with expectations



- Strong underlying volume growth
- New thermal launches and cost recoveries

* Revenue at constant currency

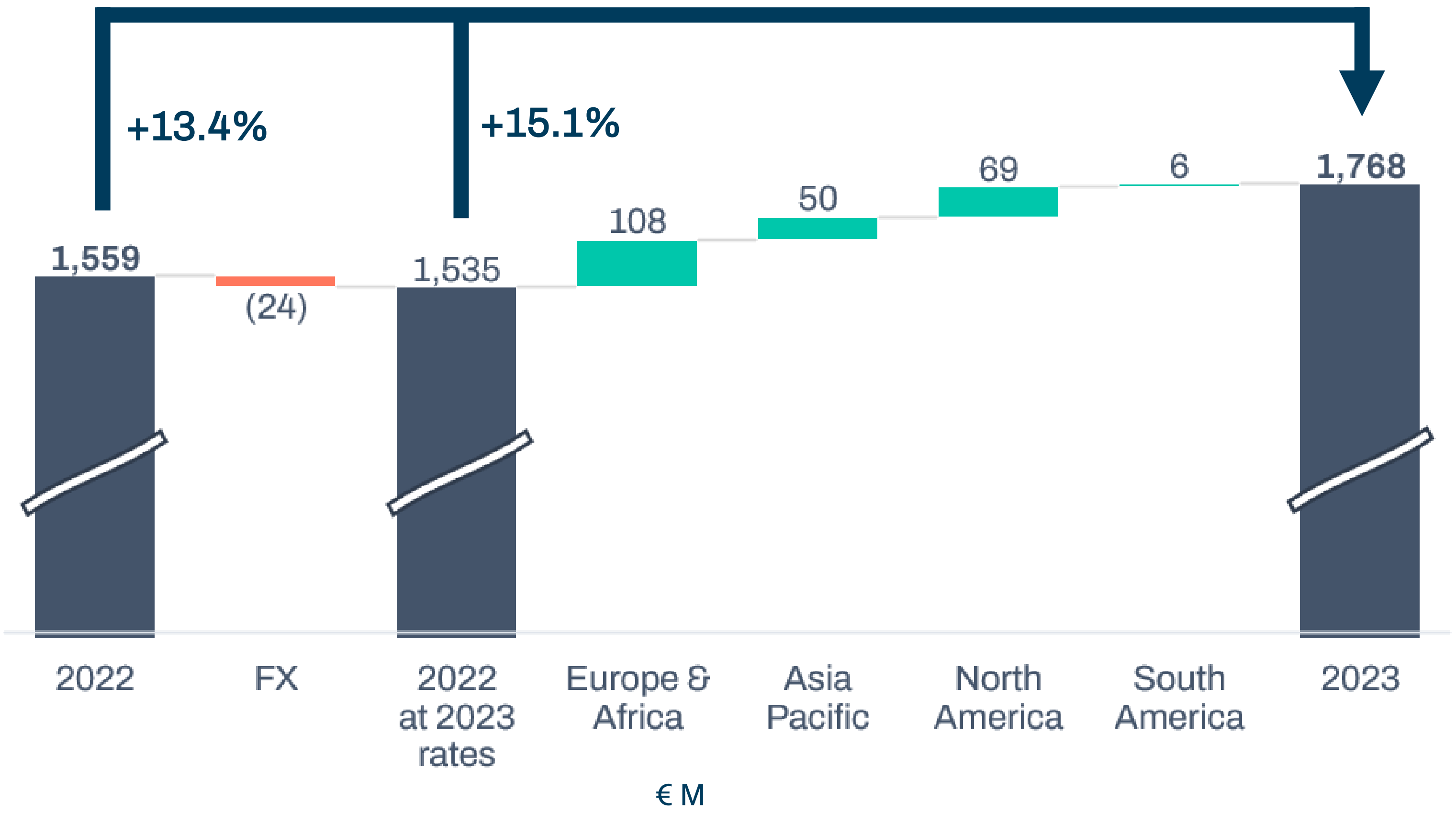
Source: July 2023 S&P Global Mobility and company estimates

Financial Performance
Capital Allocation

Alexander De Bock

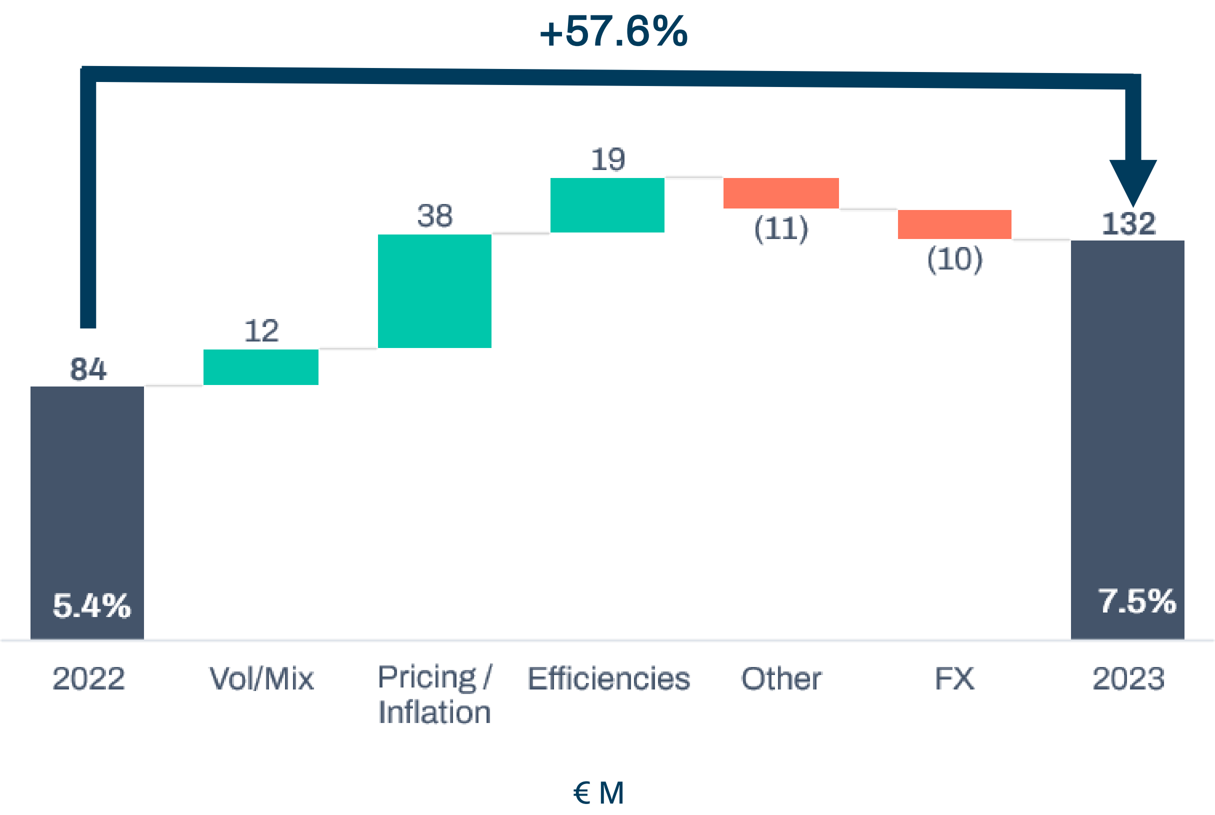
Revenue Growth

Strong contribution to revenue growth from all regions



Adjusted EBIT Bridge

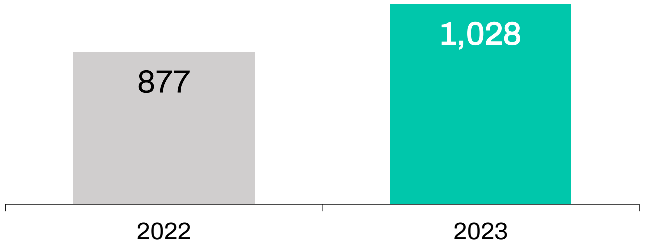
Robust recoveries and efficiency improvements



- Significant majority of customer inflation recovery agreements concluded for 2023
- Efficiency improvements from:
  - Labour and materials productivity programmes
  - Footprint optimisation
  - Lower volatility in the production environment
- Other includes technology investments and normalisation of fixed costs

Segment Revenue and Adjusted EBIT Margins

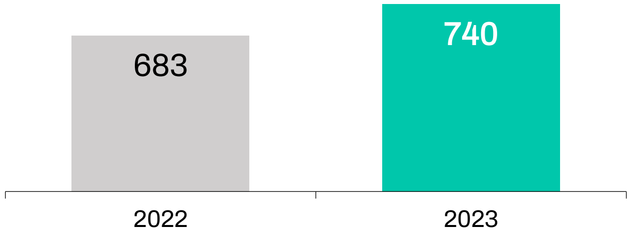
FCS Revenue (€ M)



Adjusted EBIT Margin	5.3%	6.8%

- Revenue increase of 19.1% at constant rates – 790 bps outperformance
  - Benefit from GLVP increase
  - Volume ramp-up and new Thermal launches on BEV platforms
  - Strong progress on HEV platforms
- Adjusted EBIT margin expansion:
  - Cost recoveries and efficiency gains
  - Preparation for 2023 launches
  - Thermal technology investment

FTDS Revenue (€ M)



Adjusted EBIT Margin	5.5%	8.4%

- Revenue increase of 10.1% at constant rates:
  - Outperformance the ICE/(P)HEV market
  - New launches particularly in North America
- Adjusted EBIT margin expansion:
  - Cost recoveries and efficiency gains
  - Reduced development and launch costs

Adjusted Net Income, Adjusted Basic EPS and Dividend

Adjusted Net Income up 126%
Increased interim dividend based on new capital allocation strategy

€ M	H1 2023	H1 2022*
Adjusted EBIT	**132**	84
Net finance expense	**(36)**	(29)
Tax charge	**(26)**	(19)
Tax on adjusting items	**(7)**	(7)
Adjusted Net Income	**63**	29
Adjusted Basic EPS (€ cents / share)	**12.1**	5.7
Interim dividend (€ cents per share)	**2.30**	1.00

* Restated to be comparable with the current definition of Adjusted Net income to add back purchase accounting depreciation and amortisation

- Strong increase in Adjusted EBIT partially offset by increased interest rates and higher taxes
- Tax rate excluding adjusting items of 34.7% vs. 46.7% last year
- New capital allocation strategy intends a full-year dividend payout of €35 M / 6.80 € cents per share
- New definition of Adjusted Net Income now excludes purchase price accounting items, consistent with other adjusted performance measures

Adjusted Free Cash Flow

Cash flow generation in line with seasonal expectation

€ M	H1 2023	H1 2022
Adjusted EBITDA	**199**	160
PP&E and Intangibles	**(59)**	(56)
Working Capital, Provisions and Other	**(77)**	(57)
Cash Interest	**(32)**	(24)
Cash Tax	**(29)**	(25)
Adjusted Free Cash Flow	**2**	(2)

- Increase in Adjusted EBITDA offset by working capital, interest and tax increases
- Significant price recoveries concluded in June will result in cash inflows in Q3
- Capex remains stable and modest during business transformation
- Cash tax follows the increase in earnings

New Capital Allocation Policy

Optimising short and long-term shareholder value creation

Capex / Capitalised R&D	Inorganic growth	Dividends	Deleveraging	Share Buyback
Continue to Invest ~ 4% - 5% of revenue in capex to support organic growth prioritising thermal	A key driver of value creation through technology and market share gains	Progressive growth Start at €35 M for 2023	€100 M term loan prepayment in H2 2023	Up to €40 M starting in 2023

Targeting net leverage of ~ 1.5 x Adjusted EBITDA, retaining a strong financial position

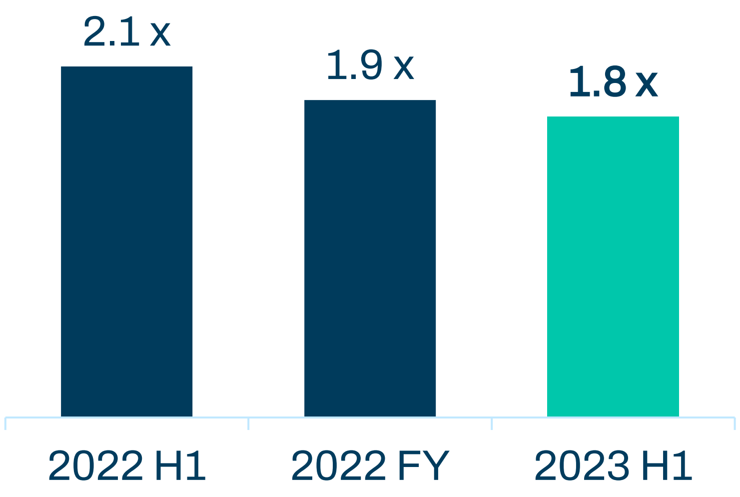
Capital Structure and Liquidity

Continued reduction of the leverage

Capital Structure Evolution

€ M	Interest rate	2023 H1	2022 YE	2021 H1
Financial liabilities				
Secured Term Loan (2026)	SOFR + 3.25% Euribor + 3.25%	**528**	537	545
Unsecured Senior Notes (2029)	3.75%	**600**	600	600
Unamortised Fees		**(18)**	(21)	(23)
Total borrowings		**1,110**	1,116	1,122
Cash and cash equivalents		**(442)**	(491)	(458)
Net Debt		**668**	625	664

Leverage Evolution (Net Debt / LTM Adjusted EBITDA)



€100 M prepayment of USD Term Loan in H2

2023 Outlook
Increasing Volume and Margin Guidance

	2022	2023 March Outlook	2023 Outlook
Global Light Vehicle Production GLVP	82.0 M units	c.83 M units	c.85 M units
Revenue vs GLVP Growth at constant currency	(150) bps	Return to Outperformance *	Return to Outperformance *
Adjusted EBIT Margin	5.5%	Expansion > 6%	Expansion > 7%
Adjusted Free Cash Flow % Adjusted EBITDA	€78 M 24%	~ 30% Adjusted EBITDA	~ 30% Adjusted EBITDA

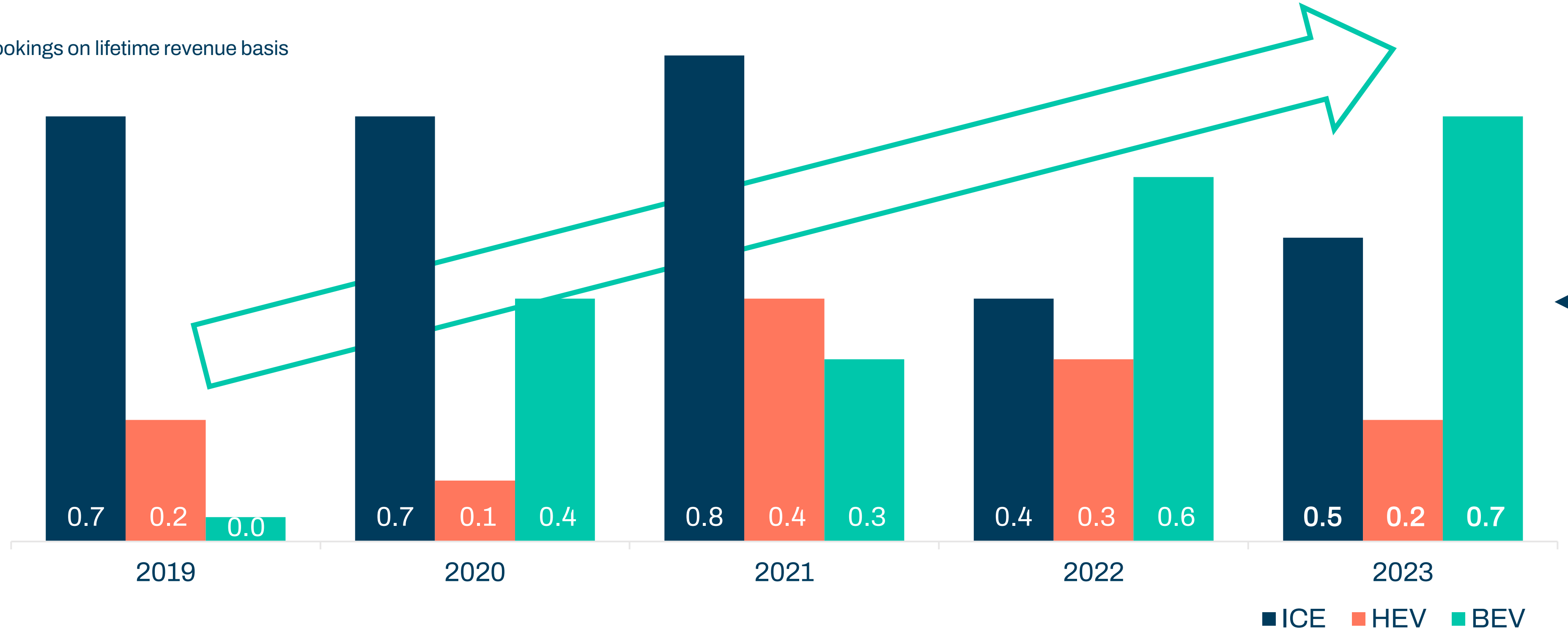
* Subject to changes in the market conditions in China with respect to BEV launch timing by the local and global OEMs

Business Development

Hans Dieltjens

Electrification Awards H1 2019-2023

€Bn - Bookings on lifetime revenue basis

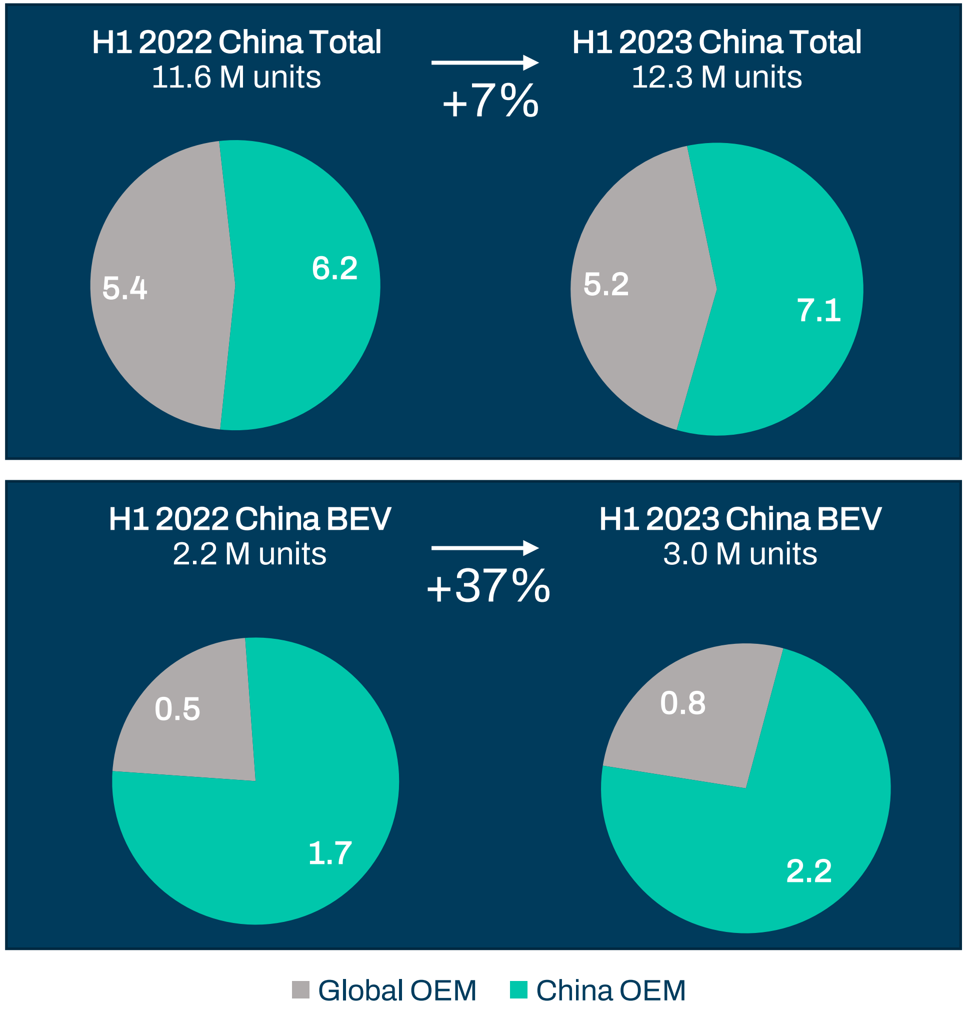


48% awards on BEV platforms

c.45% of BEV awards in China

Continuous growth of awards of electrified platforms including success on ITMa

China Growth



Reaffirm expectations of China outperformance

2023 Market Update

- China BEV continues to drive 100% of market growth, particularly with local OEMs and Tesla
- NEV incentives extended until 2027

Significant amount of TIFS launch activity

- 20 launches with Global OEM
- 24 launches with Local OEM
  - 14 launches completed in H1
  - 30 launches planned for H2

Source: Global S&P Mobility July 2023

Example Launches - BEV/HEV H1 2023

China GAC AION A2 (BEV)
Thermal Refrigerant
Lifetime sales: €17.9 M

EU Opel Astra (BEV)
Thermal Refrigerant & Brake lines
Lifetime sales: €30.3 M

China Xpeng F30 (BEV)
Brake lines
Lifetime sales:€1.2 M

China SAIC P35 (BEV)
Brake lines
Lifetime sales: €1.1 M

China Toyota Corolla (HEV)
Tanks
Lifetime sales: €98.7 M

China GW P03 Tank500 (PHEV)
Tanks
Lifetime sales: €14.5 M

China GW C01 (PHEV)
Tanks
Lifetime sales: €17.3 M

China Mercedes-Benz GLC (HEV)
Thermal Heater lines
Lifetime sales: €7.2 M

e-Mobility Innovation Centre Launches Japan & South Korea

Strategic global investment

'Local-for-Local'

Positive customer feedback

China opens 2H 2023

USA opens 1H 2024

Environmental

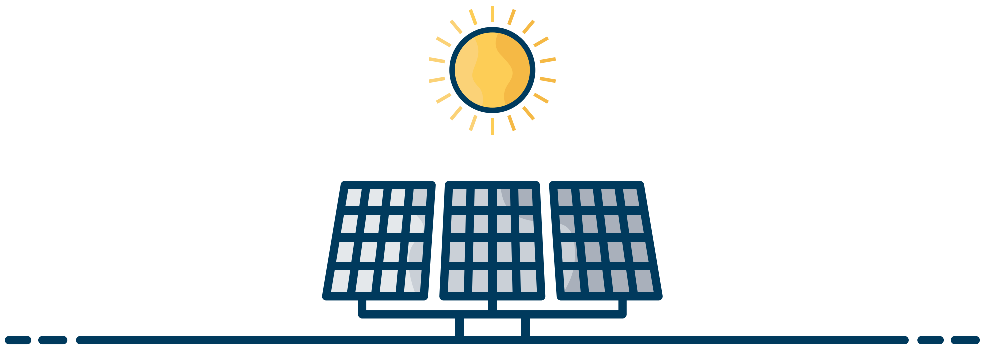
CO_2(e) reduction ahead of plan

Updated CO_2(e) Reduction Targets
Aligned with and submitted to SBTi

50%
Reduction in
Scope 1 & 2
CO_2e emissions

30%
Reduction in
Scope 3
CO_2e emissions

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



Energy Efficiency

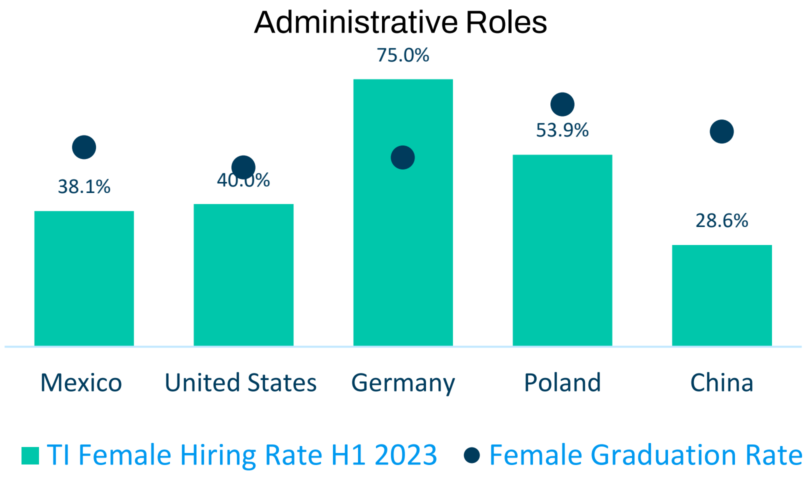
Multi-year plan to achieve CO_2(e) reductions:

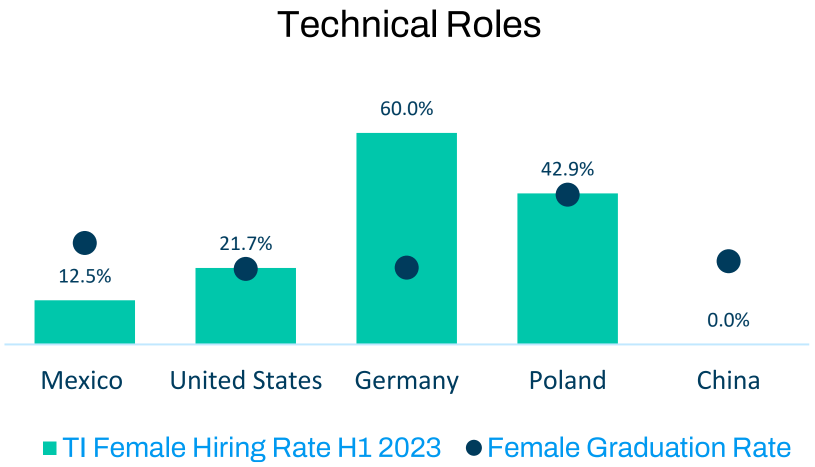
- Renewables
- Efficiency
- Supplier engagement

Green Energy Purchases through

- Direct Energy Contract
- EACs

Social





103

Women connected with women from our Board during Q2 Women's Empowerment Network meeting

More than

750

Managers and Directors engaged with science-based assessments of their ability to be inclusive.

Strong progress across the business and shareholder value creation

- Revenue growth
- Adjusted EBIT margin expansion
- Increase in EV awards
- eMIC expansion in Asia Pacific
- New approach to capital allocation
- Guidance raised

Q & A

Appendix

Reconciliation of adjusted EBITDA/EBIT to statutory measures

€ M	2023 H1	2022 H1
Revenue	**1,768**	1,560
Adjusted EBIT	**132**	84
Adj. EBIT %	***7.5%***	*5.4%*
D&A (excluding PPA)	**67**	76
Adjusted EBITDA	**199**	160
Adj. EBITDA %	***11.2%***	*10.3%*
D&A	**(92)**	(103)
Net FX Gains/ (Losses)	**(3)**	3
Net restructuring costs	**(7)**	(12)
Other Reconciling Items *	**(2)**	-
Operating Profit	**95**	48
Net finance expense	**(36)**	(28)
Tax	**(26)**	(19)
Profit for the Period	**33**	1

- **Adjustments** primarily relate to certain non-cash and non-operational expenses
- **Purchase Price Accounting ("PPA") -** depreciation and amortisation arising on the fair value uplifts related to the Bain Capital and Millennium acquisitions

*Other reconciling items include non-exceptional restructuring charges, adjustments for associate income, M&A associated costs, SaaS implementation costs, and loss on disposal of associate

Adjusted Net Income, Adjusted Basic EPS

€ M	H1 2023	H1 2022
Profit / for the period	**33**	1
Net FX (gains) / losses	**3**	(3)
Restructuring / Other	**10**	11
Purchase accounting D&A	**25**	27
Tax on adjusting items	**(8)**	(7)
Adjusted Net Income	**63**	29
Adjusted Basic EPS (€ cents / share)	**12.1**	**5.7**

Adjusted Net Income and Adjusted Basic EPS Reconciliation to previous reports

	2018	2019	2020	2021	2022	2022 H1	2023 H1
Adjusted Net Income € M							
Previous basis	155	150	14	58	44	9	45
Purchase accounting D&A	86	73	54	52	54	27	25
Tax impact of adjusting items	(21)	(18)	(14)	(12)	(14)	(7)	(8)
New Basis	**220**	**205**	**56**	**98**	**84**	**29**	**62**
Adjusted Basic EPS (€ cents/ share)							
Previous basis	29.87	28.91	2.64	11.23	8.48	1.75	8.79
New Basis	**42.44**	**39.39**	**10.68**	**18.78**	**16.43**	**5.73**	**12.12**
Shares (M)	519.5	519.9	519.8	519.1	513.1	513.5	515.5

Income Tax Charge Analysis

€ M	2023 H1			2022 H1		
	PBT	**Charge**	**ETR**	PBT	Charge	ETR
Result excluding Adjusting Items:						
Tax charges – recognised	**128**	**(33)**	**26.0%**	85	(24)	28.6%
Tax losses – not recognised (mainly UK)	**(32)**	**-**	**-**	(30)	(2)	(5.0)%
Result excluding Adjusting items	**96**	**(33)**	**34.7%**	55	(26)	46.7%
Adjusting items	**(37)**	**8**	**20.6%**	(35)	7	18.4%
Reported result	**59**	**(26)**	**43.5%**	20	(19)	97.5%

The effective tax rates are impacted by:

- Increase in the level of taxable profits;
- Prior year tax benefit of €4 M
- UK book loss of €30 M that is not tax effected due to the projected and historical UK loss position

Glossary of terms

Adjusting Items - Adjusting items represent transactions that in Management's view do not form part of the substance of the trading activities of the Group, such as large-scale reorganisations, system implementations, acquisition costs and certain non-cash accounting measures. At the reporting date, Adjusting Items comprise: depreciation and amortisation arising on purchase accounting, net foreign exchange losses/(gains), restructuring costs, customisation and configuration costs of significant software as a service ("SaaS") arrangements and costs associated with business acquisitions or disposals.

Adjusted Basic EPS - Adjusted Net Income divided by the weighted average number of shares in issue in the period

Adjusted EBIT - Operating profit excluding Adjusting Items.

Adjusted EBITDA - Adjusted EBIT plus depreciation, amortisation and non-exceptional impairments on non-purchase accounting.

Adjusted Free Cash Flow - Free Cash Flow adjusted for cash movements in financial assets at fair value through Profit or Loss, and the net cash flows arising on Adjusting Items.

Adjusted Net Income - Profit or Loss for the period attributable to ordinary shareholders, excluding Adjusting Items, net of their tax effect.

BEV – Battery electric vehicles

Constant currency - The remeasurement of prior period results at current exchange rates to eliminate fluctuations in translation rates and achieve a like-for-like comparison.

FCS - Fluid Carrying Systems, a division of the Group which supplies Brake & Fuel lines and thermal products.

FTDS - Fuel Tanks and Delivery Systems, a division of the Group that supplies fuel tanks and fuel pumps and modules.

GLVP - Global Light Vehicle Production of light vehicles.

HEV - Hybrid Electric Vehicles, excluding mild hybrid vehicles.

ICE - Internal Combustion Engine vehicles.

ITMa – Integrated Thermal Manifold

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

Net leverage - Net debt divided by last 12 months' Adjusted EBITDA.

OEM - Original Equipment Manufacturer, used to refer to vehicle manufacturers the main customers of the Group.

NEV – New Energy Vehicle

PHEV - Plug in Hybrid electric vehicles

Revenue outperformance - The growth in revenue at constant currency compared to the growth in light vehicle production volumes

SBTi - Science-Based Target Initiative which is used to refer to the climate change targets aligned to the Paris Agreement targets.