



TI Fluid Systems plc

Q3 2023 Trading Update

Strong revenue growth, confident in 2023 outlook

TI Fluid Systems plc (TIFS), a global industry leader in highly engineered automotive fluid storage, carrying, delivery and thermal management systems for light vehicles issues, a trading update for the third quarter and nine months ended 30 September 2023.

Highlights for the nine months ended 30 September 2023

- Strong revenue growth year to date of 8.9%, and 12.4% at constant currency, compared to market growth of 9.0%
- Q3 revenue growth of 0.6%, and 7.0% at constant currency, compared to market growth of 3.8%
- New BEV bookings with lifetime revenue of €819 million, of which broadly half was in China
- Strategic progress with the opening of the Group’s fourth E-Mobility Innovation Centre in Jiading, Shanghai in October
- Executing revised capital allocation policy – acquisition of Cascade Engineering Europe on track to close in Q4, share buyback commenced in October, c.€100 million term loan prepayment in August, and net leverage reduced to 1.7x adjusted EBITDA as of 30 September
- Remain confident in full year outlook for revenue outperformance, adjusted EBIT margin expansion to above 7% and adjusted free cash flow conversion of c.30% of adjusted EBITDA

€ million	9 months ended Sep 23	9 months ended Sep 22	% Change	% Change at constant currency	LVP volume growth
Group Revenue	2,619.5	2,405.9	8.9%	12.4%	9.0%
By Segment					
FCS	1,521.3	1,373.9	10.7%	14.3%	9.0%
FTDS	1,098.2	1,032.0	6.4%	9.8%	9.0%
By Region					
Europe & Africa	1,012.7	880.9	15.0%	15.3%	12.1%
Asia Pacific	809.0	821.8	(1.6)%	5.9%	7.3%
North America	753.7	665.2	13.3%	15.4%	11.3%
Latin America	44.1	38.0	16.0%	24.7%	5.9%

Notes: LVP (Light Vehicle Production) volume herein based on S&P Global Mobility, October 2023, and Company estimates.

Revenue Performance

Group revenue for the nine months ended 30 September 2023 was €2,619.5 million, an increase of 12.4% at constant currency, with strong growth across both segments and all regions. Reported revenue growth was 8.9%, with a foreign exchange headwind due to the strengthening of the Euro against most key currencies.

Fluid Carrying Systems (FCS) revenue increased 14.3% at constant currency, reflecting strong industry volume growth, inflationary cost recoveries and successful launches of thermal management programmes for hybrid and battery electric vehicles. Fuel Tanks & Delivery Systems (FTDS) revenue increased 9.8% at constant currency, well ahead of the growth in addressable markets. This was driven by inflationary cost recoveries, and our success on hybrid vehicle platforms.

Europe & Africa and North America delivered particularly strong growth. This reflects market volume growth, successful thermal product launches and inflationary cost recoveries. The impact of the UAW strike on Q3 revenue was limited. Assuming the tentative agreements reached with the US OEMs result in a full resolution, we expect only a modest revenue impact in Q4. In Asia Pacific, revenue growth at constant currency was 5.9%, slightly below light vehicle production volume growth. In China, the local OEMs have continued to grow strongly, resulting in some ongoing unfavourable mix. This was partially offset by new launches with Chinese OEMs which are in the ramp up phase. We launched a further nine programmes in China in Q3, giving a total of over 30 for the year to date, and we expect further progress in Q4.

Outlook

We remain confident in our full year outlook, supported by the Group's performance in the first nine months of 2023. We continue to expect constant currency revenue growth outperformance compared to GLVP growth, adjusted EBIT margin expansion to above 7%, and adjusted free cash flow to be approximately 30% of adjusted EBITDA.

Comment from Hans Dieltjens, CEO and President

"TI has delivered strong revenue growth in the first nine months of the year and we are confident in our full year guidance for revenue outperformance, strong EBIT margin expansion and robust cash conversion. We continue to make strategic progress, confirmed by our bookings for electrified vehicles.

As we outlined at our Capital Markets Day in September, we are Taking the Turn to a successful future. Our strategy is focused on capitalising on the opportunities of electrification while leveraging the strengths of our conventional portfolio. In doing so, we will drive sustainable growth and return to double-digit adjusted EBIT margins in the medium term."

Trading update call

TI Fluid Systems plc is holding a call for analysts and investors at 11:00 am UK time today.

Conference Call Dial-In Details:

United Kingdom (Local) 020 4587 0498

United States (Local) 1 646 787 9445

All other locations [Global Dial-In Numbers](#)

Access code: 046071

You can pre-register to receive a unique PIN to dial directly into the call [using this link](#).

An audio recording will be available on our website www.tifluidsystems.com in due course.

Enquiries

TI Fluid Systems plc
Kellie McAvoy
Investor Relations
Tel: +44 7354 846374

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

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