



## TI Fluid Systems

TI Fluid Systems plc

Half Year Results 2024

**Strong execution amidst a flat market**

**Adjusted EBIT margin up 40 basis points, 15% Adjusted EPS growth**

**Improved full year margin outlook despite weaker market forecasts**

TI Fluid Systems plc (TIFS), a global industry leader in highly engineered automotive fluid storage, carrying and delivery systems and thermal management products and systems, announces its results for the six months ended 30 June 2024 (the 'period').

€millions

Adjusted Measures*	H1 2024	H1 2023	Change	Constant currency change
Revenue	1,719.4	1,768.1	(2.8)%	(1.4)%
Adjusted EBIT	135.5	131.9	+2.7%	+4.8%
Adjusted EBIT Margin %	7.9	7.5	+40bps	
Adjusted Net Income	70.6	62.5	+13.0%	
Adjusted Basic Earnings per Share (€ cents)	13.9	12.1	+14.6%	
Adjusted Free Cash Flow	(14.4)	2.3		

Statutory Measures	H1 2024	H1 2023	Change
Revenue	1,719.4	1,768.1	(2.8)%
Operating Profit / EBIT	95.8	95.0	+0.8%
Profit for the period	40.2	33.3	+20.7%
Basic Earnings per Share (€ cents)	7.9	6.4	+22.5%
Dividend per Share (€ cents)	2.40	2.30	+4.3%

\*Adjusted measures are non-IFRS, reconciled in Note 3, defined in Note 18

### H1 2024 financial performance

- Revenue declined 1.4% at constant currency in the period
  - EMEA revenue increased 4.4% including a circa 250 basis points contribution from last year's acquisition of Cascade
  - Revenue in Asia Pacific reduced by 7.1% with lower revenue in China in line with the reduction in Global OEM production
  - Americas revenue was 3.4% lower with a circa 480 basis points headwind from the previously announced exit of an unprofitable product line
- Continued Adjusted EBIT margin expansion, up 40 basis points, driven by ongoing execution of our productivity and efficiency initiatives as well as continuing commercial activities
- Adjusted Basic EPS 14.6% higher due to increased profitability and a lower effective tax rate
- Adjusted Free Cash Flow reflects modest inventory build as a result of recent production schedule volatility and timing of payments. We remain on track for our full year cash conversion target

- Adjusted ROCE of 25.4% (H1 2023: 21.7%), demonstrating our ability to deploy capital effectively
- Interim dividend increased 4.3% to 2.40 € cents per share

### **Progressing our strategy for sustainable and profitable growth**

- Bookings demonstrate the benefits of our propulsion agnostic portfolio, with total bookings increasing 11% to €1.5 billion including €0.6 billion of EV awards
- Continued progress in China including five new awards with the largest Chinese OEM and 40 launches, half with local OEMs
- Fifth and final e-Mobility Innovation Centre opened in North America
- Further footprint optimisation, with two facilities closed and others downsized to adapt to customer needs and support progress towards our mid-term, double-digit Adjusted EBIT margin target
- Capital allocation policy delivering: €12.0 million interim dividend, 13.3 million shares acquired in the period for €22.5 million and net leverage of 1.7x Adjusted EBITDA (H1 2023: 1.8x)

### **Full year outlook – higher Adjusted EBIT margin expectation despite weaker market forecasts**

The productivity and efficiency measures implemented in late 2023 and early 2024 are on track and reaffirm our confidence in expanding our Adjusted EBIT margin. As a result, we are increasing our full year Adjusted EBIT margin expectation to above 7.6% notwithstanding a slight decline in revenue at constant currency due to the recent softening of the 2024 industry outlook.

We continue to expect Adjusted Free Cash Flow conversion of approximately 30% of Adjusted EBITDA.

### **Comment from Hans Dieltjens, CEO & President:**

“Our first half performance demonstrates strong operational execution, successful strategic delivery and the resilience of our propulsion agnostic portfolio. Through our productivity and efficiency measures, we have once again improved our Adjusted EBIT margin, making progress towards our mid-term double-digit target.

We have a strong pipeline of productivity initiatives and are agile to respond to changing market conditions. As a result, we have raised our full year Adjusted EBIT margin expectation to above 7.6% in a market with a slightly softer near-term outlook.

Bookings are up 11% year-on-year, highlighting the advantages of a product portfolio catering to all propulsions and the benefits of growing demand for hybrid vehicles. I am confident that our market-leading positions and ability to adapt to changing market conditions will continue to underpin the execution of our Taking-the-Turn strategy and achievement of our mid-term targets.”

### **Results presentation**

TI Fluid Systems plc will host a webcast and audio conference for investors and analysts at 11.00 am UK time on 8 August 2024.

Webcast Link: [https://webcast.openbriefing.com/tifs\\_h1/](https://webcast.openbriefing.com/tifs_h1/)

Conference Call Dial-In Details:

United Kingdom (local): +44 20 3936 2999

United States (local): +1 646 787 9445

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

Conference Code: 861950

Should you wish to pre-register for the audio conference call, please use [this link](#) to receive a unique PIN to dial directly into the call.

The presentation will be available at 11:00 am UK time from [www.tifluidsystems.com](http://www.tifluidsystems.com). An audio recording will be available on our website following the event.

## **Enquiries**

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

Headland Consultancy  
Matthew Denham  
Chloe Francklin  
Tel: +44 20 3805 4822

## Chief Executive Officer's Review – operational execution delivering further Adjusted EBIT margin expansion

Our performance in the first six months of 2024 demonstrates strong operational execution and the resilience of our propulsion agnostic portfolio. In a flat market environment and with a continued mix shift towards local Chinese OEMs, we improved Adjusted EBIT margin and took another important step on the journey back to a double-digit margin. Adjusted EPS increased by 14.6%, reflecting our financial discipline. Bookings were up 11% to €1.5 billion, as we adapted to a changing market environment with relatively higher combustion engine vehicle opportunities. Our Taking-the-Turn strategy is on track.

### Financial performance

Group revenue reflects a strong performance in Europe, good underlying growth in the Americas excluding a planned product line exit and continued mix effects in China. Group revenue declined 1.4% at constant currency.

- EMEA revenue increased 4.4%, well ahead of the market. Cascade, acquired last year, contributed circa 250 basis points and is performing well. The region benefited from growth in fuel tanks and delivery systems, including on plug-in hybrid (“PHEV”) platforms, partially offset by lower volumes for thermal products for EVs.
- Revenue in Asia Pacific reduced by 7.1% due to lower revenue in China, partially offset by strength in Japan and India. In China, we experienced continued mix effects with production declining 13% for the global OEMs (“GOEMs”) compared to 18% growth for the local OEMs (“LOEMs”).
- America's revenue was 3.4% lower as expected due to a circa 480 basis points headwind from the planned exit of an unprofitable product line. Excluding this, the region grew well including in fuel tanks and brake lines.

Adjusted EBIT margin increased to 7.9% (H1 2023: 7.5%) despite the headwinds of lower revenue and labour inflation. Productivity contributed circa 150 basis points to the Adjusted EBIT margin. This is testament to efforts of the team to implement operational productivity initiatives whilst continuing our commercial activities.

In addition, we converted a 2.7% increase in Adjusted EBIT into 14.6% growth in Adjusted EPS through disciplined financial execution across the P&L.

First half Adjusted Free Cash Flow performance reflected some short-term timing differences, with a €14.4 million outflow (H1 2023: €2.3 million inflow). These are expected to reverse in the second half, and we are on track for full year cash conversion of circa 30% of Adjusted EBITDA. Net leverage of 1.7x was below the 1.8x reported for H1 2023. Our capital allocation policy continues to deliver attractive returns with a total cash outflow of €45.3 million on the 2023 final dividend and share buyback.

### Our industry

The automotive market is now in a demand-driven cycle. Overall volumes remained at a healthy level, with global light vehicle production (“GLVP”) reducing marginally, down 0.2% to 43.6 million units (H1 2023: 43.7 million).

The short-term volume outlook for the industry has softened in recent weeks. Some markets also experienced short-term destocking in June. S&P has lowered its 2024 GLVP outlook and now expects a 2.0% year on year reduction<sup>1</sup>, with lower volumes in most regions as OEMs increase their focus on inventory management.

The key feature of our industry today is rising uncertainty as to the shape and speed of the EV transition. BEV growth has slowed, while forecast demand for hybrids has increased. The latest industry forecasts expect 14% growth in BEV production volumes in 2024<sup>2</sup>, which compares with 38% 12 months ago<sup>3</sup>. Alongside this, there are signs that HEVs and PHEVs may play a larger role in the transition than previously anticipated, with many OEMs announcing new hybrid models and some moving towards flexible architectures utilising all powertrains. Industry forecasts also indicate increasing demand for range extender BEVs which utilise a small combustion engine for battery charging as well as a slower pace of near-term decline in ICE production volumes.

Looking through these short-term fluctuations, the mid- to longer-term outlook remains positive, with GLVP expected to grow at circa 1-2% on average.

---

<sup>1</sup> July 2024 S&P

<sup>2</sup> June 2024 S&P

<sup>3</sup> July 2023 S&P

## **On track with our strategy for long-term, profitable growth**

Our Taking-the-Turn strategy is designed to capitalise on the opportunities of electrification and maximise the strengths of our conventional portfolio.

- Revenue growth: 2026 target of €3.8-4.2 billion; 2030 target of >€4.5 billion.
- Return to double-digit Adjusted EBIT margins in the mid-term.
- Attractive shareholder value creation: targeting Adjusted Free Cash Flow Conversion of 30% and leverage of 1.5x to underpin returns, including a progressive dividend.
- A more sustainable business: 2030 targets for a 50% reduction in Scope 1 & 2 carbon emissions, and a 30% reduction in Scope 3 as compared with a 2021 baseline.

## **Sustainable, long-term revenue growth**

Bookings underpin our future growth and in H1 2024 total bookings increased 11% to €1.5 billion (2023: €1.4 billion). These include €0.6 billion of EV awards (H1 2023: €0.9 billion). Additional bookings secured with the largest Chinese OEM represent a significant achievement and demonstrate strategic progress in China.

We completed launches across a broad mix of product lines, customers and powertrains in all regions which will drive future growth.

Our e-Mobility Innovation Centres (“eMICs”) bring critical design, engineering and testing capabilities under one roof to drive innovation and enable more effective collaboration with customers. Towards the end of the period, we opened our fifth and final eMIC in the US.

In China, we continued to enhance our position with the LOEMs, leveraging our long history of operating in China and strong market positions with GOEMs. Over half of the 40 launches in the period were with LOEMs. We also made further progress with the largest LOEM, with five additional awards for brake lines and tanks for BEV and PHEV platforms. This progress has yet to be fully reflected in revenue, but we are confident that bookings and launches are the foundations for future growth.

Recent market forecasts have reduced the expected pace of decline of ICE vehicle production. In addition, we see customers shifting to flexible architectures utilising all powertrains. TI is ideally positioned to capitalise on these opportunities to maximise our conventional products for ICE. During the period, we benefited from good growth in tanks for ICE and hybrid vehicles, and over half our bookings related to ICE platforms as customers extended existing and launched new ICE programmes.

## **Returning to double-digit Adjusted EBIT margins**

The Group’s 40 basis points Adjusted EBIT margin expansion was primarily driven by self-help initiatives, which more than compensated for lower volumes and labour inflation.

Productivity and efficiency have always been part of the Group’s DNA, and we entered 2024 with a clear focus on productivity and many actions underway. Initiatives implemented in 2023 also contributed positively. We continued to optimise our footprint, closing two facilities and downsizing other locations. Our best cost locations in Mexico and Morocco are running at increasing levels of efficiency, fixed cost savings from regional synergies and headcount reduction are being realised and we are seeing increasing benefits from our purchasing programme. We invested €14.1 million (H1 2023: €6.8 million) in restructuring, largely related to headcount and footprint optimisation.

## **Capital allocation delivering returns for shareholders**

During the first half of 2024, we returned €22.8 million in respect of the 2023 final dividend and spent €22.5 million on buying back shares. The €40 million share buyback programme announced in August last year is now around three quarters complete. In-line with our progressive dividend policy, the Board has approved a 2024 interim dividend of 2.40 € cents per share, which represents a 4.3% increase on a per share basis over the interim dividend of 2.30 € cents per share declared on 8 August 2023.

## **A more sustainable business**

Sustainability starts with our products and a focus on new, cleaner technologies to support customers in producing EVs. Our revenue mix remains broadly in-line with the industry. We continue to focus on improving our own environmental footprint and made good progress with initiatives that will increase our energy efficiency in the period. Development of our life cycle analysis and mapping of product carbon footprint in the period will also help us to define Scope 3 carbon emission reduction actions. We remain on track with our carbon reduction targets.

Continuous improvement of health & safety is another focus area. Having already rolled out our ISO 45001 Occupational Health & Safety Management System to manufacturing sites, we are now undertaking the same process for our eMICs, test centres and selected warehouses.

## **Summary and outlook**

Our first half performance demonstrates TI's fundamental strengths. Our propulsion agnostic portfolio and geographic and customer diversification underpin our resilience. Our ability to deliver further margin expansion despite volume and labour inflation headwinds reaffirms our confidence in returning to a double-digit Adjusted EBIT margin in the mid-term.

The productivity and efficiency measures implemented in late 2023 and early 2024 are on track and reaffirm our confidence in expanding our Adjusted EBIT margin. As a result, we are increasing our full year Adjusted EBIT margin expectation to above 7.6% notwithstanding a slight decline in revenue at constant currency due to the recent softening of the 2024 industry outlook.

We continue to expect Adjusted Free Cash Flow conversion of approximately 30% of Adjusted EBITDA.

Beyond, 2024, our market-leading positions and ability to adapt to changing market conditions will continue to support the execution of our Taking-the-Turn strategy.

## Chief Financial Officer's Review

Our first half financial performance was strong despite modestly lower industry volumes, with our Adjusted EBIT margin expanding to 7.9%. Our capital allocation policy is delivering improved returns for shareholders and a 4.3% increase in the interim dividend to €2.40 cents translates into a cash return of €12.0 million. We spent a further €22.5 million to repurchase 13.3 million shares in the period. Adjusted return on capital employed increased to 25.4%, demonstrating our discipline in deploying capital to create value.

### Key financial highlights

	Adjusted				Statutory		
	H1 2024	H1 2023	Change	Constant currency change	H1 2024	H1 2023	Change
Revenue	1,719.4	1,768.1	(2.8)%	(1.4)%	1,719.4	1,768.1	(2.8)%
EBITDA	202.6	198.6	+2.0%	+3.9%			
EBIT / Operating profit	135.5	131.9	+2.7%	+4.8%	95.8	95.0	+0.8%
EBIT margin	7.9	7.5	+40bps		5.6	5.4	+20bps
Net Income	70.6	62.5	+13.0%		40.2	33.3	+20.7%
Basic EPS	13.9	12.1	+14.6%		7.9	6.4	+22.5%
Dividend per share	2.40	2.30	+4.3%				
Free Cash Flow	(14.4)	2.3			(22.8)	(7.5)	

Group revenue declined 1.4% at constant currency to €1,719.4 million (H1 2023: €1,768.1 million). The Cascade acquisition made a 100 basis point positive contribution to group constant currency growth, while the planned product line exit in the Americas was a circa 140 basis point headwind. Reported revenue declined 2.8%, largely due to foreign exchange headwinds from the stronger Euro against the Chinese Renminbi and Korean Won.

### H1 2024 revenue by region

	H1 2024	H1 2023	Change	Constant currency change	GLVP growth
EMEA	733.3	702.8	+4.3%	+4.4%	(2.7)%
Asia Pacific	480.5	540.3	(11.1)%	(7.1)%	+0.7%
Americas	505.6	525.0	(3.7)%	(3.4)%	0.3%
<b>Total</b>	<b>1,719.4</b>	<b>1,768.1</b>	<b>(2.8)%</b>	<b>(1.4)%</b>	<b>(0.2)%</b>

Our Adjusted EBIT margin improvement was driven mainly by our operational efficiency and productivity initiatives as well as our continuing commercial activities. This 40 basis points expansion reflects higher margins in EMEA and the Americas (up 220 and 60 basis points respectively) driven by growth in EMEA and a strong productivity focus in both regions. This was partially offset by Asia Pacific (down 180 basis points) due to lower volumes in China, only partially offset by productivity actions.

Statutory Operating Profit was €95.8m (H1 2023: €95.0 million). The key adjusting items are set out below. This includes a €14.1 million restructuring cost (H1 2023: €6.8 million) related to activity to drive efficiency, optimise our footprint and adjust our workforce. The increase in restructuring costs compared to 2023 relates to elevated activity in response to the recent softening of industry volume forecasts.

### Reconciliation of Adjusted EBIT to Statutory Operating Profit / EBIT

	H1 2024 €m	H1 2023 €m
<b>Adjusted EBIT</b>	<b>135.5</b>	<b>131.9</b>
Depreciation and amortisation on purchase accounting	(21.5)	(24.6)
Restructuring costs	(14.1)	(6.8)
Other	(4.1)	(5.5)
<b>Statutory Operating Profit / EBIT</b>	<b>95.8</b>	<b>95.0</b>

Net finance expense reduced to €34.6 million (H1 2023: €36.1 million). The benefits of higher interest income on short-term deposits and lower term loan interest costs due to the August 2023 repayment more than offset higher costs related to lease interest and pensions.

The Group's Adjusted Effective Tax Rate on Adjusted Profit Before Tax reduced to 29.9% (H1 2023: 34.7%) which further strengthens our confidence in a mid-term Adjusted Effective Tax Rate in the low 30%. The Group's statutory tax rate was 34.3% (H1 2023: 43.5%).

Adjusted Net Income increased 13.0% to €70.6 million (H1 2023: €62.5 million) as a result of higher Adjusted EBIT and a reduction in interest costs and effective tax rate. The growth in Adjusted EPS was slightly higher at 14.6% due to a lower number of shares as a result of our share buyback. The weighted average number of shares for the period was 508.1 million as compared with 515.5 million for H1 2023.

On a statutory basis, Group Profit for the Year was €40.2 million (H1 2023: €33.3 million), reflecting the increased profit for the period together with lower interest and tax costs. Basic Earnings per Share were 7.9 € cents (H1 2023: 6.4 € cents).

### Cash Flow – short-term factors expected to unwind in the second half

Adjusted Free Cash Flow, the Group's primary measure of cash flow performance, was a €14.4 million outflow (H1 2023: €2.3 million inflow). Statutory cash flow from operating activities was €36.3 million (H1 2023: €47.6 million).

	H1 2024 €m	H1 2023 €m
Net cash generated from operating activities	36.3	47.6
Net cash used in investing activities	(59.1)	(55.1)
<b>Free Cash Flow</b>	<b>(22.8)</b>	<b>(7.5)</b>
Net cash spend on restructuring	8.6	8.4
Costs paid associated with business acquisitions or disposals	0.5	0.8
Other adjusting items	(0.7)	0.6
<b>Adjusted Free Cash Flow</b>	<b>(14.4)</b>	<b>2.3</b>

Net cash generated from operating activities includes a €85.8 million working capital outflow (H1 2023: €78.9 million). In addition to the usual seasonal outflow, working capital at period end reflected a modest inventory build due to recent volatility in OEM production schedules and timing differences on payments. We expect both to unwind in the second half as commercial agreements translate into cash and we reduce inventory. Group tax payments increased to €34.5 million (H1 2023: €28.6 million) due to timing.

Our capex needs remain modest, with €68.7 million invested including capitalised R&D (H1 2023: €59.6 million). A net cash outflow on restructuring of €8.6 million (H1 2023: €8.4 million) largely relates to severance payments

Cash outflows from financing were €61.0 million (H1 2023: €25.7 million), largely relating to lease principal repayments of €14.4 million (H1 2023: €15.0 million), the 2023 final dividend payment of €22.8 million (H1 2023: €8.0 million) and a €22.5 million outflow related to the ongoing €40 million share buyback programme.

### Strong balance sheet maintained

The Group's strong balance sheet gives flexibility to invest in growth and provide attractive shareholder returns. Net debt at 30 June 2024 was €682.8 million (H1 2023: €668.0 million), higher than at the end of 2023 due to payment of the 2023 final dividend, the share buyback programme and a working capital outflow as discussed above. At period end, net leverage was 1.7x (30 June 2023: 1.8x).

Total available liquidity (cash plus available facilities) on 30 June 2024 was €539.5 million.

The Group excludes IFRS 16 lease liabilities from its net debt and net leverage ratio. Including IFRS 16 lease liabilities, net debt would be €853.0 million (30 June 2023: €807.1 million) and net leverage would be 2.1x Adjusted EBITDA (30 June 2023: 2.2x).

The table below shows the composition of the Group's net debt at 30 June 2024.



<b>Borrowings</b>	<b>Currency</b>	<b>Interest rate exposure</b>	<b>Amount</b>	<b>€ Equivalent</b>
Secured US term loan (2026)	USD	1 month term SOFR (incl. CSA) <sup>4</sup> + 3.25%	\$185.0m	€172.7m
Secured Euro term loan (2026)	EUR	3 month EURIBOR + 3.25%	€256.4m	€256.4m
Unsecured Senior Notes (2029)	EUR	Fixed at 3.75%	€600.0m	€600.0m
Unamortised fees				€(11.7)m
<b>Total gross debt drawn at period end</b>				<b>€1,017.4m</b>
Cash & cash equivalents at period end				€(334.6)m
<b>Net debt</b>				<b>€682.8m</b>

Additionally, as at 30 June 2024, the Group had a Revolving Credit Facility (“RCF”) of up to \$225.0 million expiring in July 2026. This was largely undrawn at period end apart from €5.1 million used to issue letters of credit.

The Group operates funded and unfunded defined benefit schemes across multiple jurisdictions which are subject to periodic actuarial valuations. All major defined benefit plans are closed to new entrants, but a few allow for future accrual. As at 30 June, our net liability position decreased to €98.2 million (31 December 2023: €103.9 million) primarily due to increasing discount rates, especially in the US which was determined at 5.45% (5.05% at 31 December 2023). US pension and retiree healthcare schemes represent 43% of our net liability position at 30 June 2024 (31 December 2023: 46%).

#### **Strong Adjusted return on capital (“ROCE”) maintained**

The Group’s Adjusted ROCE increased to 25.4% (H1 2023: 21.7%), demonstrating our discipline in deploying capital to maximise value creation and Adjusted EBIT margin expansion.

#### **Capital allocation policy delivering returns for shareholders**

As part of the Group’s revised capital allocation policy, TI adopted a progressive dividend policy in 2023. In-line with this, the Board has approved a 4.3% increase on a per share basis in the interim dividend to 2.40 € cents per share (H1 2023: 2.30 € cents). The dividend amount of 2.40 € cents will be converted from Euro to Sterling using the London closing spot rate on the record date of Friday, 16 August 2024 and the Sterling rate will be announced on Monday, 19 August 2024. The interim dividend will be paid on Friday, 13 September 2024 to holders of ordinary shares on the register on the record date.

The Group has also made good progress with its share buyback programme, which was almost three quarters complete by period end. During H1, 13.3 million shares were bought back for a total of €22.5 million. As at 30 June 2024, the buyback was almost three quarters complete with 17.1 million shares repurchased (and subsequently cancelled) for a total of €28.8 million.

<sup>4</sup> Includes Credit Support Agreement (“CSA”) element of 0.11448%

## Liquidity and going concern

As at 30 June 2024, the Group's external financing arrangements comprised unsecured Senior Notes of €600.0 million (maturing on 15 April 2029), a Euro term loan of €256.4 million (repayable in instalments until 16 December 2026), a US Dollar term loan of \$185.0 million (repayable on 16 December 2026) and a revolving credit facility ("RCF") of \$225.0 million (maturing 16 July 2026). The amount utilised under the RCF, as of 30 June 2024, was €5.1 million, with the available undrawn amount at €204.9 million. The only covenant measure that exists applies to the RCF and is a net leverage ratio, which must be below 3.8x Adjusted EBITDA when the revolving facility is drawn over 35%.

In addition, the Group held €334.6 million of cash and cash equivalents as at 30 June 2024. Actual available liquidity, including cash and revolving facility on 30 June 2024, was, therefore, €539.5 million, which provides a strong basis for the Group's liquidity during the review period.

The Directors have reviewed the likely performance of the Group and the Company for the period to the end of 2025 by reference to the latest outlook for 2024 and approved Medium-Term Plan for 2025 as a base case scenario (volumes used: 2024 89.5 million units, 2025 90.6 million units).

A severe, yet plausible, downside scenario, mindful of developing geopolitical tensions and emerging economic challenges, was produced comprising a 10% reduction in global light vehicle production volumes during the review period against the base case (volumes used: 2024 85.0 million units, 2025 81.5 million units), a further 5% annual reduction in operating margin due to increased costs, a further 0.5% annual sales price reduction, a €8 million profit impact of business disruption from an unexpected plant closure, and an incremental annual capital expenditure of €10 million. These reflect the downside impact of principal risks facing the business in respect of global light vehicle production volumes, cost pressures (commodities, labour and energy costs), customer price reduction pressures, the impact of a business disruption and changes in technology. The downside scenario showed an availability of liquidity headroom without the use of the revolving credit facility. There were no covenant breaches under this downside scenario in the review period.

In addition, a reverse stress test was performed as part of the review which indicates that there would need to be a catastrophic reduction in volumes to exhaust cash and cash equivalents, which the Directors considered to be highly unlikely.

The going concern scenarios do not indicate a material uncertainty, which may cast significant doubt over the Company's and Group's ability to continue as a going concern. Based on these assessments, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and, accordingly, have adopted the going concern basis in preparing the consolidated financial statements. This disclosure has been prepared in accordance with the UK Corporate Governance Code.

## Principal risks and uncertainties

The Directors and executive management have considered the principal risks and uncertainties of the Group and have determined, on balance, that those reported in the 2023 Annual Report and Accounts remain relevant and appropriate for the remaining half of the financial year.

The challenge and uncertainty associated with the shift in technology and market dynamics impacting the automotive industry, as well as the related need to attract and retain the talent to address this shift, remains of the highest priority to executive management and the Directors, who have continued to drive a strategic evolution through the business in order to ensure continued excellence in operational and market performance.

The Group is navigating a challenging market environment characterised by volatile customer production and margin pressures. These factors are expected to persist throughout 2024 and into 2025. The Group is actively mitigating these pressures by recovering costs from customers, implementing price adjustments, and maintaining tight control over operational expenses. However, further economic and demand challenges, such as changes in tariffs and the decline of market share of the global OEMs in China, could exacerbate existing overcapacity within the industry, posing additional volume and margin pressure in the short to medium term. Management and the Board of Directors are closely monitoring the situation and exploring various risk mitigation strategies, including ongoing communication with both suppliers and customers as circumstances develop.

The Directors continue to monitor the impact of geopolitical tensions and uncertainty including conflicts within Europe and the Middle East, particularly with regards to risks related to supply chain disruptions and economic downturn in those regions. The Directors also monitor the developing risks identified in our 2023 Annual Report – climate change, sustainability and managing the transition to a low carbon economy (including uncertainty of timelines and regulatory complexity), as well as the changes in economic climate and potential data protection and labour related issues arising from the evolution of generative AI. We continue to believe that these do not represent separate new principal risks and uncertainties to the Group at present.

Details of the Group's Principal Risks and Uncertainties are available in the 2023 Annual Report and Accounts, available on our website [www.tifluidsystems.com](http://www.tifluidsystems.com).

**By order of the Board**

**Hans Dieltjens**  
**Chief Executive Officer & President**  
7 August 2024

**Alexander De Bock**  
**Chief Financial Officer**  
7 August 2024

**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.

## **TABLE OF CONTENTS**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Condensed Consolidated Income Statement

Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Balance Sheet

Condensed Consolidated Statement of Changes in Equity

Condensed Consolidated Statement of Cash Flows

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

- 1 Summary of significant accounting policies
- 2 Segment reporting
- 3 Adjusting items and alternative performance measures
- 4 Financial risk management
- 5 Finance income and expense
- 6 Income tax
- 7 Earnings per share
- 8 Property, plant and equipment
- 9 Impairments
- 10 Borrowings
- 11 Fair values of financial assets and liabilities
- 12 Retirement benefit obligations
- 13 Provisions
- 14 Cash generated from operations
- 15 Acquisition
- 16 Commitments and contingencies
- 17 Related party transactions
- 18 Glossary of terms

Independent review report

Directors' Responsibility Statement

## Condensed Consolidated Income Statement

For the period ended 30 June 2024

	Note	2024 Unaudited €m	2023 Unaudited €m
<b>Continuing operations</b>			
Revenue	2	1,719.4	1,768.1
Cost of sales		(1,505.1)	(1,537.5)
<b>Gross profit</b>		<b>214.3</b>	230.6
Distribution costs		(53.3)	(55.6)
Administrative expenses		(65.2)	(77.0)
Net foreign exchange losses		(3.5)	(3.3)
Other gains and losses		3.5	0.3
<b>Operating profit</b>		<b>95.8</b>	95.0
Finance income	5	4.5	4.4
Finance expense	5	(39.1)	(40.5)
Net finance expense	5	(34.6)	(36.1)
<b>Profit before income tax</b>		<b>61.2</b>	58.9
Income tax expense	6	(21.0)	(25.6)
<b>Profit for the period</b>		<b>40.2</b>	33.3
Profit for the period attributable to:			
Owners of the Parent Company		40.1	33.2
Non-controlling interests		0.1	0.1
		40.2	33.3
<b>Total earnings per share (€ cents)</b>			
Basic	7	7.89	6.44
Diluted	7	7.81	6.41

## Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June 2024

	Unaudited 2024 €m	Unaudited 2023 €m
<b>Profit for the period</b>	<b>40.2</b>	33.3
<b>Other comprehensive income</b>		
<b><i>Items that will not be reclassified to profit or loss</i></b>		
–Re-measurements of retirement benefit obligations	7.7	3.7
–Income tax expense on retirement benefit obligations	(2.0)	(1.0)
	<b>5.7</b>	2.7
<b><i>Items that may be subsequently reclassified to profit or loss</i></b>		
–Currency translation	2.7	(56.8)
–Cash flow hedges	(0.3)	–
– Net investment hedges	(0.9)	–
	<b>1.5</b>	(56.8)
<b>Total other comprehensive income for the period</b>	<b>7.2</b>	(54.1)
<b>Total comprehensive income for the period</b>	<b>47.4</b>	(20.8)
<b>Attributable to:</b>		
–Owners of the Parent Company	47.3	(20.9)
–Non-controlling interests	0.1	0.1
<b>Total comprehensive income for the period</b>	<b>47.4</b>	(20.8)

## Condensed Consolidated Balance Sheet

As at 30 June 2024

	Note	Unaudited 30 June 2024 €m	Audited 31 December 2023 €m
<b>Non-current assets</b>			
Intangible assets		521.2	542.4
Right-of-use assets		136.1	97.1
Property, plant and equipment	8	549.1	546.5
Deferred income tax assets	6	128.5	126.1
Trade and other receivables		22.3	23.4
		<b>1,357.2</b>	1,335.5
<b>Current assets</b>			
Inventories		407.5	378.4
Trade and other receivables		619.0	551.2
Current income tax assets	6	14.0	9.0
Derivative financial instruments	4,11	3.3	3.0
Cash and cash equivalents		334.6	416.7
		<b>1,378.4</b>	1,358.3
<b>Total assets</b>		<b>2,735.6</b>	2,693.8
<b>Equity</b>			
Share capital		6.6	6.8
Share premium		2.2	2.2
Other reserves		(107.8)	(109.5)
Retained earnings		778.2	765.7
<b>Equity attributable to owners of the Parent Company</b>		<b>679.2</b>	665.2
Non-controlling interests		0.7	0.6
<b>Total equity</b>		<b>679.9</b>	665.8
<b>Non-current liabilities</b>			
Trade and other payables		15.4	15.1
Borrowings	10	1,015.9	1,010.2
Lease liabilities		142.4	107.6
Derivative financial instruments	4,11	2.6	–
Deferred income tax liabilities	6	61.0	58.7
Retirement benefit obligations	12	98.2	103.9
Provisions	13	2.6	2.6
		<b>1,338.1</b>	1,298.1
<b>Current liabilities</b>			
Trade and other payables		621.7	632.9
Current income tax liabilities	6	48.4	55.4
Borrowings	10	1.5	1.5
Lease liabilities		27.8	24.9
Derivative financial instruments	4,11	0.1	0.1
Provisions	13	18.1	15.1
		<b>717.6</b>	729.9
<b>Total liabilities</b>		<b>2,055.7</b>	2,028.0
<b>Total equity and liabilities</b>		<b>2,735.6</b>	2,693.8



## Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June 2024

	Ordinary shares €m	Share premiu m €m	Other reserve s €m	Retained earnings €m	Total €m	Non- controllin g interests €m	Total equity €m
<b>Unaudited</b>							
Balance at 1 January 2024	6.8	2.2	(109.5)	765.7	665.2	0.6	665.8
Profit for the period	—	—	—	40.1	40.1	0.1	40.2
Total other comprehensive income for the period	—	—	1.5	5.7	7.2	—	7.2
<b>Total comprehensive income for the period</b>	—	—	1.5	45.8	47.3	0.1	47.4
Share-based expense	—	—	—	4.9	4.9	—	4.9
Vested share awards	—	—	—	(7.3)	(7.3)	—	(7.3)
Issue of own shares from employee benefit trust	—	—	—	6.9	6.9	—	6.9
Purchase of own shares for share buy back programme	—	—	—	(22.5)	(22.5)	—	(22.5)
Cancellation of own shares purchased	(0.2)	—	0.2	—	—	—	—
Movement in amounts committed for future purchase of own shares	—	—	—	7.5	7.5	—	7.5
Dividends paid	—	—	—	(22.8)	(22.8)	—	(22.8)
<b>Total transactions with owners</b>	(0.2)	—	0.2	(33.3)	(33.3)	—	(33.3)
<b>Balance at 30 June 2024</b>	6.6	2.2	(107.8)	778.2	679.2	0.7	679.9

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 2023	6.8	2.2	(55.4)	722.6	676.2	0.5	676.7
Profit for the period	—	—	—	33.2	33.2	0.1	33.3
Total other comprehensive income for the period	—	—	(56.8)	2.7	(54.1)	—	(54.1)
Total comprehensive income for the period	—	—	(56.8)	35.9	(20.9)	0.1	(20.8)
Share-based expense	—	—	—	3.5	3.5	—	3.5
Dividends paid	—	—	—	(8.0)	(8.0)	—	(8.0)
Issue of own shares from Employee Benefit Trust	—	—	—	10.9	10.9	—	10.9
Vested shared awards	—	—	—	(14.9)	(14.9)	—	(14.9)
Total transactions with owners	—	—	—	(8.5)	(8.5)	—	(8.5)
Balance at 30 June 2023	6.8	2.2	(112.2)	750.0	646.8	0.6	647.4

## Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2024

	Note	Unaudited Half Year 2024 €m	Unaudited Half Year 2023 €m
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	105.5	112.1
Interest paid		(34.7)	(35.9)
Income tax paid		(34.5)	(28.6)
<b>Net cash generated from operating activities</b>		<b>36.3</b>	47.6
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(57.3)	(47.9)
Payment for intangible assets		(11.4)	(11.7)
Proceeds from the sale of property, plant and equipment		4.3	0.7
Purchase of Cascade Engineering Europe: consideration adjustment	15	0.7	–
Interest received		4.6	3.8
<b>Net cash used by investing activities</b>		<b>(59.1)</b>	(55.1)
<b>Net cash used by operating and investing activities ("Free Cash Flow")</b>		<b>(22.8)</b>	(7.5)
<b>Cash flows from financing activities</b>			
Purchase of own shares for share buy back programme		(22.5)	–
Scheduled repayments of borrowings	10	(1.3)	(2.7)
Lease principal repayments	10	(14.4)	(15.0)
Dividends paid		(22.8)	(8.0)
<b>Net cash used by financing activities</b>		<b>(61.0)</b>	(25.7)
<b>Decrease in cash and cash equivalents</b>		<b>(83.8)</b>	(33.2)
Cash and cash equivalents at the beginning of the period		416.7	491.0
Currency translation on cash and cash equivalents		1.7	(16.3)
<b>Cash and cash equivalents at the end of the period</b>		<b>334.6</b>	441.5

## 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 2023.

### 1.1. Basis of preparation

These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 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 2023.

Foreign operations are those subsidiaries whose functional currency is not Euro. For the purposes of consolidation, income and expenses of foreign operations are translated to Euro at average exchange rates for the period, and assets and liabilities of foreign operations are translated to Euro at exchange rates at the reporting date. Foreign currency translation differences are recognised in the Statement of Comprehensive Income.

The average and period-end exchange rates for the Group's principal currencies were:

Key Euro exchange rates	H1 2024 Average	H1 2023 Average	% Change	30 June 2024 Period End	30 June 2023 Period End	% Change
US dollar	1.081	1.081	–%	<b>1.071</b>	1.092	(1.9)%
Chinese renminbi	7.799	7.488	4.2%	<b>7.784</b>	7.918	(1.7)%
South Korean won	1,460	1,401	4.2%	<b>1,477</b>	1,438	2.7%

#### 1.1.1. Going concern

As at 30 June 2024, the Group's external financing arrangements comprised unsecured Senior Notes of €600.0 million (maturing on 15 April 2029), a Euro term loan of €256.4 million (repayable in instalments until 16 December 2026), a US Dollar term loan of \$185.0 million (repayable on 16 December 2026) and a revolving credit facility ("RCF") of \$225.0 million (maturing 16 July 2026). The amount utilised under the RCF, as of 30 June 2024, was €5.1 million, with the available undrawn amount at €204.9 million. The only covenant measure that exists applies to the RCF and is a net leverage ratio, which must be below 3.8x Adjusted EBITDA when the revolving facility is drawn over 35%.

In addition, the Group held €334.6 million of cash and cash equivalents as at 30 June 2024. Actual available liquidity, including cash and revolving facility on 30 June 2024, was, therefore, €539.5 million, which provides a strong basis for the Group's liquidity during the review period.

The Directors have reviewed the likely performance of the Group and the Company for the period to the end of 2025 by reference to the latest outlook for 2024 and approved Medium-Term Plan for 2025 as a base case scenario (volumes used: 2024 89.5 million units, 2025 90.6 million units).

A severe, yet plausible, downside scenario, mindful of developing geopolitical tensions and emerging economic challenges, was produced comprising a 10% reduction in global light vehicle production volumes during the review period against the base case (volumes used: 2024 85.0 million units, 2025 81.5 million units), a further 5% annual reduction in operating margin due to increased costs, a further 0.5% annual sales price reduction, a €8 million profit impact of business disruption from an unexpected plant closure, and an incremental annual capital expenditure of €10 million. These reflect the downside impact of principal risks facing the business in respect of global light vehicle production volumes, cost pressures (commodities, labour and energy costs), customer price reduction pressures, the impact of a business disruption and changes in technology. The downside scenario showed an availability of liquidity headroom without the use of the revolving credit facility. There were no covenant breaches under this downside scenario in the review period.

In addition, a reverse stress test was performed as part of the review which indicates that there would need to be a catastrophic reduction in volumes to exhaust cash and cash equivalents, which the Directors considered to be highly unlikely.

The going concern scenarios do not indicate a material uncertainty, which may cast significant doubt over the Company's and Group's ability to continue as a going concern. Based on these assessments, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and, accordingly, have adopted the going concern basis in preparing the consolidated financial statements. This disclosure has been prepared in accordance with the UK Corporate Governance Code.

## **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 and deferred tax assets described below.

### *1.3.1 Critical accounting estimates*

#### **1.3.1.1 Post-employment obligations**

Details of the Group's critical accounting estimates around post-employment obligations can be found in Note 1.4.1.1 of the audited consolidated financial statements for the year ended 31 December 2023.

#### **1.3.1.2 Impairments of assets**

Management carry out the annual impairment review on the Group's property, plant and equipment, intangible, and right-of-use assets as at 31 December, which involves judgement in determining the assets' recoverable amount (as outlined in the 2023 Annual Report and Accounts). At interim reporting, Management performed a review for any indicators of impairment, as an update to the impairment review performed as part of the 2023 year-end process. Further discussion on this assessment is included within Note 9.

### *1.3.2 Critical accounting judgement*

#### **1.3.2.1 Deferred tax assets**

Details of the Group's critical accounting judgement around deferred tax assets can be found in Note 1.4.2 of the audited consolidated financial statements for the year ended 31 December 2023.

## 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") and the Chief Financial Officer. The CODM evaluates the performance of the Company's segments primarily on the basis of revenue, Adjusted EBITDA, and Adjusted EBIT.

Effective from 1 January 2024, the Group is operating a new regional reporting structure, ensuring better alignment with customers and enhancing regional leaders' agility to respond to changes in their markets, particularly the transition to electrification. The three regional segments that the CODM now manage the business by are: Americas ("AMER"), Europe, the Middle East and Africa ("EMEA") and Asia Pacific ("APAC"). The comparative information for the following segmental disclosures has been restated accordingly, to reflect the change from a two division structure to the three regions.

	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
<b>Revenue</b>		
– AMER - External	<b>505.6</b>	525.0
- Inter-segment	<b>7.3</b>	8.0
	<b>512.9</b>	533.0
– EMEA - External	<b>733.3</b>	702.8
- Inter-segment	<b>19.8</b>	16.0
	<b>753.1</b>	718.8
– APAC- External	<b>480.5</b>	540.3
- Inter-segment	<b>16.0</b>	13.8
	<b>496.5</b>	554.1
<b>Inter-segment elimination</b>	<b>(43.1)</b>	(37.8)
<b>Total consolidated revenue</b>	<b>1,719.4</b>	1,768.1
<b>Adjusted EBITDA</b>		
– AMER	<b>57.6</b>	57.7
– EMEA	<b>78.2</b>	57.1
– APAC	<b>66.8</b>	83.8
	<b>202.6</b>	198.6
<b>Adjusted EBITDA % of revenue</b>		
– AMER	<b>11.4%</b>	11.0%
– EMEA	<b>10.7%</b>	8.1%
– APAC	<b>13.9%</b>	15.5%
<b>Total</b>	<b>11.8%</b>	11.2%
<b>Adjusted EBIT</b>		
– AMER	<b>44.9</b>	43.6
– EMEA	<b>48.2</b>	30.9
– APAC	<b>42.4</b>	57.4
	<b>135.5</b>	131.9

<b>Adjusted EBIT % of revenue</b>		
– AMER	<b>8.9%</b>	8.3%
– EMEA	<b>6.6%</b>	4.4%
– APAC	<b>8.8%</b>	10.6%
<b>Total</b>	<b>7.9%</b>	7.5%

Restructuring costs of €14.1 million (€3.6 million in AMER, €4.3 million in APAC and €6.2 million in EMEA) (2023: €6.8 million, of which €1.6 million in AMER, €0.7 million in APAC and €4.5 million in EMEA) comprise announced headcount reductions and related costs of balancing production capacity with market requirements. Please refer to alternative performance measures (Note 3) for reconciliation to Income Statement.

### 3. Adjusting items and alternative performance measures

In addition to the results reported under IFRS, Management use certain non-IFRS financial measures to monitor and measure the performance and profitability of the business and operations. 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 communications with investors. In particular, Management use Adjusted EBIT, Adjusted EBITDA, Adjusted Net Income, Adjusted Free Cash Flow, Adjusted Basic EPS and Adjusted Return on Capital Employed (ROCE). 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.

Definitions for alternative performance measures are included in the Note 18 glossary.

<b>Adjusted Performance Measures</b>	Note	<b>Unaudited Half Year 2024</b>	Unaudited Half Year 2023
		€m	€m
Adjusted EBIT	3.2	<b>135.5</b>	131.9
Adjusted EBITDA	3.2	<b>202.6</b>	198.6
Adjusted net income	3.2	<b>70.6</b>	62.5
Adjusted free cash flow	3.2	<b>(14.4)</b>	2.3
Adjusted basic EPS	7.2	<b>13.89</b>	12.12
Adjusted Return on capital employed	3.2	<b>25.4%</b>	21.7%



### 3.1 Adjusting items

Management exclude certain items in the derivation of alternative performance measures, as shown below:

<b>Adjusting Items</b>	Note	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
Restructuring costs	13	<b>14.1</b>	6.8
Net foreign exchange losses		<b>3.5</b>	3.3
Depreciation and amortisation arising on purchase accounting		<b>21.5</b>	24.6
Customisation and configuration costs of significant software as a service ("SaaS") arrangements		–	0.9
Costs associated with business acquisitions or disposals		<b>0.6</b>	1.3
		<b>39.7</b>	36.9

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.

Restructuring costs comprise announced headcount reductions and related costs of balancing production capacity with market requirements.

Net foreign exchange gains/losses on the foreign currency revaluation of intercompany loan and cash balances are included in adjusting items to remove the impact of foreign exchange volatility on our adjusted performance measures.

Depreciation and amortisation arising on purchase accounting relates to the uplift of tangible and intangible assets, acquired through business combinations, to their fair market value, which is then depreciated and amortised over the remaining useful life of these assets.

Costs associated with business acquisitions or disposals and customisation and configuration costs of significant SaaS arrangements in relation to initial costs of multi-year system upgrades or implementations have been excluded from the alternative performance measures due to their ad-hoc nature.

### 3.2 Adjusted performance measures

Reconciliations of adjusted performance measures to their statutory GAAP equivalent measures are provided below.

<b>Adjusted EBITDA</b>	Note	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
<b>Operating profit</b>		<b>95.8</b>	95.0
Adjusting items	3.1	<b>39.7</b>	36.9
<b>Adjusted EBIT</b>		<b>135.5</b>	131.9
Non-adjusting depreciation, amortisation and impairments		<b>67.1</b>	66.7
<b>Adjusted EBITDA</b>		<b>202.6</b>	198.6

<b>Adjusted Net Income</b>	Note	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
<b>Profit for the period</b>		<b>40.2</b>	33.3
Non-controlling interests' share of profit		<b>(0.1)</b>	(0.1)
Adjusting items	3.1	<b>39.7</b>	36.9
Tax impact on adjusting items	6	<b>(9.2)</b>	(7.6)
<b>Adjusted net Income</b>		<b>70.6</b>	62.5

<b>Adjusted Free Cash Flow</b>	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
Net cash generated from operating activities	<b>36.3</b>	47.6
Net cash used in investing activities	<b>(59.1)</b>	(55.1)
<b>Free Cash Flow</b>	<b>(22.8)</b>	(7.5)
Net restructuring cash spend	<b>8.6</b>	8.4
Purchase of Cascade Engineering Europe: consideration adjustment	<b>(0.7)</b>	–
Cash spend associated with business acquisitions or disposals	<b>0.5</b>	0.8
Cash spent on customisation and configuration costs of significant software as a service (SaaS) arrangements	–	0.6
<b>Adjusted Free Cash Flow</b>	<b>(14.4)</b>	2.3

<b>Adjusted Return on Capital Employed</b>	Note	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
<b>LTM adjusted EBIT</b>		<b>263.2</b>	228.2
<b>Capital employed</b>			
Total equity		<b>679.9</b>	647.4
Net current and deferred tax (assets)/liabilities	6	<b>(33.1)</b>	6.9
Derivative financial instruments	11	<b>(0.6)</b>	(3.1)
Net debt and lease liabilities	10	<b>853.0</b>	807.1
Restructuring provisions	13	<b>9.5</b>	5.2
Purchase price allocation balances arising on the Bain acquisition		<b>(431.4)</b>	(464.5)
<b>Capital employed</b>		<b>1,077.3</b>	999.0
<b>Average capital employed</b>		<b>1,038.2</b>	1,054.0
<b>Adjusted return on capital employed</b>		<b>25.4%</b>	21.7%

#### 4. Financial risk management

The Group enters into derivative contracts, and incurs financial liabilities, in order to manage market risks, the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income, expenditure or the value of its holdings of financial instruments.

##### 4.1 Foreign Currency Risk

The Group is exposed to currency risk on revenue, purchases, investments and borrowings that are denominated in a currency other than the functional currencies of individual Group entities, which are primarily Euro, US dollars, Chinese renminbi and Korean won. The Group uses derivative instruments to manage foreign currency exposure.

The Group enters into forward foreign exchange contracts not designated in hedge relationships. The nominal value of these derivatives as at 30 June 2024 was €132.9 million (31 December 2023: €112.3 million) and the aggregate fair value was a €1.7 million net receivable (31 December 2023: €2.9 million net receivable).

#### *Cross currency interest rate swap contracts – designated as net investment hedges*

On 12 June 2024, the Group entered into two cross currency interest rate swap contracts to hedge the Group's net investment in its Chinese subsidiaries. The contracts hedge foreign currency exposure on Chinese net investments, reducing currency translation gains or losses in other comprehensive income arising on the translation of Chinese net assets in the Group's financial statements. In aggregate these instruments exchange a portion of the unsecured senior notes of €200.0 million at a fixed interest rate of 3.75% for notional CNH (Chinese Renminbi) borrowings of CNH 1,566,570,000 (€200.0 million) at an average fixed interest rate of 3.24%. The hedge ratio of this economic relationship is 1:1. The contracts are split equally between two financial institutions. The contracts mature on 15 April 2026.

The nominal value of the contracts in this arrangement as at 30 June 2024 was €200.0 million (31 December 2023: €nil); and their aggregate fair value was a €0.8 million liability (31 December 2023: €nil). A fair value loss of €0.9 million (31 December 2023: €nil) was recorded in other comprehensive income in the period for these contracts. No amounts were recycled during the period, other than amounts reclassified from the cost of hedging reserve of €0.1 million (31 December 2023: €nil). There was no ineffectiveness recognised in the period (31 December 2023: €nil).

#### *4.2 Interest Rate Risk*

Most of the Group's interest rate risk arises on its main external borrowing facilities.

The Group borrowings include €600.0 million of unsecured Senior Notes bearing a fixed interest rate of 3.75% p.a., a Euro term loan, of which €256.4 million is outstanding at 30 June 2024, which bears interest at three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a., and a US dollar term loan, of which \$185.0 million (€172.7 million) is outstanding at 30 June 2024 which bears interest at one-month term SOFR + 0.11448% (minimum 0.5% p.a.) +3.25% p.a.

#### *Interest rate swaps*

In addition to the CNH currency interest rate swaps above, on 13 June 2024, the Group entered into two US dollar interest rate swaps with two different financial institutions. In aggregate, these instruments converted the US term loan of \$185.0 million at floating interest rates of one-month term SOFR + 0.11448% (minimum 0.5% p.a.) +3.25% p.a. into an average fixed interest rate of 4.46% + 0.11448% (minimum 0.5% p.a.) +3.25% p.a. and are designated as a cashflow hedge. The contracts mature on 30 November 2026. The notional value of the interest rate swaps at 30 June 2024 is \$185.0 million (31 December 2023: \$nil) and their fair value is a €0.3 million liability (31 December 2023: €nil). A fair value loss of €0.3 million (31 December 2023: €nil) was recorded in other comprehensive income after a gain of €0.1 million (31 December 2023: €nil) was recycled to the income statement. There was no ineffectiveness recognised in the period (31 December 2023: €nil)

## 5. Finance income and expense

	Note	Unaudited Half Year 2024 €m	Unaudited Half Year 2023 €m
<b>Finance income</b>			
Interest on short-term deposits, other financial assets and other interest income		4.3	3.7
Net interest income related to specific uncertain tax positions		0.1	0.1
Fair value gains on derivatives and foreign exchange contracts not in hedged relationships		–	0.6
Amounts reclassified from the cost of hedging reserve		0.1	–
<b>Finance income</b>		<b>4.5</b>	<b>4.4</b>
<b>Finance expense</b>			
Interest payable on term loans before expensed fees	10	(17.2)	(19.4)
Interest payable on term loans: expensed fees	10	(1.4)	(1.8)
Interest payable on unsecured senior notes before expensed fees	10	(11.3)	(11.3)
Interest payable on unsecured senior notes: expensed fees	10	(0.6)	(0.5)
Net interest expense on retirement benefit obligations	12	(2.4)	(2.2)
Interest payable on lease liabilities		(5.9)	(5.3)
Other finance expense		(0.3)	–
<b>Finance expense</b>		<b>(39.1)</b>	<b>(40.5)</b>
<b>Total net finance expense</b>		<b>(34.6)</b>	<b>(36.1)</b>

## 6. Income tax

The income tax expense for the period ending 30 June 2024 has been recognised based on Management's estimate of the annual effective tax rate of each legal entity (or tax group within a country), considering any projected permanent tax adjustments and tax credits that are available, multiplied by the applicable statutory tax rate for each country. The annual estimated effective tax rates are applied to the first half profits / losses of each legal entity or tax group to determine the overall Group tax charge for the period.

This has resulted in an ordinary effective tax rate of 34.3% for the half year ended 30 June 2024 (43.5% for the half year ended 30 June 2023) and when the impact of the Adjusting Items is excluded from the Group results, the H1 2024 Effective Tax Rate is 29.9% (H1 2023: 34.7%) reflecting an average of the tax rates of the countries in which we operate.

	30 June 2024			30 June 2023		
	Profit before income tax €m	Income tax expense €m	ETR	Profit before income tax €m	Income tax expense €m	ETR
<b>Unaudited</b>						
Results excluding Adjusting items	100.9	(30.2)	29.9%	95.8	(33.2)	34.7%
Adjusting items	(39.7)	9.2	23.2%	(36.9)	7.6	20.6%
Reported results	61.2	(21.0)	34.3%	58.9	(25.6)	43.5%

Recognition of deferred tax assets is based on forecast taxable income and a key input is the Group's 2024 budget and 2025 to 2028 medium term plan. Estimation is used in the budget and plan in forecasting global automotive production, pricing and operating costs. In addition, it requires the exercise of Management's judgement regarding the period over which recoverability is assessed taking into account factors such as regulations regarding the amount of tax losses that can be utilised per year and any restrictions on the amount of time that tax losses can be carried forward.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception under the IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

## 7. Earnings per share

### 7.1 Basic and diluted earnings per share

Unaudited	Half Year 2024			Half Year 2023		
	Profit attributable to shareholders €m	Weighted average number of shares in millions	Earnings Per Share € cents	Profit attributable to shareholders €m	Weighted average number of shares in millions	Earnings Per Share € cents
Basic	40.1	508.1	7.89	33.2	515.5	6.44
Dilutive shares	–	5.6	–	–	2.8	–
Diluted	40.1	513.7	7.81	33.2	518.3	6.41

The potential shares related to the €11.9 million liability included within accrued expenses regarding amounts committed for future own share purchases for subsequent cancellation, have not been included in the calculation of diluted earnings per share in the period because they would be antidilutive.

### 7.2 Adjusted earnings per share

Unaudited	Half Year 2024		Half Year 2023	
	Basic	Diluted	Basic	Diluted
Adjusted Net Income (€m)	70.6	70.6	62.5	62.5
Adjusted Earnings Per Share (€ in cents)	13.89	13.74	12.12	12.06

Adjusted Net Income is based on profit for the period attributable to the Parent Company of €40.1 million (2023: €33.2 million), after adding back exceptional items net of tax, and eliminating the impact of net restructuring charges, foreign exchange gains or losses, depreciation and amortisation arising on purchase accounting, customisation and configuration costs of significant SaaS arrangements, the costs associated with any business acquisitions or disposals, and the tax impact on adjusting items, totalling €30.5 million (2023: €29.3 million). Reconciliations of adjusted profit measures to statutory measures are included in Note 3.

## 8. Property, plant and equipment ("PP&E")

During the period the Group made PP&E additions of €47.2 million, of which €3.5 million were in relation to acquisition adjustments (2023 full year: €118.8 million, with €9.0 million arising on acquisitions). Assets with a carrying value of €2.7 million (2023 full year: €1.6 million) were disposed of during the period.

## 9. Impairments

With the business now operating on a regional structure, the cash generating unit (CGU) groups for goodwill impairment assessment purposes now identified for the Group are AMER, EMEA, and APAC.

Following the 2023 annual impairment assessment which indicated no impairments as at 31 December 2023, Management performed a review, at the goodwill CGU group level, for indicators of impairment (or reversal of previous impairment) as at 30 June 2024. The review involved assessing factors such as: external forecast global light vehicle production volumes (from S&P Global Mobility) and the impact of climate change and current market trend on the transition to BEV; current circumstances of industry-wide matters such as changes in the pace of electrification and competition dynamics; economic factors such as inflationary pressures on input prices, and the ability to pass these on to customers; and possible changes to the underlying discount rates used in estimating the recoverable amounts.

Based on the assessment, Management concluded that there were no indicators of impairment, nor those that would require an impairment reversal, as at 30 June 2024. The next annual impairment test will be performed on 31 December 2024.

## 10. Borrowings

	Unaudited 30 June 2024 €m	Audited 31 December 2023 €m
<b>Non-current:</b>		
Unsecured senior notes	594.6	594.0
Secured term loans and facilities	421.3	416.2
<b>Total non-current borrowings</b>	<b>1,015.9</b>	1,010.2
<b>Current:</b>		
Secured term loans and facilities	1.5	1.5
<b>Total current borrowings</b>	<b>1.5</b>	1.5
<b>Total borrowings</b>	<b>1,017.4</b>	1,011.7
Unsecured senior notes	594.6	594.0
Secured term loans and facilities	422.8	417.7
<b>Total borrowings</b>	<b>1,017.4</b>	1,011.7

The borrowings are shown net of issuance discounts and fees of €11.7 million (31 December 2023: €13.4 million).

## 10.1 Movement in total borrowings

<b>Unaudited</b>	<b>Unsecured senior notes €m</b>	<b>Term loans and facilities €m</b>	<b>Total borrowings €m</b>
At 1 January 2024	594.0	417.7	1,011.7
Interest accrued	11.3	17.2	28.5
Scheduled payments including interest	(11.3)	(18.5)	(29.8)
Scheduled principal repayments of borrowings	–	(1.3)	(1.3)
Fees expensed	0.6	1.4	2.0
Currency translation	–	5.0	5.0
<b>At 30 June 2024</b>	<b>594.6</b>	<b>422.8</b>	<b>1,017.4</b>

Accrued interest payable on the borrowings at 30 June 2024 of €4.8 million (31 December 2023: €4.8 million) is included in current trade and other payables.

<b>Audited</b>	<b>Unsecured senior notes €m</b>	<b>Term loans and facilities €m</b>	<b>Overdrafts €m</b>	<b>Total borrowings €m</b>
1 January 2023	592.9	523.0	–	1,115.9
Interest accrued	22.5	37.4	–	59.9
Scheduled payments including interests	(22.5)	(41.4)	–	(63.9)
Schedule principal repayments of borrowings	–	(4.0)	–	(4.0)
Overdrafts acquired on acquisition of Cascade Engineering Europe (CEE)	–	–	3.2	3.2
Overdrafts repaid on acquisition of Cascade Engineering Europe (CEE)	–	–	(3.2)	(3.2)
Voluntary repayments of borrowings	–	(99.2)	–	(99.2)
Fee expensed	1.1	3.1	–	4.2
Fee expensed on voluntary repayments of borrowings	–	2.8	–	2.8
Currency translation	–	(8.0)	–	(8.0)
31 December 2023	594.0	417.7	–	1,011.7

## 10.2 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:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31
	<b>2024</b>	December
	<b>€m</b>	2023
		<b>€m</b>
<b>Principal outstanding:</b>		
Unsecured senior notes	<b>600.0</b>	600.0
Euro term loan	<b>256.4</b>	257.6
US term loan	<b>172.7</b>	167.5
<b>Total principal outstanding</b>	<b>1,029.1</b>	1,025.1
Issuance discounts and fees	<b>(11.7)</b>	(13.4)
<b>Main borrowing facilities</b>	<b>1,017.4</b>	1,011.7

The unsecured senior notes bear interest at a fixed rate of 3.75% per annum and mature on 15 April 2029. Interest on the notes is payable semi-annually in arrears on 15 April and 15 October of each year.

The Euro term loan bears interest at three-month EURIBOR (minimum 0.0% p.a.) +3.25% p.a and the amount repayable per quarter is €662,500 (2023: €662,500 per quarter), until the final balance falls due on 16 December 2026.

The Group's US dollar term loan incurs interest at one-month term SOFR + 0.11448% (minimum 0.5% p.a.) +3.25% p.a. The principal outstanding on the US dollar term loan in US dollars at 30 June 2024 is \$185.0 million (31 December 2023: \$185.0 million). No repayments of principal are due on the loan until the balance falls due on 16 December 2026.

The revolving credit agreement provides a facility of up to \$225.0 million (31 December 2023: \$225.0 million). Drawings under this facility bear interest in a range of SOFR +3.0% to SOFR + 3.75% p.a. depending on the Group's total net leverage ratio. The facility is available to be used to issue letters of credit on behalf of TI Group Automotive Systems LLC, a subsidiary undertaking. The facility was undrawn during the period except for letters of credit outstanding of \$5.5 million (31 December 2023: \$4.7 million), resulting in a net undrawn facility at 30 June 2024 of \$219.5 million (€204.9 million) (31 December 2023: \$220.3 million; €199.5 million). The revolving credit facility expires on 16 July 2026 and the non-utilisation fee is 0.25% p.a. In the event the total net leverage ratio is greater than 3.5:1, the non-utilisation fee will increase to 0.375% p.a.

### **Issuance discounts and fees**

All capitalised fees are expensed using the effective interest method over the remaining terms of the facilities. Net issuance discounts and fees at 30 June 2024 are €11.7 million (31 December 2023: €13.4 million).

### 10.3 Movements in net debt and lease liabilities

	At 1 January 2024	Cash flows	Non-cash changes				At 30 June 2024
			At 1 January 2024	Cash flows	New leases	Fees expensed	
Unaudited	€m	€m	€m	€m	€m	€m	€m
Cash and cash equivalents	416.7	(83.8)	–	–	1.7	–	334.6
Borrowings	(1,011.7)	1.3	–	(2.0)	(5.0)	–	(1,017.4)
<b>Total net debt</b>	<b>(595.0)</b>	<b>(82.5)</b>	<b>–</b>	<b>(2.0)</b>	<b>(3.3)</b>	<b>–</b>	<b>(682.8)</b>
Lease liabilities	(132.5)	14.4	(46.2)	–	(1.6)	(4.3)	(170.2)
<b>Net debt and lease liabilities</b>	<b>(727.5)</b>	<b>(68.1)</b>	<b>(46.2)</b>	<b>(2.0)</b>	<b>(4.9)</b>	<b>(4.3)</b>	<b>(853.0)</b>

	At 1 January 2023	Cash flows	Cascade Net debt and lease liabilities acquired	Non-cash changes				At 31 December 2023
				At 1 January 2023	Cash flows	New leases	Fees expensed	
Audited	€m	€m	€m	€m	€m	€m	€m	€m
Cash and cash equivalents	491.0	(58.3)	–	–	–	(16.0)	–	416.7
Borrowings	(1,115.9)	106.4	(3.2)	–	(7.0)	8.0	–	(1,011.7)
<b>Total net debt</b>	<b>(624.9)</b>	<b>48.1</b>	<b>(3.2)</b>	<b>–</b>	<b>(7.0)</b>	<b>(8.0)</b>	<b>–</b>	<b>(595.0)</b>
Lease liabilities	(149.6)	30.0	(0.3)	(14.4)	–	3.7	(1.9)	(132.5)
<b>Net debt and lease liabilities</b>	<b>(774.5)</b>	<b>78.1</b>	<b>(3.5)</b>	<b>(14.4)</b>	<b>(7.0)</b>	<b>(4.3)</b>	<b>(1.9)</b>	<b>(727.5)</b>

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

	Unaudited	Audited
	30 June 2024	31 December 2023
	€m	€m
Overdrafts repaid on acquisition of Cascade Engineering Europe (CEE)	–	3.2
Voluntary repayments of borrowings	–	99.2
Scheduled repayments of borrowings	1.3	4.0
Lease principal repayments	14.4	30.0
<b>Cash outflows from financing activities arising from changes in financial liabilities</b>	<b>15.7</b>	<b>136.4</b>
Borrowings cash flows	1.3	106.4
Lease liabilities cash flows	14.4	30.0
<b>Cash outflows from financing activities arising from changes in financial liabilities</b>	<b>15.7</b>	<b>136.4</b>

## 11. Fair values of financial assets and liabilities

### Financial instruments by category

As at 30 June 2024:

<b>Unaudited</b>	<b>Assets at amortised cost</b>	<b>Assets in hedged relationships</b>	<b>Assets at FVTPL</b>	<b>Total</b>
<b>Financial assets</b>	€m	€m	€m	€m
Cash and cash equivalents	334.6	–	–	334.6
Trade and other receivables excluding prepayments	572.8	–	–	572.8
Derivative financial instruments:				
-Forward foreign exchange contracts not designated in hedge relationships	–	–	1.8	1.8
-Cross currency interest rate swap contracts (net investment hedges)	–	0.7	–	0.7
-Interest rate swaps (cash flow hedges)	–	0.8	–	0.8
<b>Total at 30 June 2024</b>	<b>907.4</b>	<b>1.5</b>	<b>1.8</b>	<b>910.7</b>

<b>Unaudited</b>	<b>Liabilities at amortised cost</b>	<b>Liabilities in hedged relationships</b>	<b>Liabilities at FVTPL</b>	<b>Total</b>
<b>Financial liabilities</b>	€m	€m	€m	€m
Trade and other payables excluding deferred income, social security and other taxes	(515.5)	–	–	(515.5)
Borrowings:				
-Unsecured senior notes	(554.1)	–	–	(554.1)
-Term loans and facilities	(422.8)	–	–	(422.8)
Lease liabilities	(170.2)	–	–	(170.2)
-Forward foreign exchange contracts not designated in hedge relationships	–	–	(0.1)	(0.1)
-Cross currency interest rate swap contracts (net investment hedges)	–	(1.5)	–	(1.5)
-Interest rate swaps (cash flow hedges)	–	(1.1)	–	(1.1)
<b>Total at 30 June 2024</b>	<b>(1,662.6)</b>	<b>(2.6)</b>	<b>(0.1)</b>	<b>(1,665.3)</b>

As at 31 December 2023:

<b>Audited</b>	<b>Assets at amortised cost</b>	<b>Assets at FVTPL</b>	<b>Total</b>
<b>Financial assets</b>	€m	€m	€m
Cash and cash equivalents	416.7	–	416.7
Trade and other receivables excluding prepayments	506.5	–	506.5
Derivative financial instruments:			
-Forward foreign exchange contracts not designated in hedge relationships	–	3.0	3.0
<b>Total at 31 December 2023</b>	<b>923.2</b>	<b>3.0</b>	<b>926.2</b>

Audited	Liabilities at amortised cost	Liabilities at FVTPL	Total
Financial liabilities	€m	€m	€m
Trade and other payables excluding deferred income, social security and other taxes	(542.2)	–	(542.2)
Borrowings:			
-Unsecured senior notes	(547.1)	–	(547.1)
-Term loans and facilities	(417.7)	–	(417.7)
Lease liabilities	(132.5)	–	(132.5)
-Forward foreign exchange contracts not designated in hedge relationships	–	(0.1)	(0.1)
<b>Total at 31 December 2023</b>	<b>(1,639.5)</b>	<b>(0.1)</b>	<b>(1,639.6)</b>

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 unsecured senior notes are quoted instruments and the fair value is calculated based on the market price. The fair value of the notes is within Level 1 of the fair value hierarchy specified in IFRS 13 'Fair Value Measurement'.

Other than the unsecured senior notes, there were no significant differences between the book value and fair value (as determined by market value) of the Group's non-derivative financial assets and liabilities. The fair value of the term loans and facilities approximates their carrying value because they are floating-rate instruments, and their interest rates are reset to market rates each month.

## 12. 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	(139.2)	(69.2)	(21.7)	(86.4)	(316.5)
Fair value of plan assets	118.5	74.7	–	30.6	223.8
Asset ceiling	–	(5.5)	–	–	(5.5)
<b>Net liability at 30 June 2024</b>	<b>(20.7)</b>	<b>–</b>	<b>(21.7)</b>	<b>(55.8)</b>	<b>(98.2)</b>

Audited	US pensions	Other pensions	US healthcare	Other post-employment liabilities	Total
Net liability	€m	€m	€m	€m	€m
Present value of retirement benefit obligations	(141.2)	(72.5)	(22.3)	(88.8)	(324.8)
Fair value of plan assets	116.2	77.1	–	32.2	225.5
Asset ceiling	–	(4.6)	–	–	(4.6)
Net liability at 31 December 2023	(25.0)	–	(22.3)	(56.6)	(103.9)

### Income Statement

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

Unaudited	US pensions	Other pensions	US healthcare	Other post-employment liabilities	Total
Net expense	€m	€m	€m	€m	€m
Current service cost	–	(0.2)	–	(3.6)	(3.8)
Actuarial gain recognised on other post-employment liabilities*	–	–	–	0.3	0.3
Settlement/curtailment gain	–	0.3	–	–	0.3
Net interest (expense)/income	(0.7)	0.1	(0.5)	(1.3)	(2.4)
<b>Total net expense for the period ended 30 June 2024</b>	<b>(0.7)</b>	<b>0.2</b>	<b>(0.5)</b>	<b>(4.6)</b>	<b>(5.6)</b>

\*Actuarial gain recognised relates to other long-term benefit plans, such as long service agreements.

The actuarial gain recognised is a result of discount rates increasing by approximately 20 bps since 31 December 2023. By comparison, for the period ended 30 June 2023, a loss was recognised as a result of discount rates decreasing by approximately 20 bps since 31 December 2022.

Unaudited	US pensions	Other pensions	US healthcare	Other post-employment liabilities	Total
Net expense	€m	€m	€m	€m	€m
Current service cost	–	(0.3)	–	(3.6)	(3.9)
Actuarial loss recognised on other post-employment liabilities*	–	–	–	(0.4)	(0.4)
Settlement/curtailment loss	–	(0.4)	–	–	(0.4)
Net interest (expense)/income	(0.7)	0.2	(0.7)	(1.0)	(2.2)
Total net expense for the period ended 30 June 2023	(0.7)	(0.5)	(0.7)	(5.0)	(6.9)

At 30 June 2024, the Group reviewed the discount rates relating to the retirement benefit obligations.

For US pension obligations, the average discount rate was determined to be 5.45% (5.05% at 31 December 2023). This change in discount rate decreased the US pension obligation by €5.5 million. This was offset by €0.8m of currency exchange and €0.4 million of benefit payments and administrative expenses. As a result, the net decrease in the net US pension liability was €4.3 million.

For other funded pension obligations, the average discount rate was determined to be 5.15% (4.60% at 31 December 2023). The resulting discount rate impact was increased by benefit payments of €1.5

million and offset by currency exchange and interest, resulting in a net €3.3 million decrease in the obligation. Overall, pension asset performance for the other funded pensions in the same period decreased the fair value of plan assets by €2.4 million. The asset ceiling has been applied to the increase of the net surplus, resulting in an overall net nil change in the other funded pension liability.

The decrease/(increase) in the total retirement benefit obligations due to a +50bp/-50bp change in the discount rate is €15.7 million/(€17.3 million) for all plans combined.

### 13. Provisions

Movements in provisions are as follows:

<b>Unaudited</b>	<b>Product warranty</b> €m	<b>Restructuring</b> €m	<b>Other</b> €m	<b>Total</b> €m
At 1 January 2024	7.2	4.6	5.9	17.7
Provisions made during the period	1.9	14.1	0.1	16.1
Provisions used during the period	(2.3)	(9.2)	–	(11.5)
Provisions reversed during the period	(0.1)	–	(1.8)	(1.9)
Currency translation	0.3	–	–	0.3
<b>At 30 June 2024</b>	<b>7.0</b>	<b>9.5</b>	<b>4.2</b>	<b>20.7</b>

<b>Audited</b>	<b>Product warranty</b> €m	<b>Restructuring</b> €m	<b>Other</b> €m	<b>Total</b> €m
At 1 January 2023	5.1	7.8	3.7	16.6
Provisions made during the year	4.5	13.4	3.4	21.3
Provisions used during the year	(1.7)	(15.9)	(1.1)	(18.7)
Provisions reversed during the year	(0.7)	–	(0.1)	(0.8)
Currency translation	–	(0.7)	–	(0.7)
At 31 December 2023	7.2	4.6	5.9	17.7

Restructuring provisions made in the period of €14.1 million relate to ongoing programmes across the Group to align production capacity with market demand. Utilisation of the remaining provision is mainly expected within the second half of 2024, and some in 2025.

Product warranty provisions relate to specific customer issues and are based upon open negotiations and past customer claims experience. The timing of utilisation for product warranty cases is often uncertain, but are typically anticipated within the 1 to 2 years range.

Other provisions at 30 June 2024 comprise provisions for disputed claims for indirect taxes, asset retirement obligations and other matters. Asset retirement obligations are linked to the useful lives of the underlying assets, with expected utilisation ranging from 2024 to 2026. The indirect tax provisions are expected to be utilised over the next three years. Other claims are expected to be utilised in 2024/2025.

## 14. Cash generated from operations

	<b>Unaudited Half Year 2024 €m</b>	Unaudited Half Year 2023 €m
<b>Profit for the period</b>	<b>40.2</b>	33.3
Income tax expense	<b>21.0</b>	25.6
<b>Profit before income tax</b>	<b>61.2</b>	58.9
Adjustments for:		
Depreciation, amortisation and impairment charges	<b>88.6</b>	91.3
Gain on disposal of PP&E, intangible, and right of use assets	<b>(1.7)</b>	(0.1)
Share-based expense excluding social security costs	<b>4.9</b>	3.5
Net finance expense	<b>34.6</b>	36.1
Net foreign exchange losses	<b>3.5</b>	3.3
Changes in working capital:		
- Inventories	<b>(26.3)</b>	(17.0)
- Trade and other receivables	<b>(63.3)</b>	(121.1)
- Trade and other payables	<b>3.8</b>	59.2
Change in provisions	<b>2.7</b>	(1.4)
Change in retirement benefit obligations	<b>(2.5)</b>	(0.6)
<b>Total</b>	<b>105.5</b>	112.1

The changes in working capital (movements in inventories, trade and other receivables and trade and other payables) exclude 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.

## 15. Acquisition

### Adjustments arising on prior year acquisition

On 2 November 2023, the Group completed a transaction to acquire 100% of the ordinary share capital of Cascade Engineering Europe (CEE) 'Cascade' an automotive company based in Hungary. On finalisation of the acquisition accounting for the purchase, an adjustment was made for working capital of €0.7 million as shown below:

	€m
Consideration as previously reported	<b>21.4</b>
Working capital adjustment	<b>(0.7)</b>
Revised consideration	<b>20.7</b>

Due to the proximity of the date of acquisition to the year-end, the values of net assets previously reported were provisional. Upon finalisation of the purchase price allocation, a separable acquired intangible asset was recognised for the customer order backlog valuation of €1.9 million, and various other fair value adjustments were made as below. The adjustments are not material and as such the comparative balance sheet was not restated, and the adjustments have therefore been made in the current period.

	<b>2 November 2023 €m</b>
<b>Goodwill as previously reported</b>	<b>11.6</b>
Customer order backlog valuation	<b>(1.9)</b>
Fair value uplift to property, plant and equipment	<b>(3.5)</b>
Deferred income tax liabilities	<b>0.5</b>
Working capital adjustment to consideration	<b>(0.7)</b>
<b>Revised goodwill</b>	<b>6.0</b>

## 16. Commitments and contingencies

### Capital commitments

Expenditure on intangible assets and property, plant and equipment, authorised and contracted for at the end of the period but not yet incurred is as below:

	<b>Unaudited 30 June 2024 €m</b>	Audited 31 December 2023 €m
Intangible assets	<b>2.6</b>	4.5
Property, plant and equipment	<b>38.1</b>	40.3
<b>Total</b>	<b>40.7</b>	44.8

## 17. Related party transactions

At 30 June 2024 there is no ultimate controlling party of TI Fluid Systems plc.

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 and other group companies that have materially affected the condensed group financial statements in the period.



## **18. 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. Adjusting Items comprise: exceptional items, 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 outstanding.

### **Adjusted Diluted EPS**

Adjusted Net Income divided by the weighted average number of diluted shares outstanding.

### **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.

### **Adjusted ROCE**

Adjusted Return on Capital Employed is Adjusted EBIT divided by the two-year trailing average of capital employed, which is defined as total equity, excluding taxation balances, derivatives, net debt and lease liabilities, restructuring provisions and balances related to Bain acquisition accounting (goodwill, intangible assets and purchase price allocation adjustments).

### **BEV**

Battery electric vehicles.

### **CGU**

Cash-generating unit, being the management level of the Group, for example Asia Pacific (APAC).

### **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.

### **EBITDA**

Profit or loss before tax, net finance expense, depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets.

**EV**

Electric vehicles including BEV and HEV.

**FHEV**

Full hybrid electric vehicles, includes PHEV and self-charging HEV.

**Free Cash Flow**

The total of net cash generated from operating activities and net cash used by investing activities.

**GLVP**

Global light vehicle production of light vehicles.

**HEV**

Hybrid electric vehicles, excluding mild hybrid vehicles.

**ICE**

Internal combustion engine vehicles.

**LVP**

Light vehicle production used as a reference when referring to regional data.

**MHEV**

Mild hybrid electric vehicles, which only have modest electrification.

**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 the last 12 months' Adjusted EBITDA.

**OEM**

Original equipment manufacturer, used to refer to vehicle manufacturers, the main customers of the Group.

**PHEV**

Plug-in hybrid electric vehicles.

**Revenue outperformance**

The growth in revenue at constant currency compared to the growth in global 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.

## **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 2024 of TI Fluid Systems plc for the 6 month period ended 30 June 2024 (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.

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2024;
- 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 interim financial statements.

The interim financial statements included in the Half Year Results 2024 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.

#### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). 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 2024 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

### **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

### **Responsibilities for the interim financial statements and the review**

#### **Our responsibilities and those of the directors**

The Half Year Results 2024, 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 2024 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results 2024, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results 2024 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. 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.

PricewaterhouseCoopers LLP

Chartered Accountants

Birmingham

7 August 2024

## **Directors' Responsibility Statement**

The directors confirm that these condensed interim financial statements 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 and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of 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.

By order of the Board

**Hans Dieltjens**  
**Chief Executive Officer and President**  
7 August 2024

**Alexander De Bock**  
**Chief Financial Officer**  
7 August 2024