

February 8, 2022

EARNINGS CALL Q4 2021



S Y S T E M S





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Q4 2021

Q4 2021 Highlights

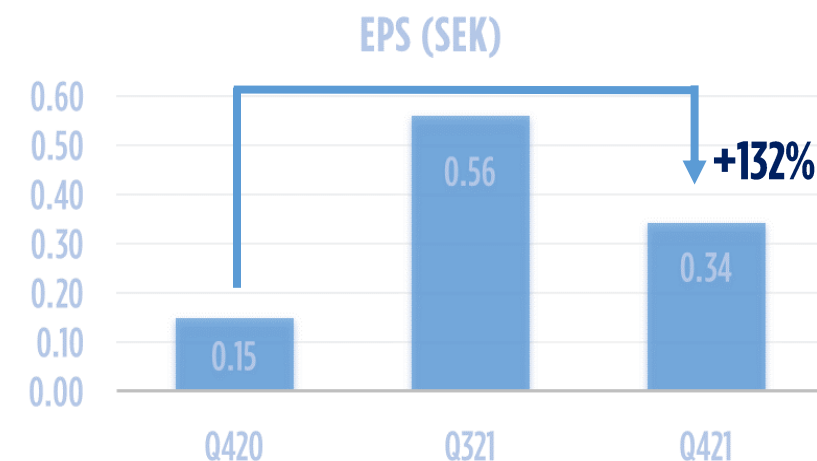
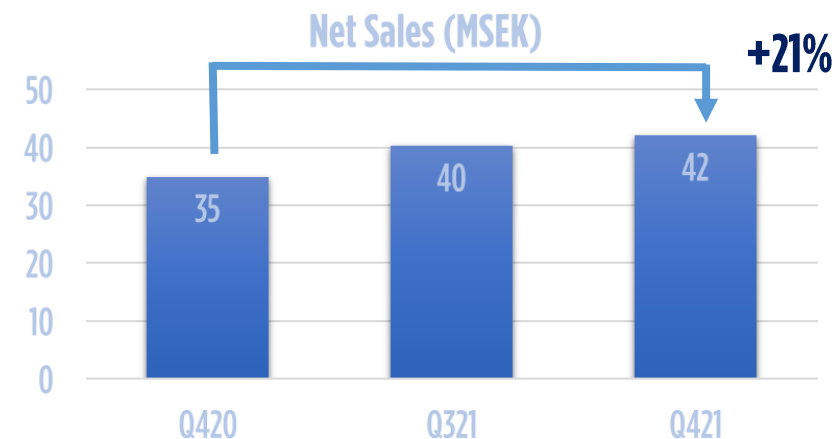
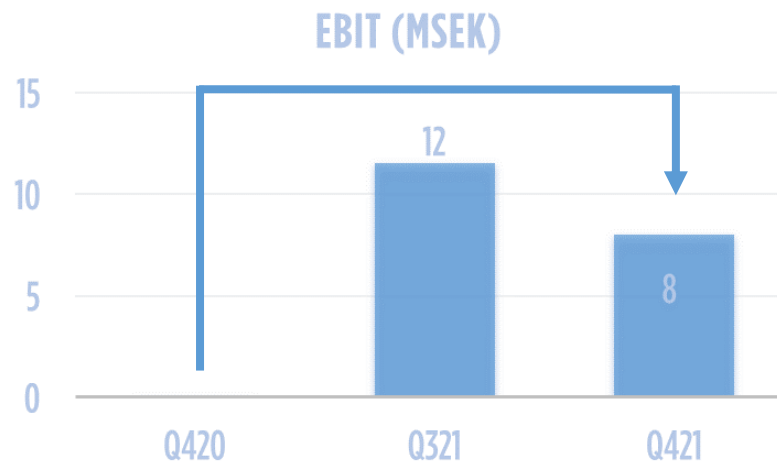
Net Sales in forecasted range – Stronger Retrofit sales

- ❑ Net Sales 42 MSEK (35) vs Forecast 40 – 45 MSEK ✓
- ❑ Strongest order backlog since Q2 2020 (59 MSEK)
 - ❑ Retrofit order from Pobeda for additional 20 aircraft
 - ❑ Three Private jet awards (4 VIP aircraft)
- ❑ Strongest operating cash flow (+20 MSEK) since the pandemic started

Q4 2021 Financials in short

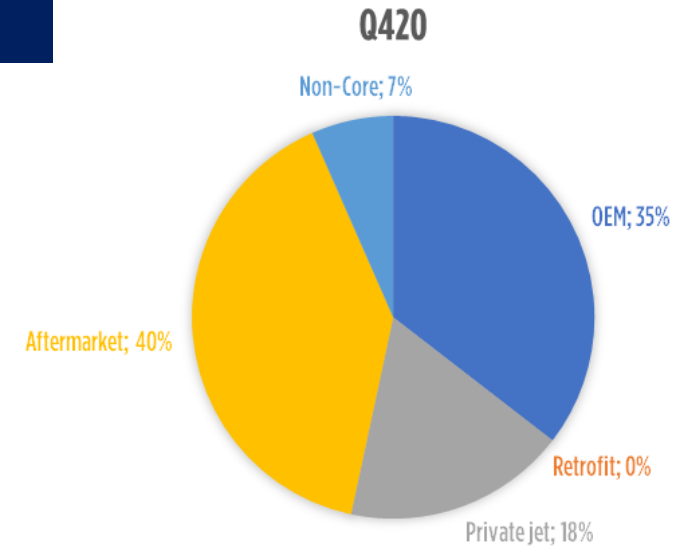
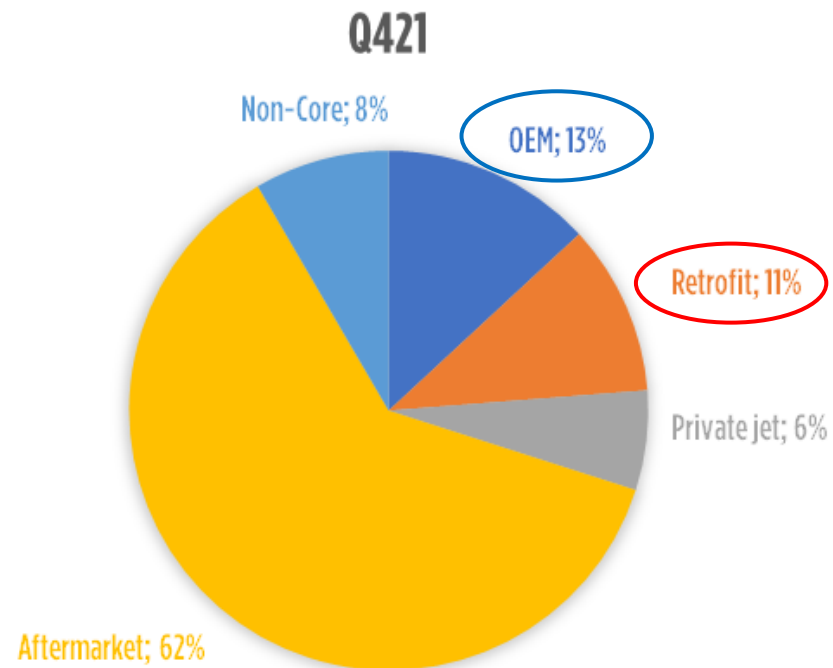
Better EBIT - Improved operating cash flow

- Net Sales of 42 MSEK (35) – increased 21% - currency adjusted 20%
- EBIT 8 MSEK (-1) - EBIT Margin 19% (-2)
- EPS 0.34 SEK (0.15)
- Operating cash flow of 20 MSEK (-1)



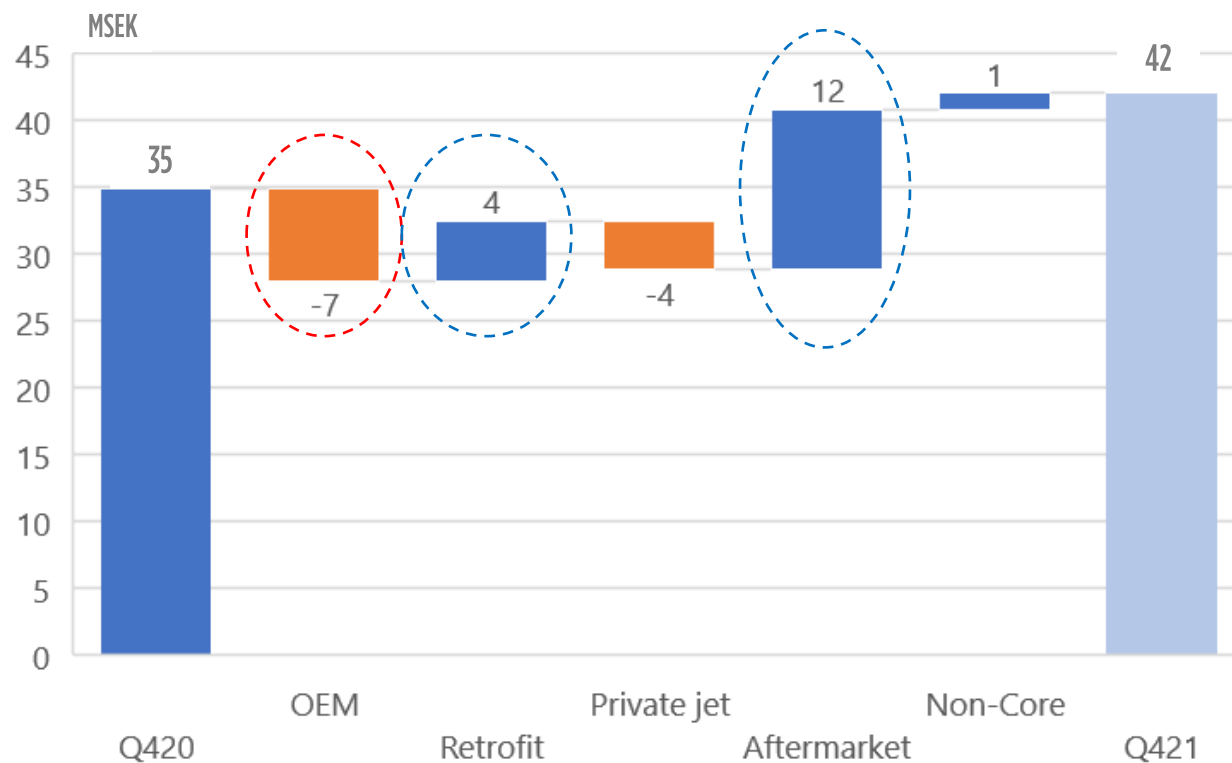
Q4 2021 Sales Mix

Stronger aftermarket and Retrofit sales – OEM and Private jet relative low point



Q4 2021 Net Sales Bridge, YoY

Net Sales increase of 7 MSEK or 21% - Aftermarket up 85% - OEM down 55%



Net sales increased 7 MSEK (+21%)

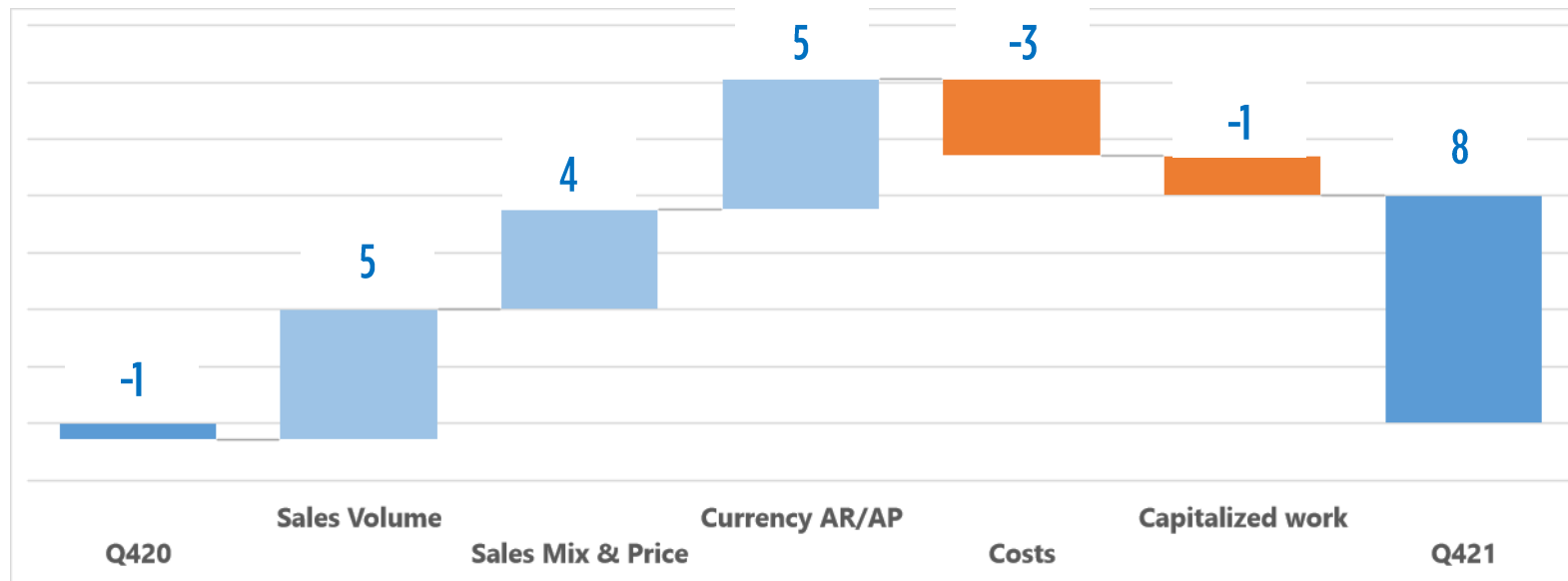
- Driven by a 85% increase in aftermarket sales, benefitting from higher utilization of installed base (more flight hours per a/c per day)
- Offset by:
A 55% decline in OEM sales - impacted by pandemic adjustments in aircraft production rates at Boeing and Airbus and production problems on Boeing 787

Q4 2021

EBIT Profit Bridge

EBIT increased 9 MSEK

- Driven by business related improvements – explained mainly by higher aftermarket sales
- Positive impact on EBIT from stronger USD/SEK
- Costs mainly higher due to higher sales (commission, royalty, STC costs, variable remuneration)
- Lower capitalized work in development projects

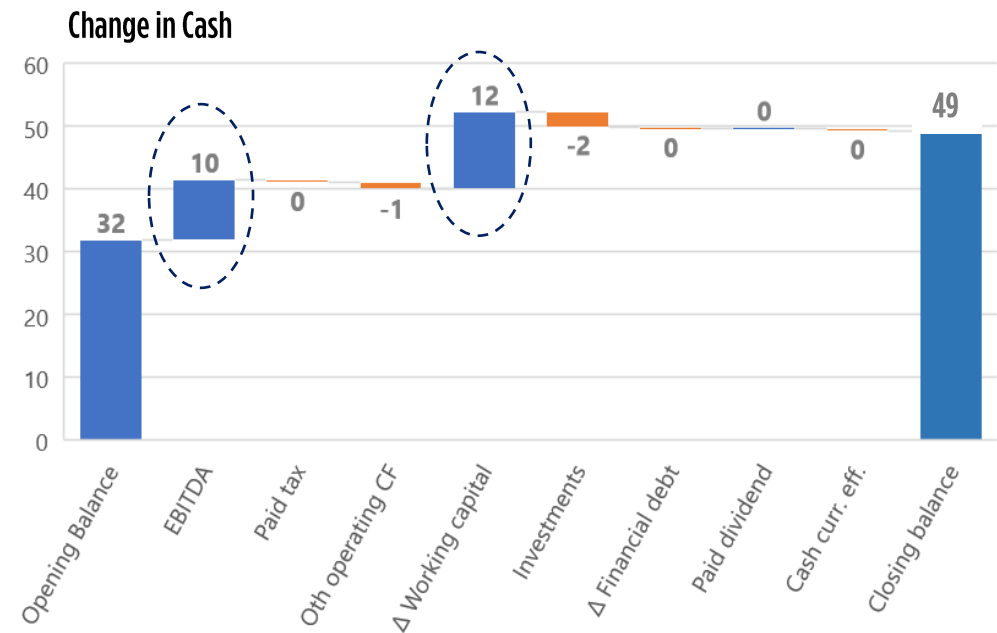


Q4 2021 Cash Flow

- ❑ Better operating cash flow +20 MSEK (-1)
- ❑ Driven by improved financial performance (EBITDA) and improved working capital

Cash Flow

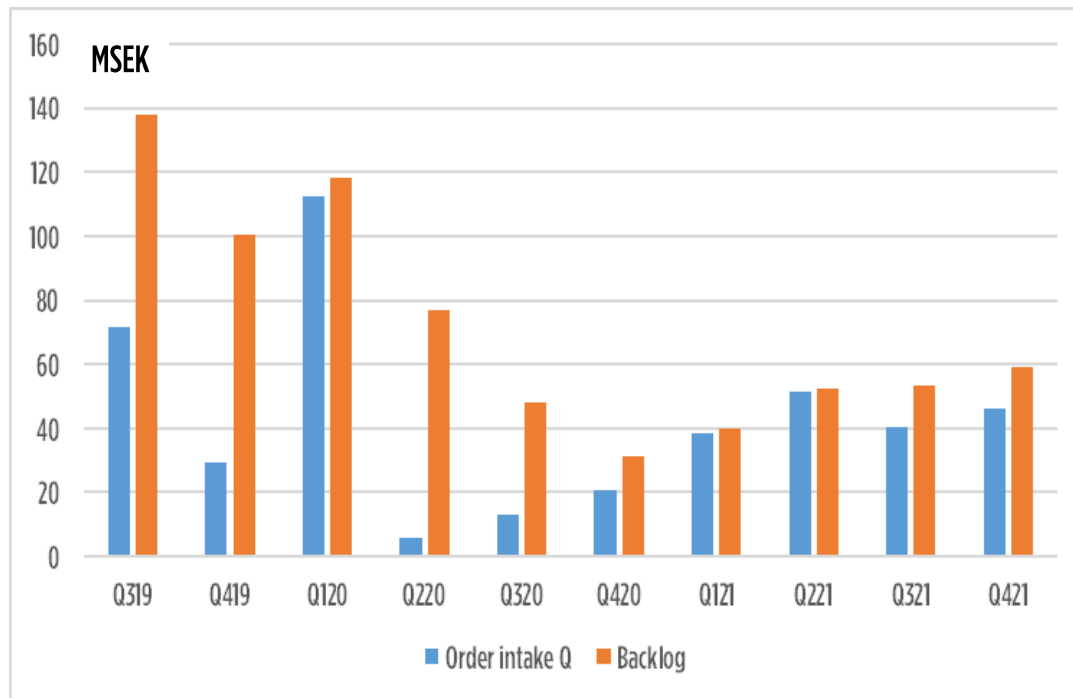
	Q421	Q420
Earnings before tax reconciled to cash	8.5	-2.6
Paid tax	-0.5	3.9
Change in working capital	12.3	-2.4
Operating Cash Flow	20.4	-1.1
Investments	-2.3	-7.0
Borrowings	-0.3	-0.3
Paid dividend	0.0	0.0
Cash flow	17.7	-8.4



Credit facilities: 52 MSEK unused / available

Q4 2021 Order Intake & Backlog

- Order intake 46 MSEK vs 21 MSEK same period last year
- Order backlog increased 89 % compared with Q420
- Order backlog highest since Q2 2020



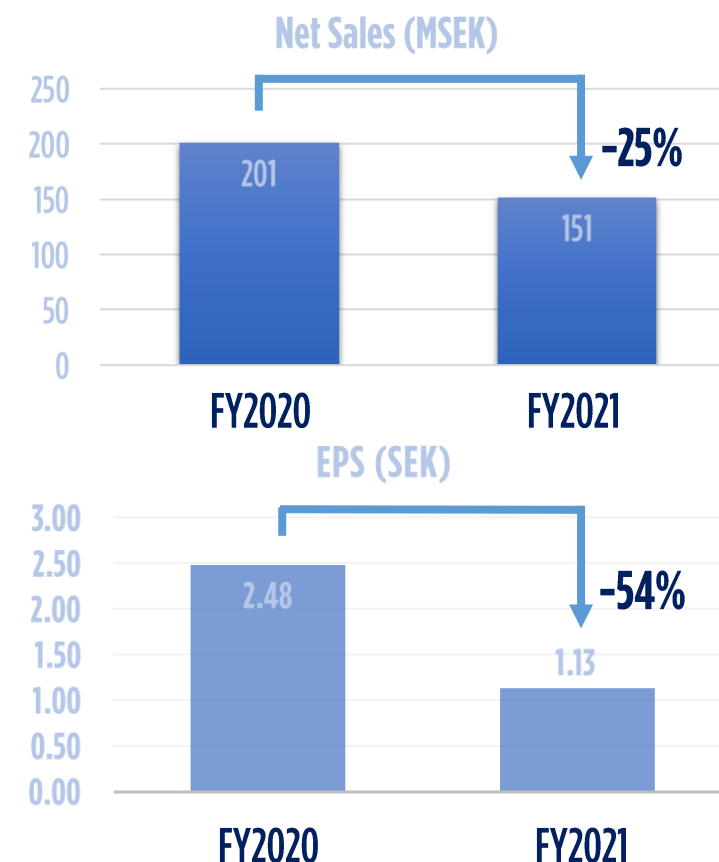
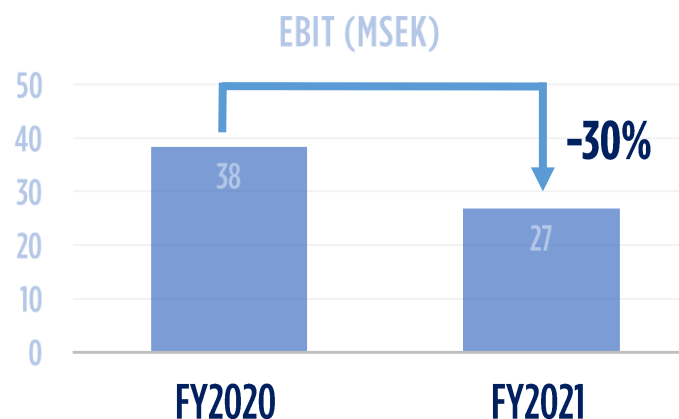
MSEK	Q420	Q421
Order intake	21	46
Backlog	31	59
USD/SEK	8.19	8.98

FY2021

FY2021 Financials in short

Comparable period includes Q1 2020 with limited pandemic impact

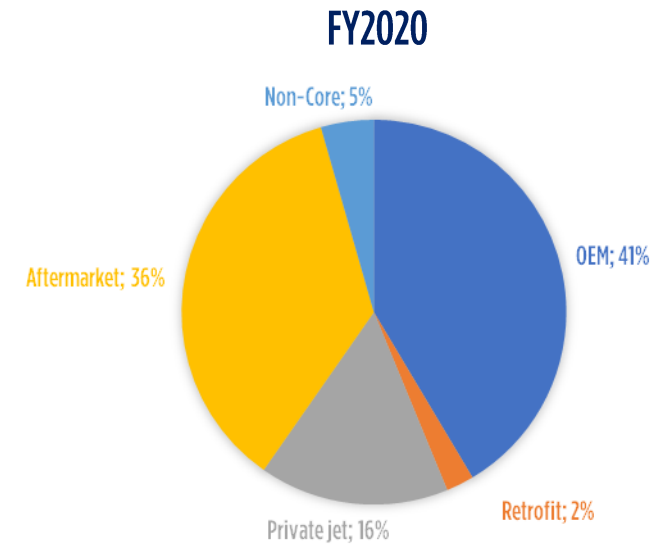
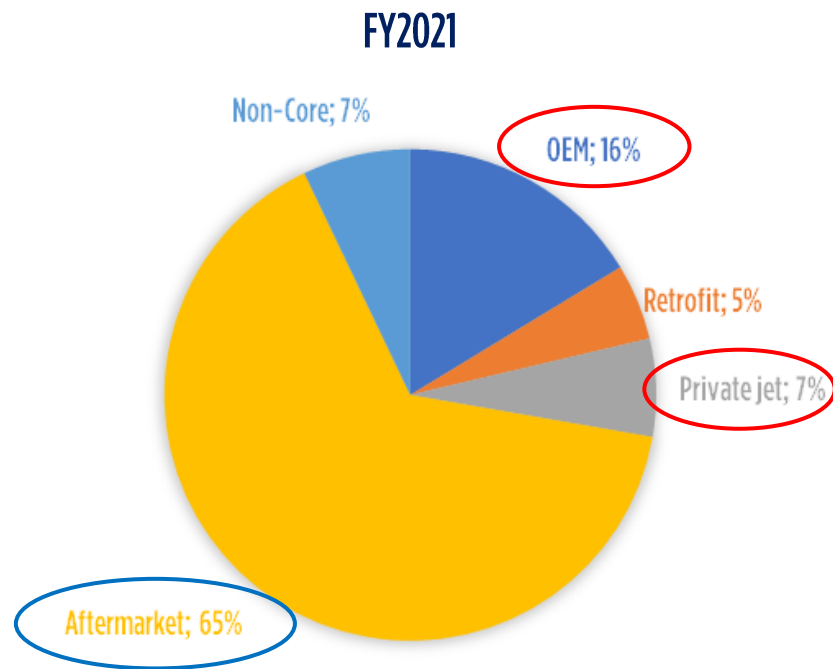
- ❑ Net Sales decreased 25% to 151 MSEK (201) – Currency adjusted a decline of 19%
- ❑ EBIT 27 MSEK (38) - EBIT Margin 18% (19)
- ❑ EBIT Margin adjusted for one-off items was 15%
- ❑ EPS 1.13 SEK (2.48)
- ❑ Operating cash flow of 30 MSEK (-11), adjusted for one-off items +21 MSEK
- ❑ The Board of Directors proposes a dividend of SEK 0.79 per share (1.74)



FY2021

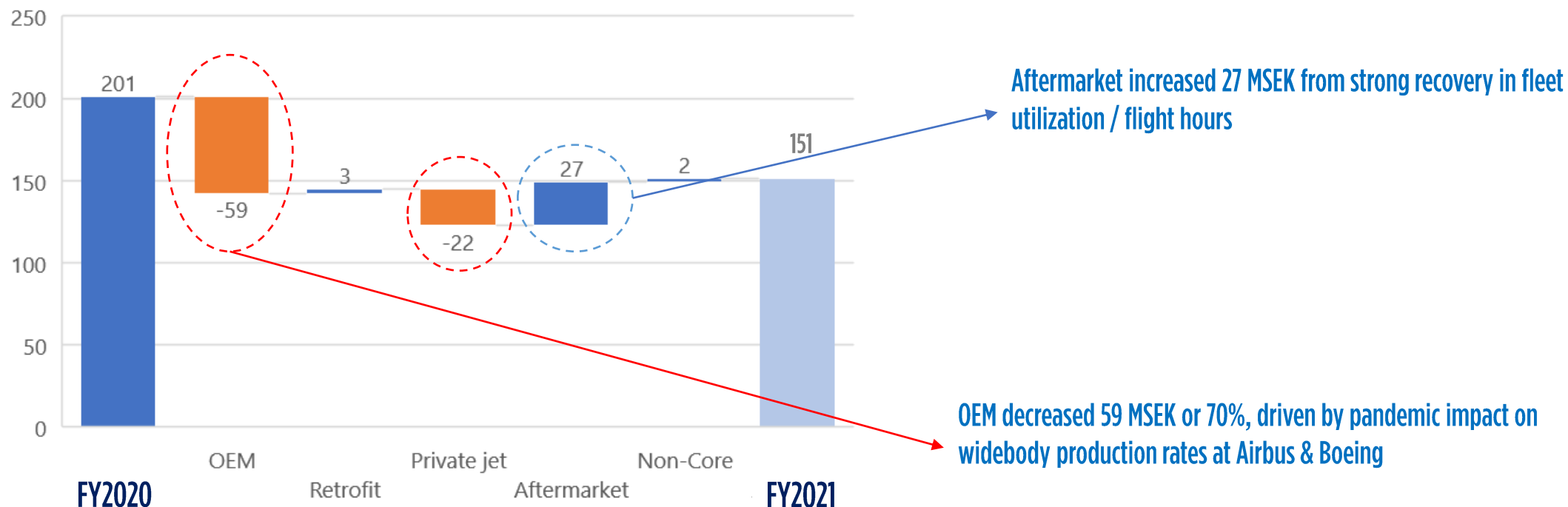
Sales Mix

Aftermarket sales dominated FY2021 sales mix – OEM weak



FY2021 Net Sales Bridge, YoY

Net Sales declined 50 MSEK or 25 % - 19% currency adjusted



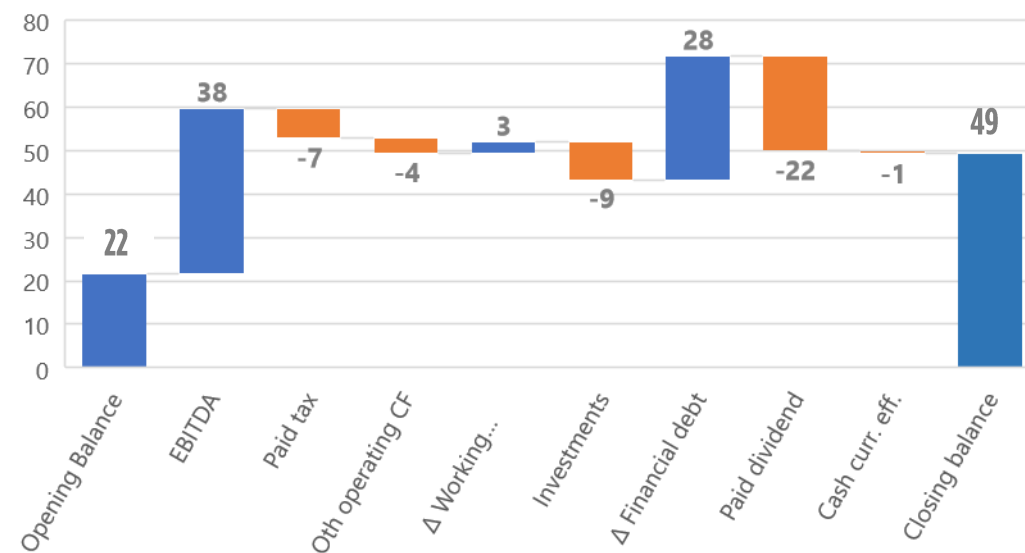
FY2021 Cash Flow

- Operating cash flow +30 MSEK (-11)
- New loan to strengthen liquidity with 29 MSEK (10)
- Paid dividend of 22 MSEK (51)
- Cash improved to 49 MSEK (22)

Cash Flow

	FY2021	FY2020
Earnings before tax reconciled to cash	34.5	35.0
Paid tax	-6.8	-34.6
Change in working capital	2.6	-11.2
Operating Cash Flow	30.3	-10.8
Investments	-8.6	-33.6
Borrowings	28.5	9.5
Paid dividend	-21.8	-50.7
Cash flow	28.4	-85.6

Change in Cash



FY 2021

Proposed Dividend AGM2022

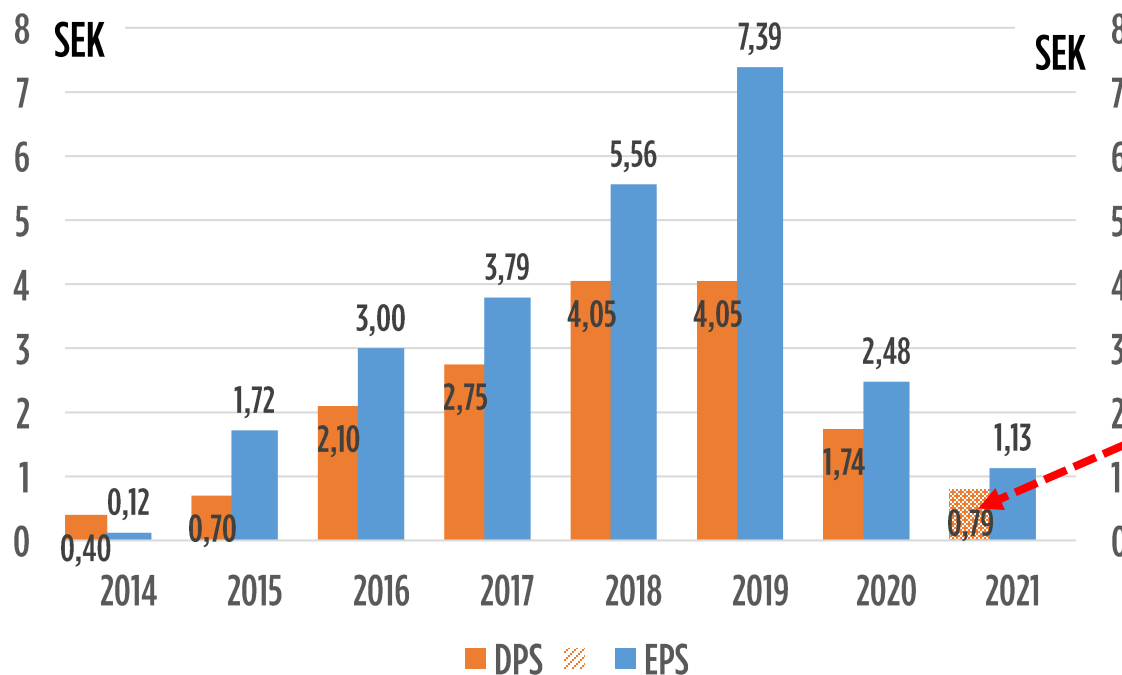
- Proposed dividend: 0.79 SEK / share (1.74) – 70 % of EPS
- Total dividend 9.9 MSEK (21.8)

Strong financial position:

Cash & available credit facilities: 101 MSEK

Solidity: 65 % (72)

Net debt: 23 MSEK



70 % of EPS

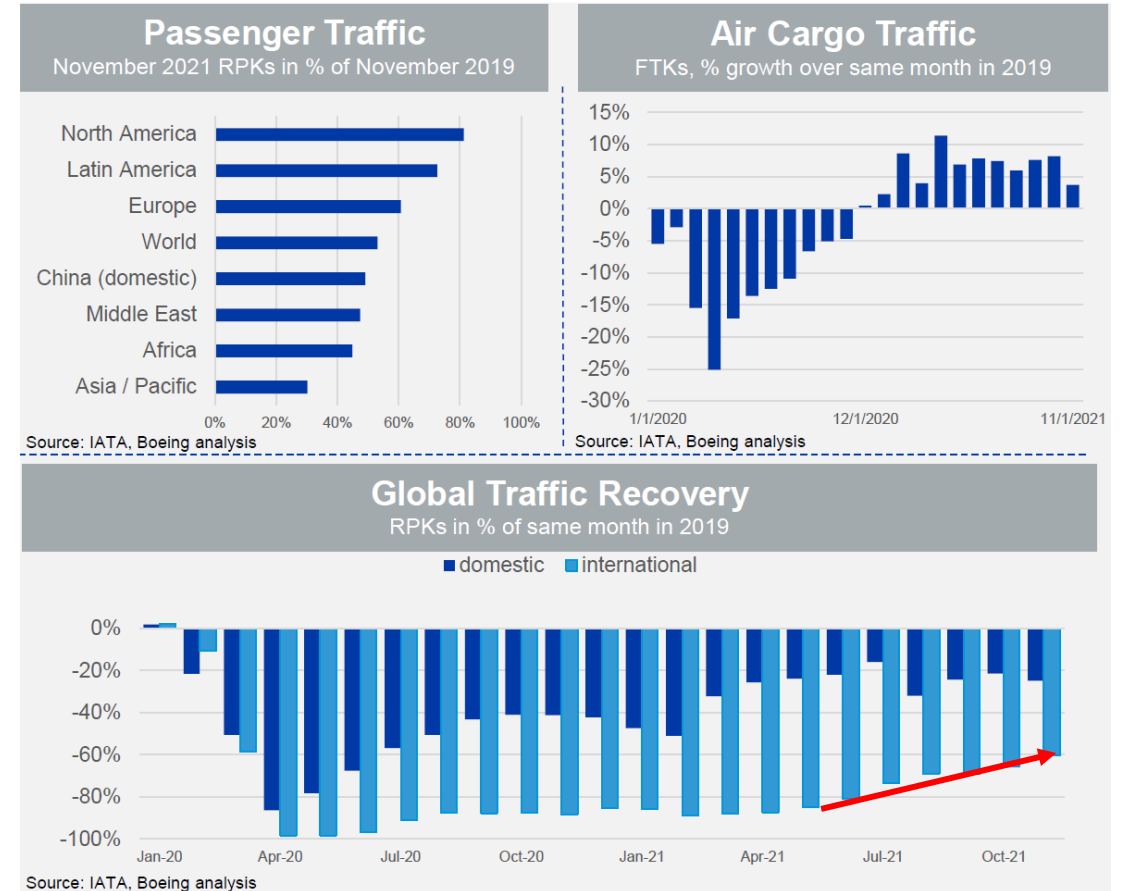
Dividend policy:

At least 70 % of EPS, if Solidity is 40 % or more

OUTLOOK

Business Environment

- ❑ North America and Europe leading recovery – Asia / Pacific lagging
- ❑ Gradual improvement in international passenger traffic
- ❑ According to Boeing: Airlines shifting focus to medium-term fleet planning

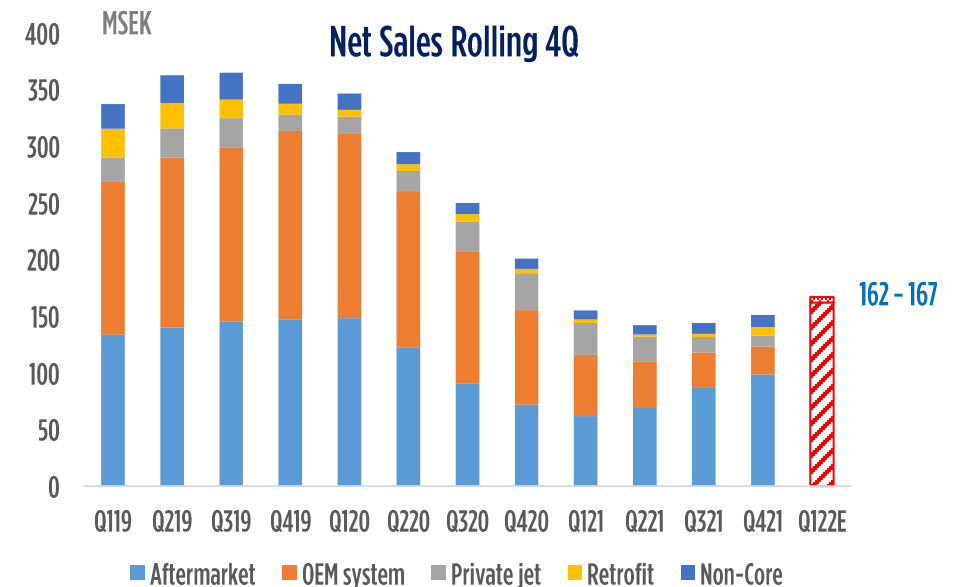
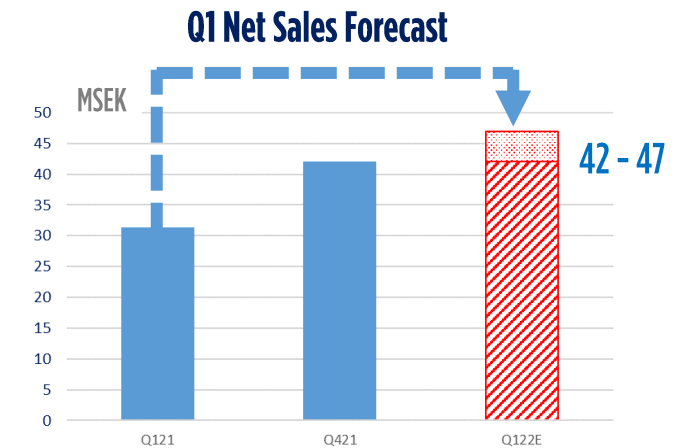
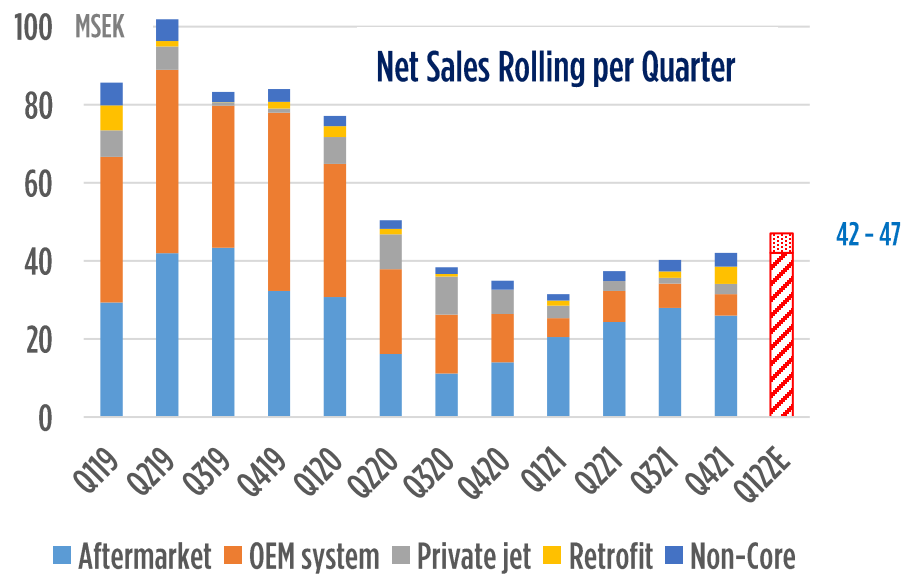


Forecast Q1 2022

Net sales Forecast Q1 2022: 42 - 47 MSEK (31)

Q1 2022 versus Q4 2021:

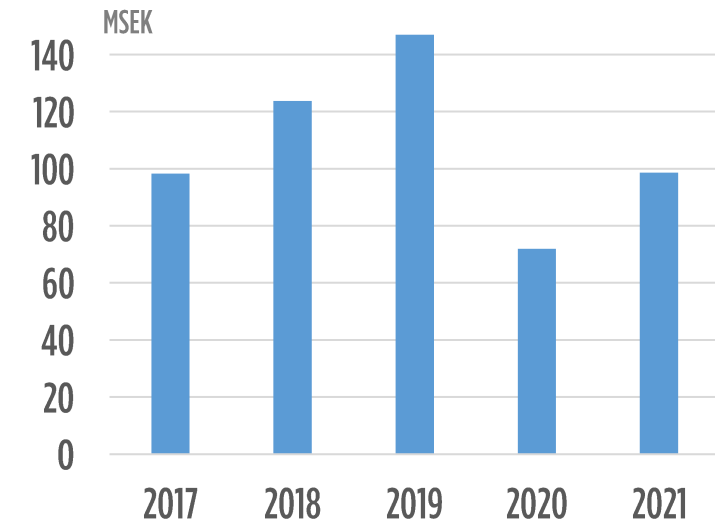
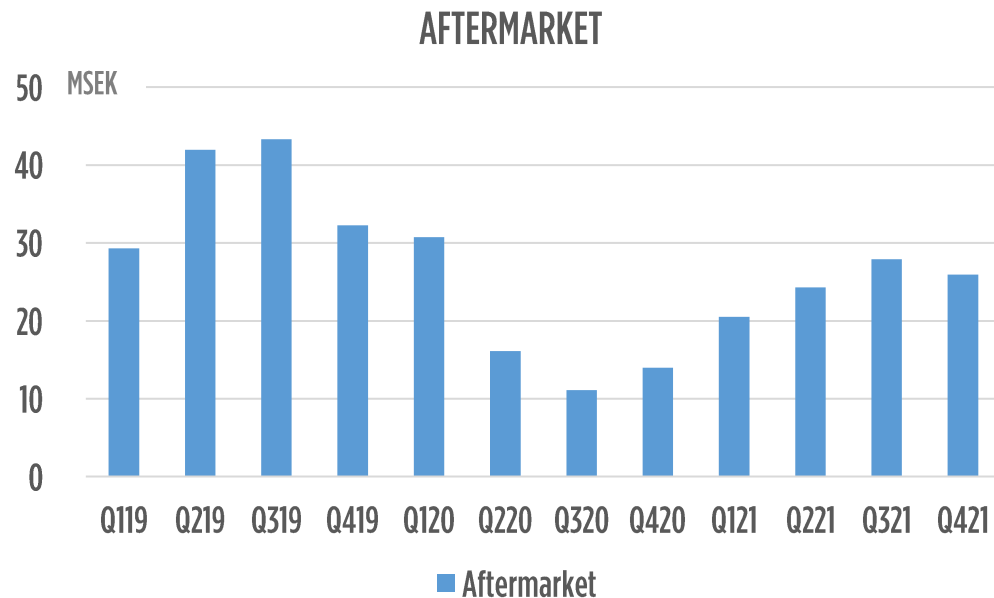
- Private Jet significant increase – partly offset by decrease in Retrofit
- Aftermarket flat or slightly lower
- OEM remains at low delivery rate



Aftermarket sales expected to increase in 2022

Q1 - Pause in upward trend - Omicron delaying rebound and growth a few months

- ❑ More products flying totally on A350 and Boeing 787 vs pre-pandemic
- ❑ Boeing 787 fleet restored to 99 % - growth when 787 deliveries resume
- ❑ A350 aftermarket higher in 2021 vs 2019 – continuous growth in 2022



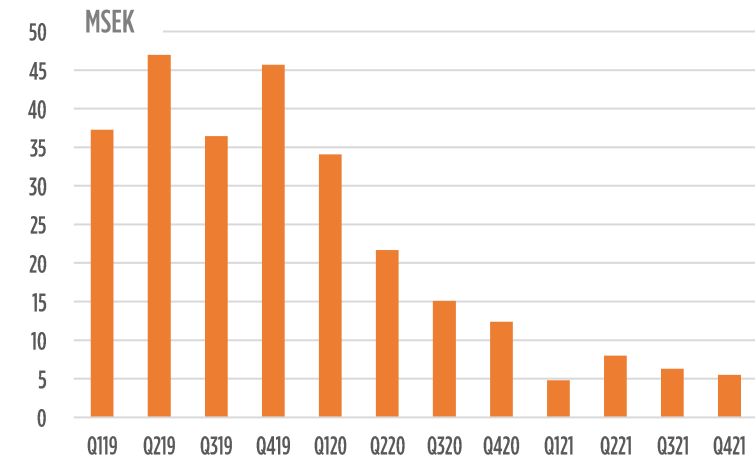
Growth drivers going forward:

- ❑ Intercontinental flights - Longer flights - Higher utilization per aircraft (more flight hours)
- ❑ Population growth:
 - ❑ 110 Boeing 787 in inventory + build-rate 1-2 to 5
 - ❑ A350 fleet increasing - build-rate of 5 per month

OEM recovery delayed

OEM not likely to significantly contribute to growth in 2022 – Boeing 787 issues take longer time than Boeing previously anticipated

- ❑ Boeing 787 at low build-rate (1 – 2 per month)
- ❑ Airbus currently targeting A350 build-rate to increase to 6 in 2023
- ❑ Boeing still expects to deliver first 777X in end-2023
- ❑ MC-21 type certificate in Dec 2021 – targeting entry-into-service in Q3 2022
- ❑ Aircraft production rates higher in H1 2023 – lead by A350



Boeing 787

- ❑ Awaiting regulatory approval for pre-delivery inspections on reworked aircraft in inventory
- ❑ Industry view for restarting 787-deliveries in April
- ❑ Meanwhile producing the 787 at a very low rate
- ❑ Expected gradual return to five airplanes per month over time

- ❑ Penetration at max – only more content (cabin humidifier) or higher production

Airbus A350

- ❑ Guided higher production rate in Q3 2022, up from 5 per month to 6
- ❑ Many large CTT customers with remaining humidifier orders

- ❑ Max content – Only via penetration and rate increase

Boeing 777X

- ❑ Certification delayed
- ❑ Boeing reiterated EIS late 2023

- ❑ Max content – Only via penetration and ramp-up

MC-21

- ❑ Type certificate Russia in December 2021
- ❑ Targeted EIS in Q3 2022

- ❑ Basic – Only ramp-up and more content

Retrofit business renaissance

Airline discussions with focus on air quality and wellness as well as green tech to reduce carbon footprint drive retrofit opportunities

- ❑ Growing airline interest in cabin air quality / humidity / wellness
- ❑ Short-term limited number of refurbish programs
- ❑ Projects conditional on re-start of intercontinental travel

- ❑ Sustainability efforts + pressure and oil at 7 year high drives interest for Anti-Fuselage-Condensation protection (A320 / Boeing 737)
- ❑ Boeing MAX – Efforts to obtain STC for Boeing 737 MAX

- ❑ Retrofit opportunity: 1,000 Boeing 787 aircraft
- ❑ Humidification system for the business class at a cost <50% of the cost for 1 business class suite



Pobeda fleet expansion opportunity:

- ❑ Order in Q2 for 10 a/c to be retrofitted
- ❑ Order in Q4 for 20 a/c to be retrofitted ✓
- ❑ Opportunity: 20 more a/c scheduled to be added to Pobeda fleet in 2022 / 2023

Jet2-com recently ordered 51 A321 aircraft scheduled to be delivered 2023-

Private jet growth in 2022

Start converting strong VIP pipeline into orders – Target Global 7500 and ACJ TwoTwenty

- ❑ Historic VIP revenues approx. \$2M+-\$1M per year
- ❑ Awarded ACJ320 OEM-kit system: Adding \$1.5M per year
- ❑ Addressed growth opportunities: Approx. \$13M per year



	Completion projects	OEM project	Kit + STC	Addressable Market (per year)	Entry-into-Service
ACJ320	✓	✓	✓	\$1.5M	In-service
Bombardier Global 7500	✓			\$10M	In-service
ACJ TwoTwenty				\$3M	2023

Projects for future growth – Power to invest

777X



Q & A





CTT:

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