

October 28, 2022

EARNINGS CALL Q3 2022



S Y S T E M S





HENRIK HÖJER
CEO



MARKUS BERG
CFO

Q3 2022

Business highlights

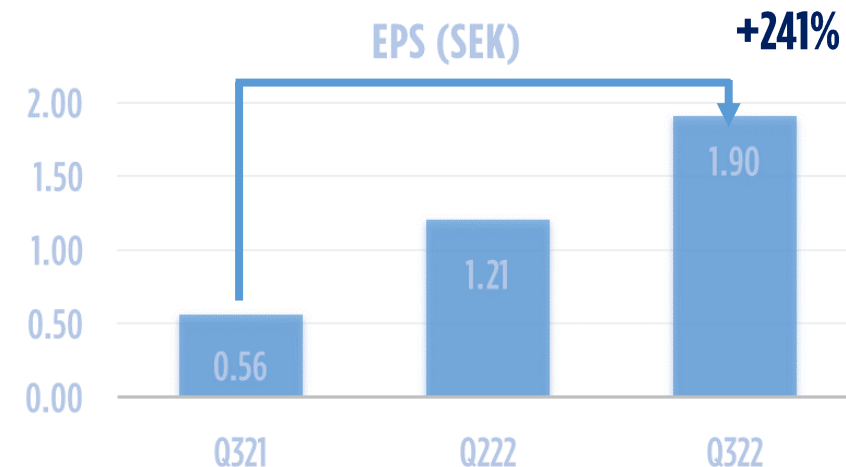
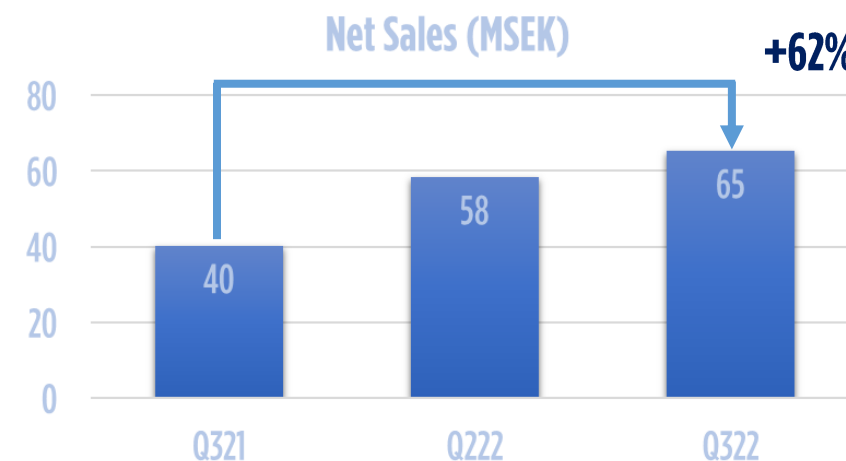
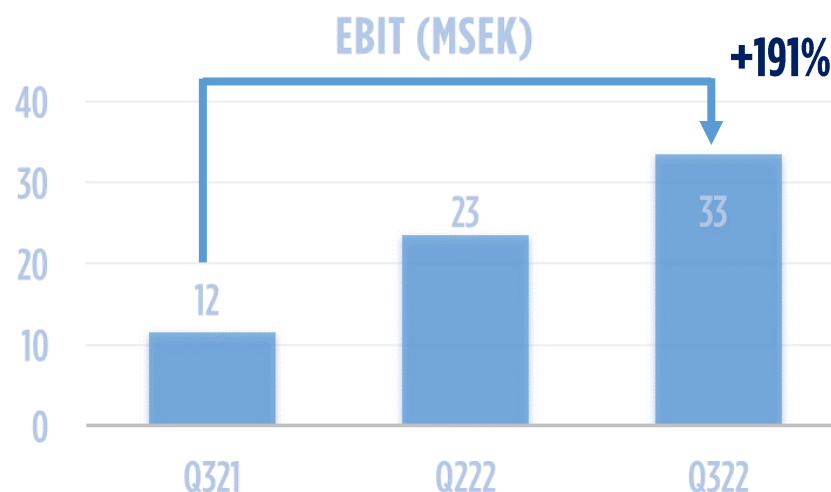
- ☐ Aftermarket demand stronger than anticipated – increased quarter-to-quarter with 40 % to a new ATH
- ☐ Boeing resumed deliveries of 787s in August
 - ☐ 120+ ready-built aircraft representing 10 % of population growth to CTT
 - ☐ Gradual production increase from current level 1 - 2
- ☐ Private jet orders (BBJ MAX and previously announced first order for ACJ TwoTwenty biz jet)

Q3 2022

Financials in short

Strong growth of sales and profit - EBIT-margin at ATH

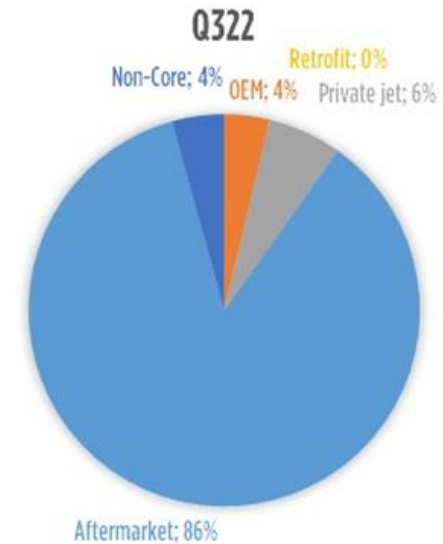
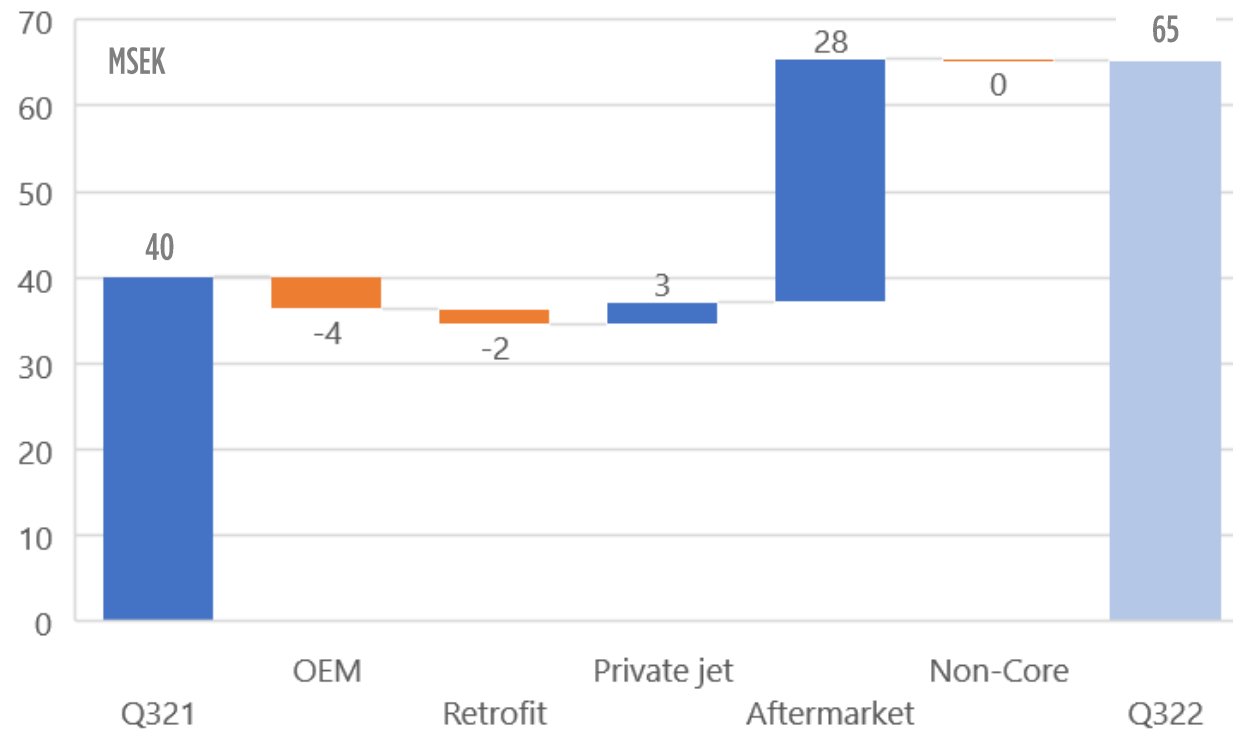
- Net Sales of 65 MSEK (40) – increased 62% - currency adjusted 34% - beat forecast MSEK 58 - 63 ✓
- EBIT 33 MSEK (12) - EBIT Margin 51% (29)
- EPS 1.90 SEK (0.56)
- Operating cash flow of 31 MSEK (10)



Q3 2022

Net Sales Bridge and Mix

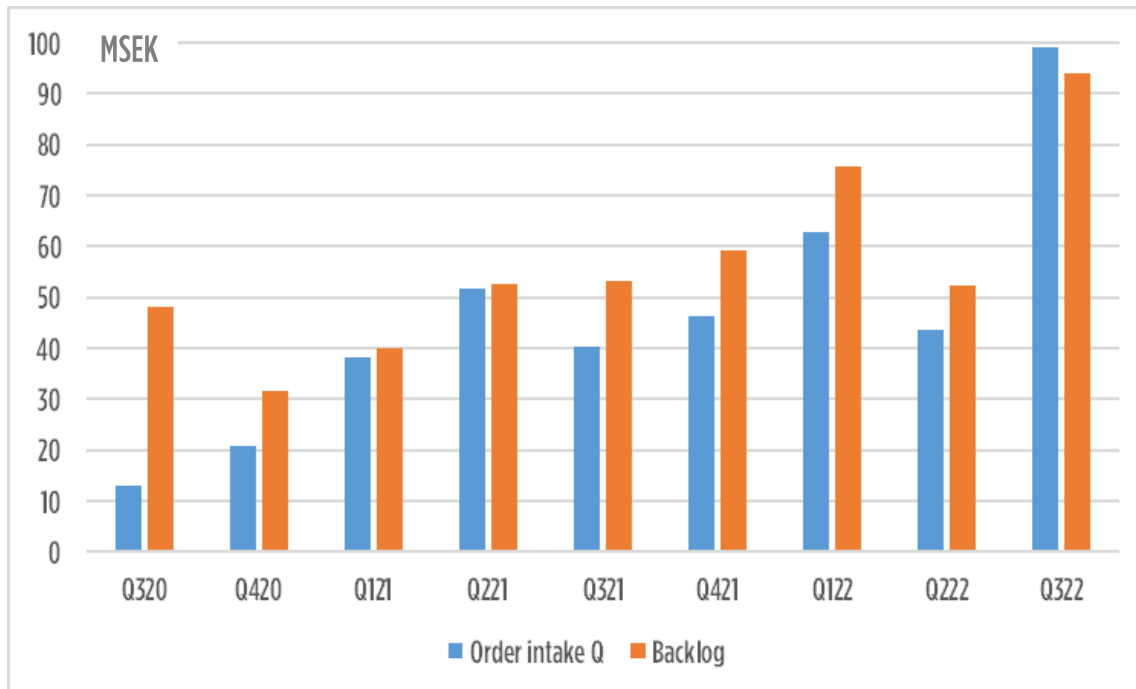
Net Sales increase was driven by the Aftermarket



Q3 2022

Order Intake & Backlog

- Order intake 99 MSEK vs 40 MSEK same period last year
 - Aftermarket sales dominating revenue with short lead-time from order to delivery (some order and delivery in the same quarter)
 - Two new Private jet orders during the quarter, to be delivered during the first quarter 2023, with revenue recognition over time.
- Order backlog highest in years at 94 MSEK (53)

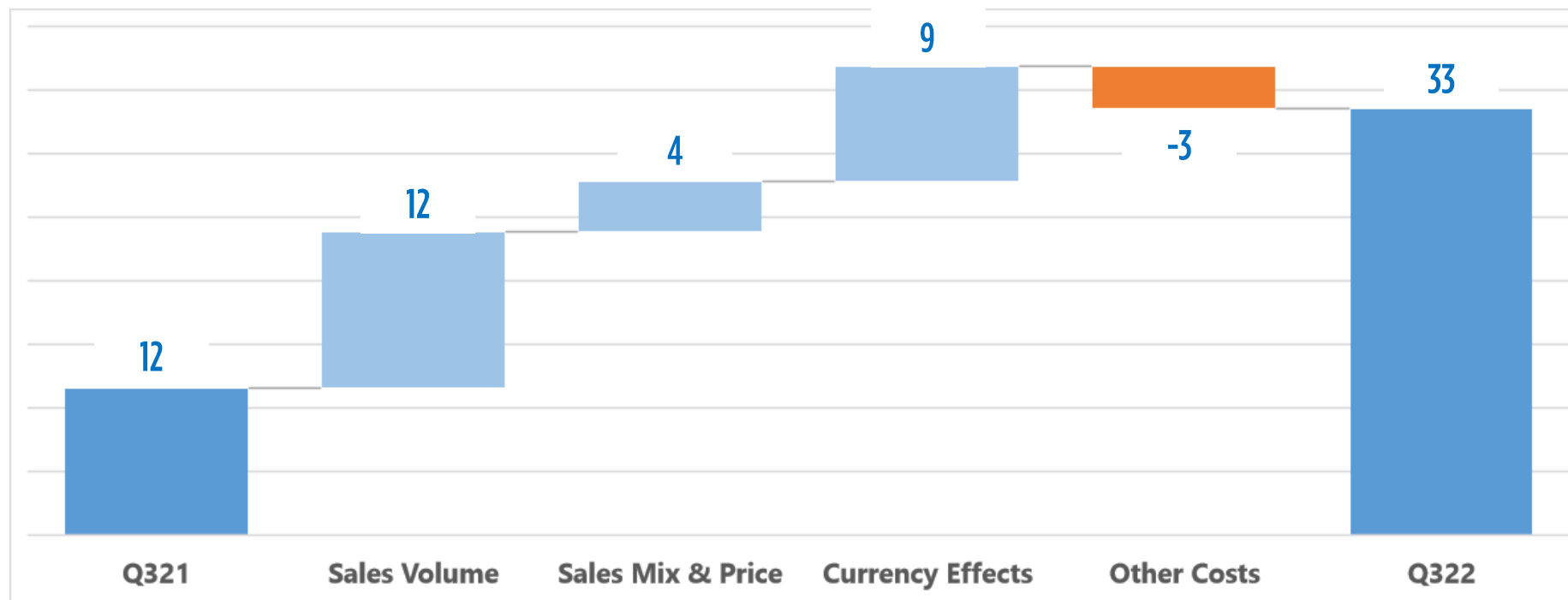


MSEK	Q321	Q322
Order intake	40	99
Backlog	53	94
USD/SEK	8.66	11.19

Q3 2022

EBIT Profit Bridge

- Business related performance improvements - driven by sales volume and mix (driven by Aftermarket and Private jet sales – coupled with lower OEM)
- Stronger USD/SEK with positive impact on reported sales in SEK and AR/AP valuation

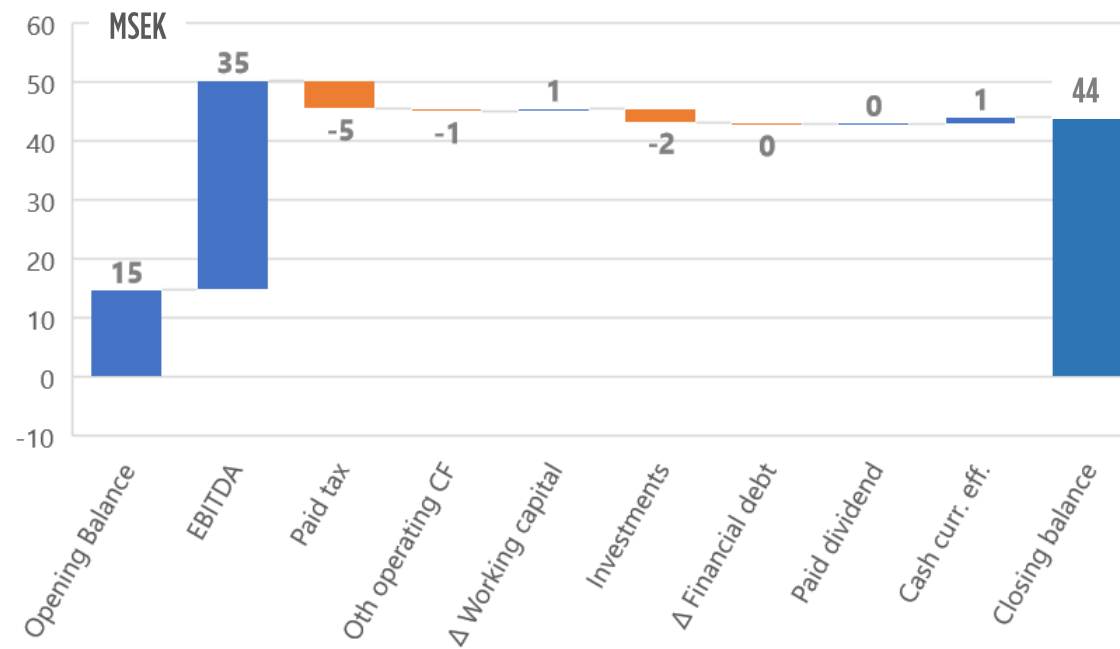


Q3 2022

Cash Flow

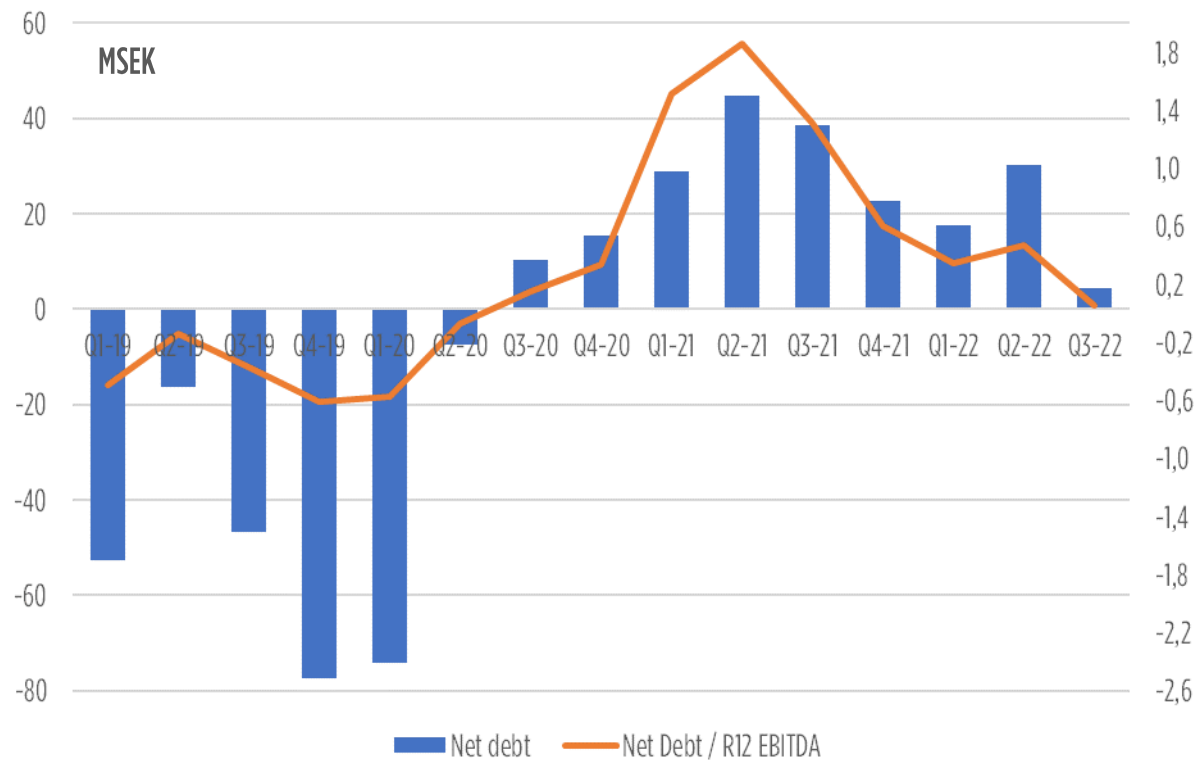
- Operating cash flow +31 MSEK (10) driven by improved financial performance (EBITDA)
- Working capital +0.5 MSEK (-0.7), higher inventory offset by improved AR/AP

Change in Cash



Q3 2022 Net Debt

- Net debt amounting to 5 MSEK compared 39 MSEK in Q3 last year
- Available credit facilities amount to 49 MSEK
- Solidity 71% (65%) and Net Debt / Equity 2% (19%)

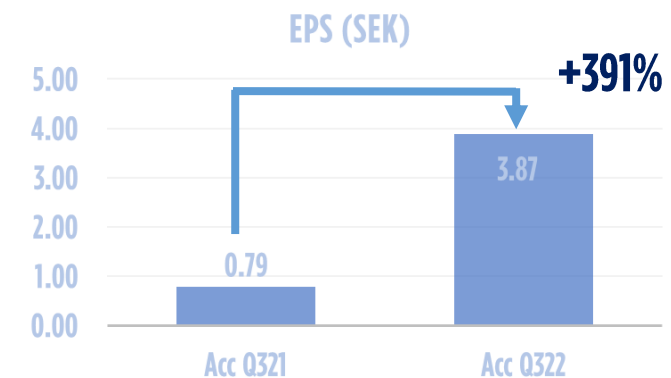
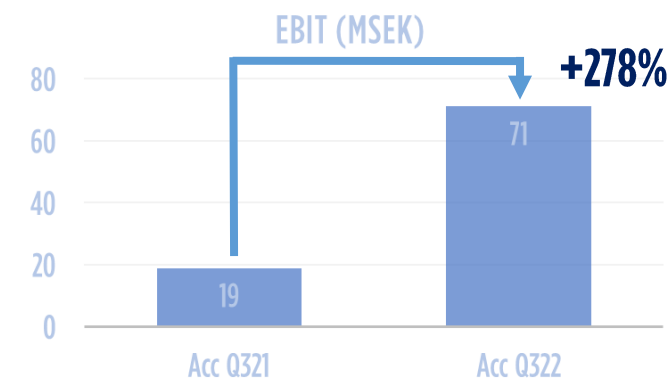
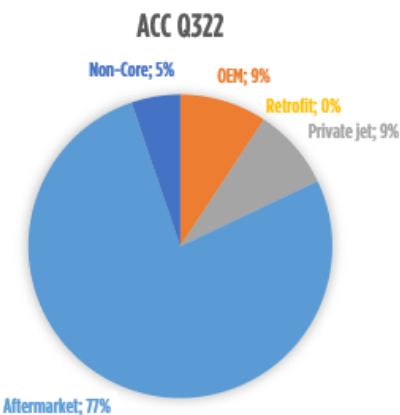
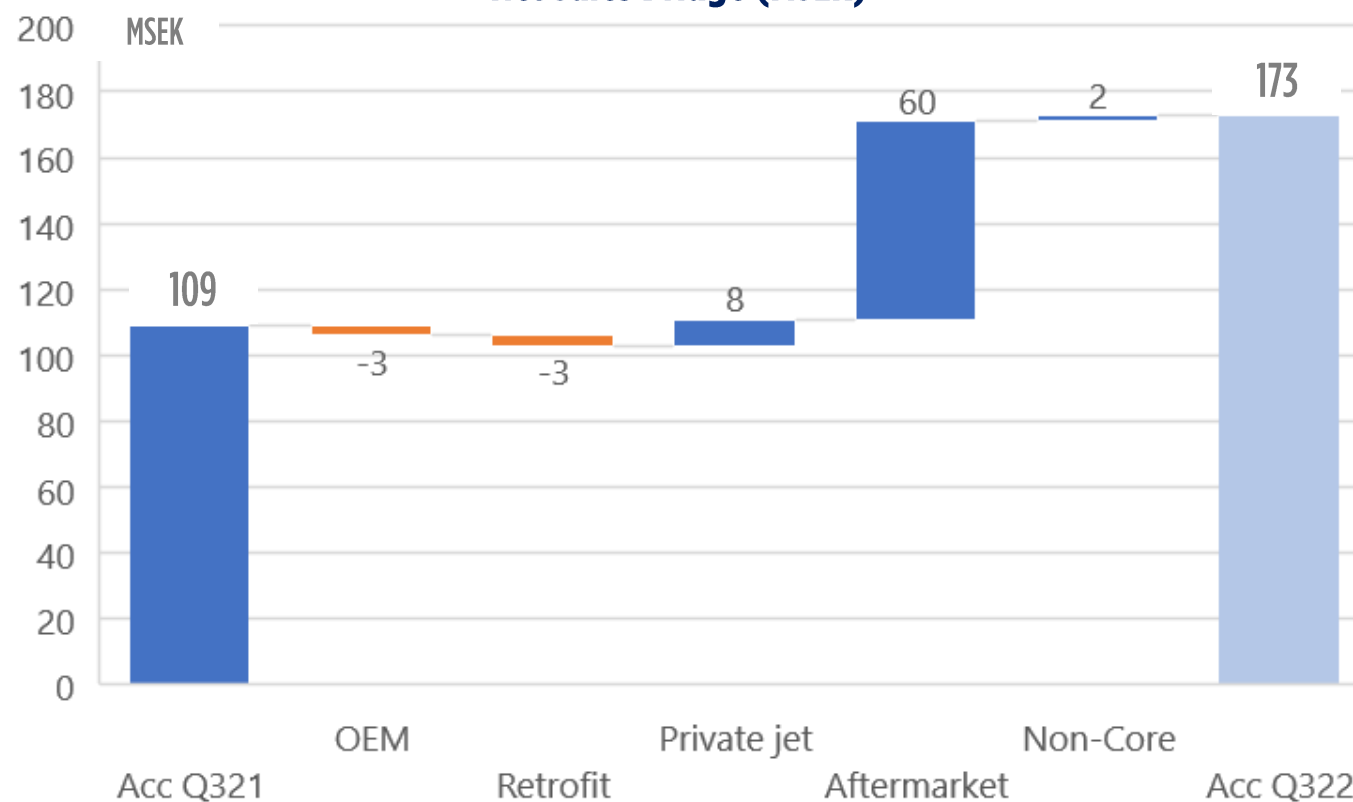


Q1-Q3 2022

Q1-Q3 2022

Financials in short

Net Sales Bridge (MSEK)

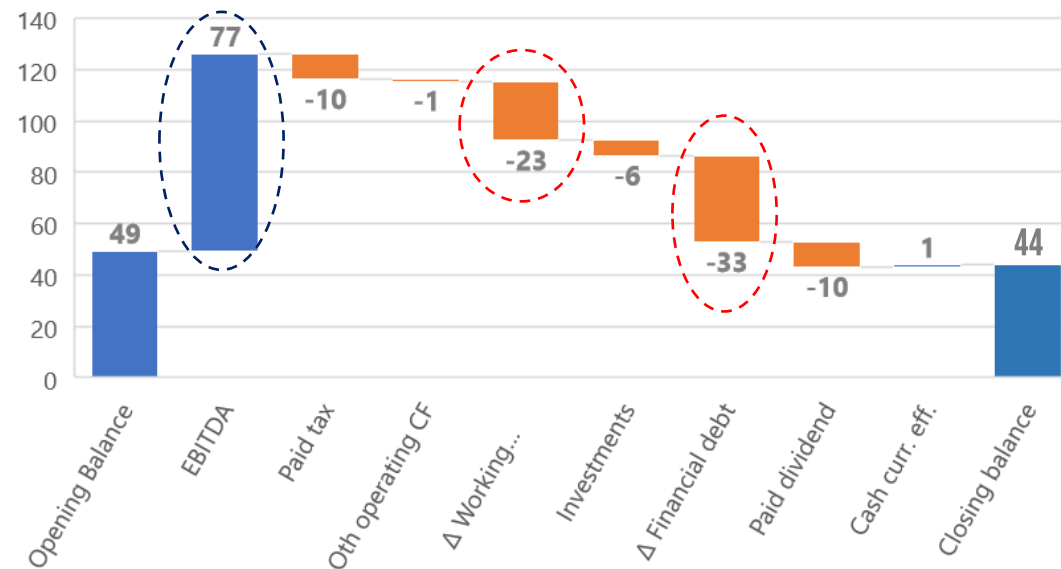


Q1-Q3 2022

Cash Flow

- Operating cash flow +43 MSEK (10), mainly driven by improved financial performance (EBITDA) partly offset by working capital
- Working capital increased primarily due to stronger sales / AR increase and from increasing inventory
- Reduced debt due to re-payment of USD loan of 33 MSEK in Q1 - Net debt amounting to 5 MSEK compared 39 MSEK Q3 last year

Change in Cash



Credit facilities: 49 MSEK unused / available

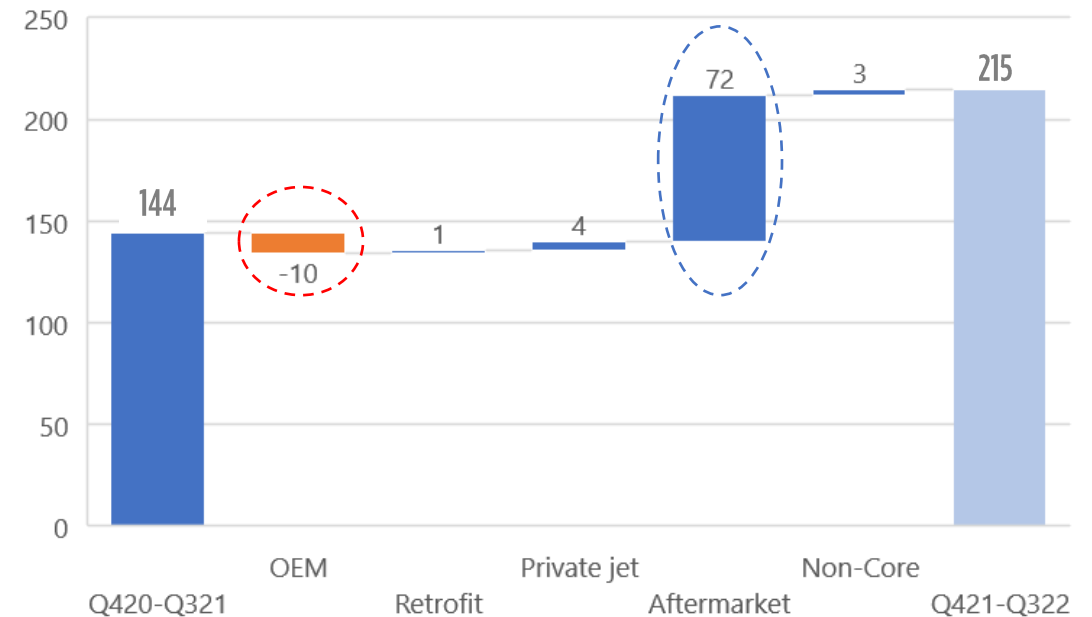
ROLLING 4Q

Rolling 4Q Financials in short

OEM sales late in recovery but also hit by Boeing production issues on 787s – Aftermarket early in the recovery

- Net Sales of 215 MSEK (144), up 49% versus comparable Rolling 4Q (Q420 – Q321)
- Operating Profit (EBIT) increase 335% to 79 MSEK (18)
- EBIT Margin increase to 37% (13)
- EPS 4.22 SEK (0.94), an increase of 350%
- Operating cash flow of 64 MSEK (9)

Net Sales Bridge



OUTLOOK

Airlines report strong outlook – but clouds in the sky

- ❑ CTT is in a strong position to grow sales in all our segments
- ❑ Airlines report outlook on strong demand for air travel
- ❑ Prepared if recession hits travel demand
 - ❑ Flexibility to adapt
 - ❑ Retrofit projects at risk to be pushed to the right

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Lufthansa raises 2022 profit outlook on strong demand for air travel

Reuters



The New York Times

Delta Earnings Are Solid as Airline Signals Optimism on Travel Demand

The carrier reported a healthy profit for the third quarter after a busy summer. Competitors also seem confident despite economic turbulence.

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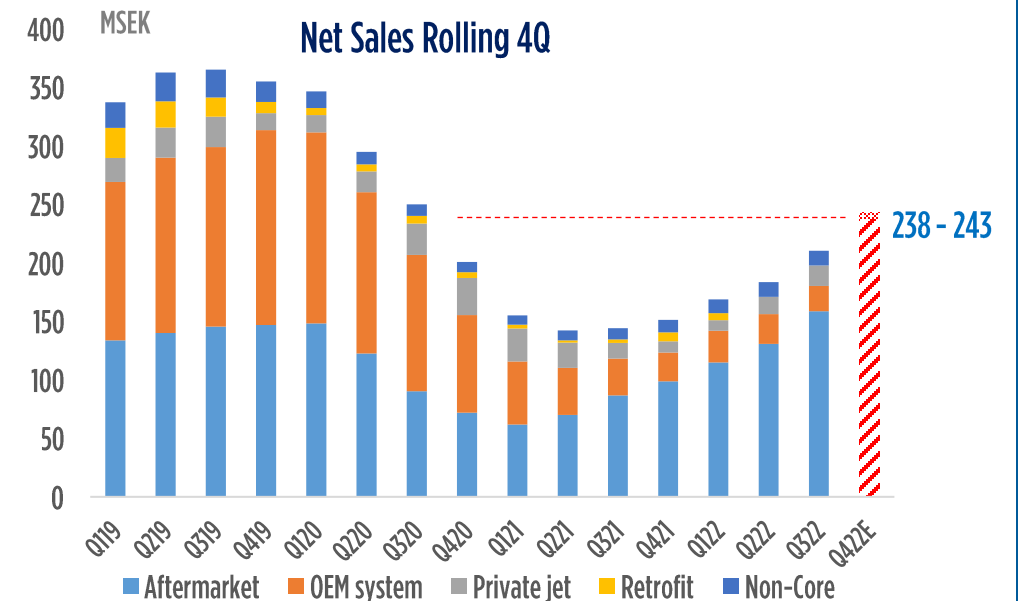
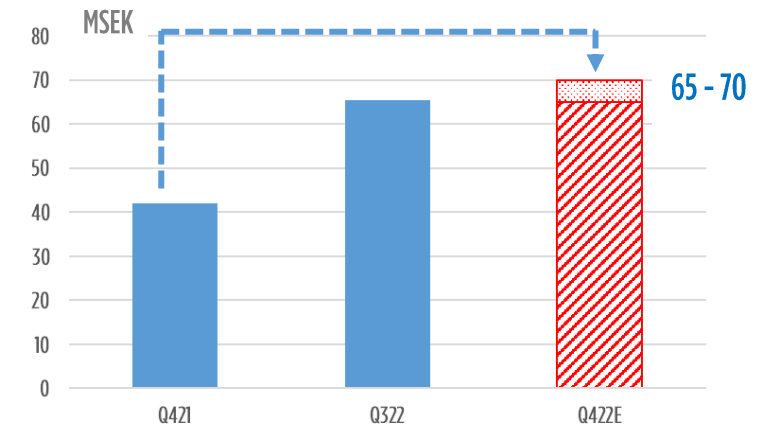
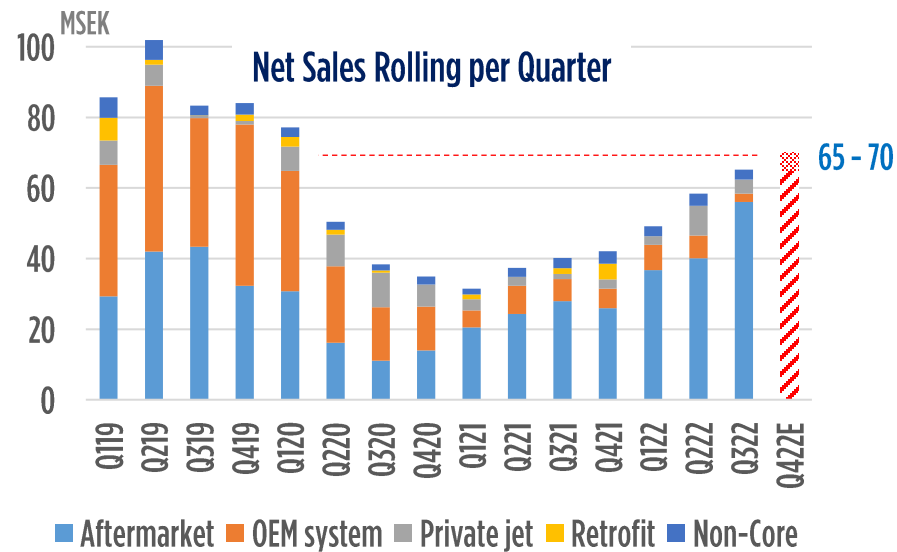
easyJet PLC + Add to myFT

IAG and easyJet offer hope as travel demand remains solid

Airline shares rise despite uncertainty over effect of cost of living crisis

Forecast Q4 2022

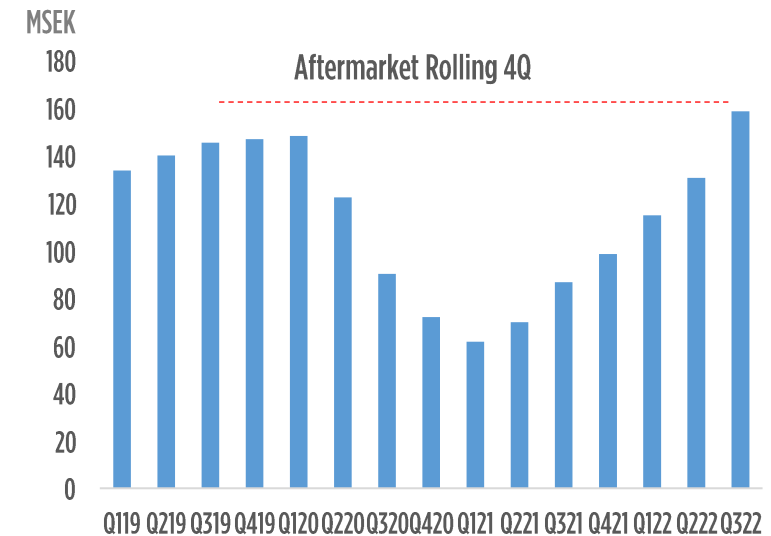
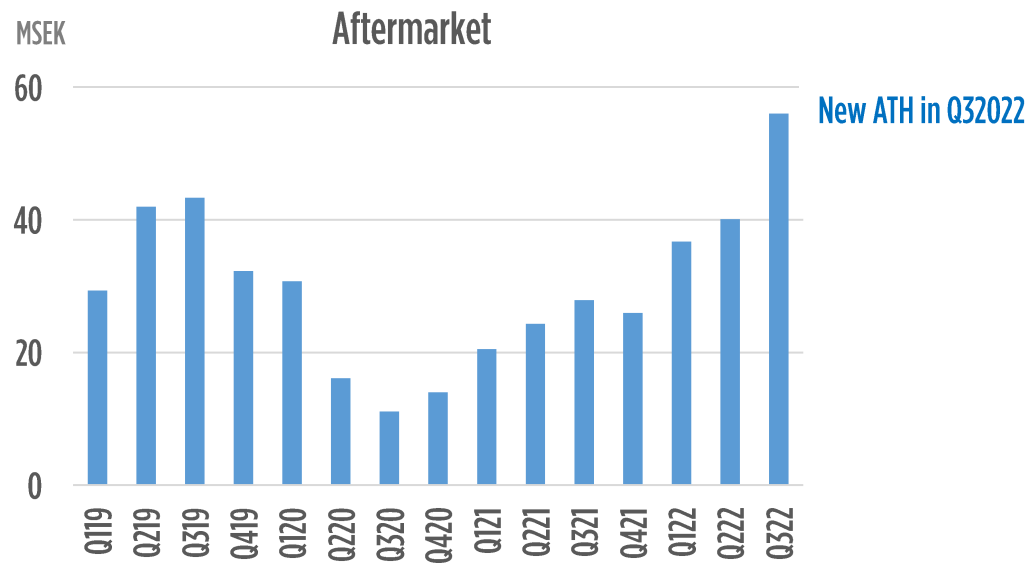
- Net Sales Forecast Q4 2022: 65 - 70 MSEK (40) (Y-o-Y-increase of 62 % - 75 %)
- Q4 sales expected to be quarter-to-quarter driven by private jet and partly offset by consolidation in aftermarket in light of positive inventory effect in Q3



Aftermarket sales expected to pause q-to-q growth

All-time-high in Q3 – driven by inventory effect – some quarters to consolidate

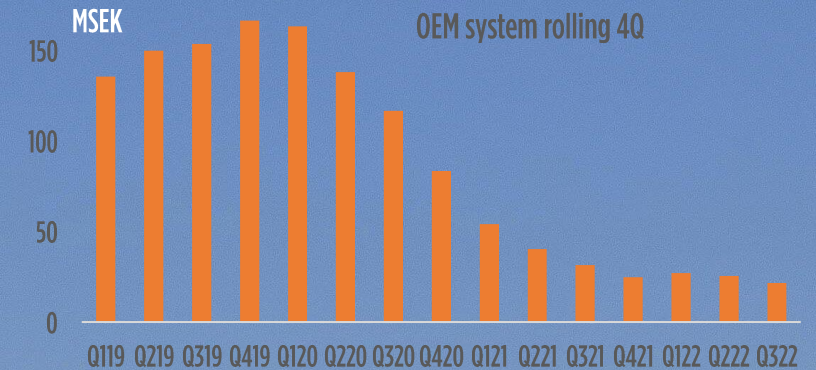
- Boeing 787s back to delivery mode – 120+ ready-built aircraft representing 10 % population growth
- Pandemic-recovery gradually fades – Back-to-normal where aftermarket correlates with population growth



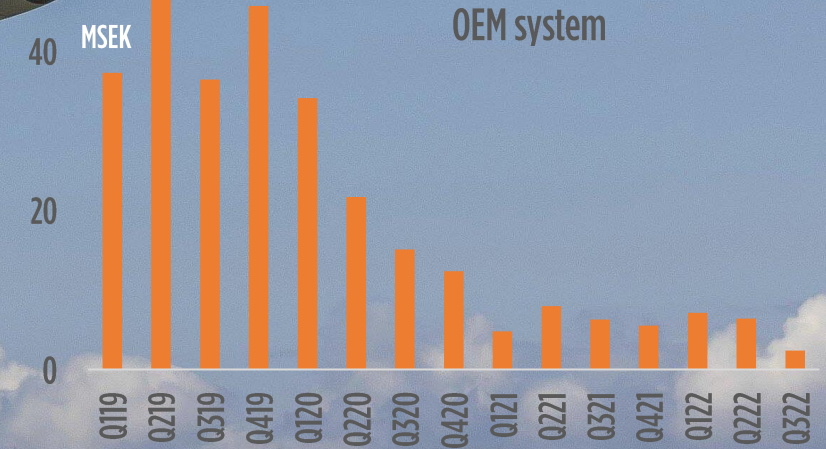
OEM at lows rebound from 2023

OEM will not contribute to growth in 2022 – Recovery starts in 2023

- ❑ Boeing 787 at low build-rate (1 – 2 per month) – deliveries resumed in Q3 - gradual increase to 5
- ❑ Airbus currently targeting A350 build-rate to increase to 6 in 2023
- ❑ First 777X delivery expected in 2025



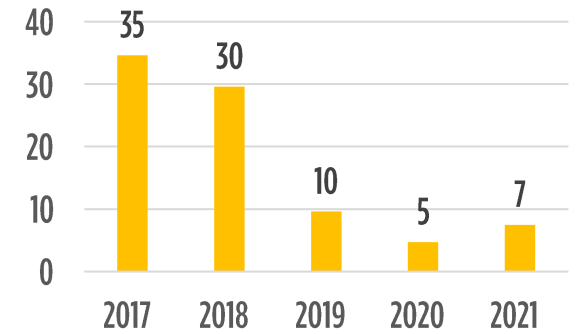
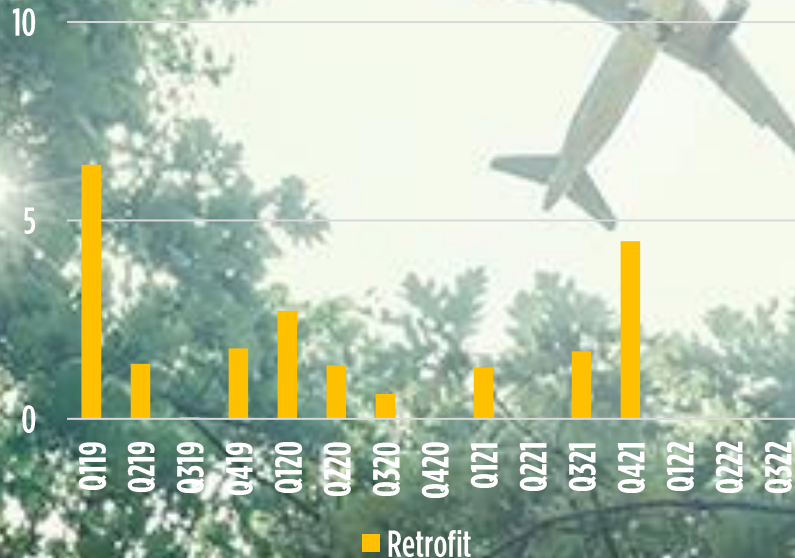
Lufthansa take delivery of their 1st out of 7 Boeing 787 with Humidification on Flight Deck and Crew Rest



Airbus confirmed an A350 customer selecting six humidifiers per a/c including First and Business class

The anti-condensation retrofit opportunity

- ☐ Anti-Fuselage-Condensation (A320 / Boeing 737) – sustainability and high oil price
- ☐ Retrofit to drive OEM:
 - ☐ Efforts to obtain STC for Boeing 737 MAX – Re-open discussions with Boeing team
 - ☐ A320 operators to demand line-fit or post-delivery modification



Focus on airlines in northern Europe

- Sustainability key selling point
- Strong prospect list

Jet2.com



☐ 98 A320-Family on order to be delivered 2023-

☐ 100 A320 Family aircraft on order to be delivered 2023-



The cabin humidification retrofit opportunity

Air quality and health in focus – Benefit versus cost compelling – Driven by wellbeing and wellness

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

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

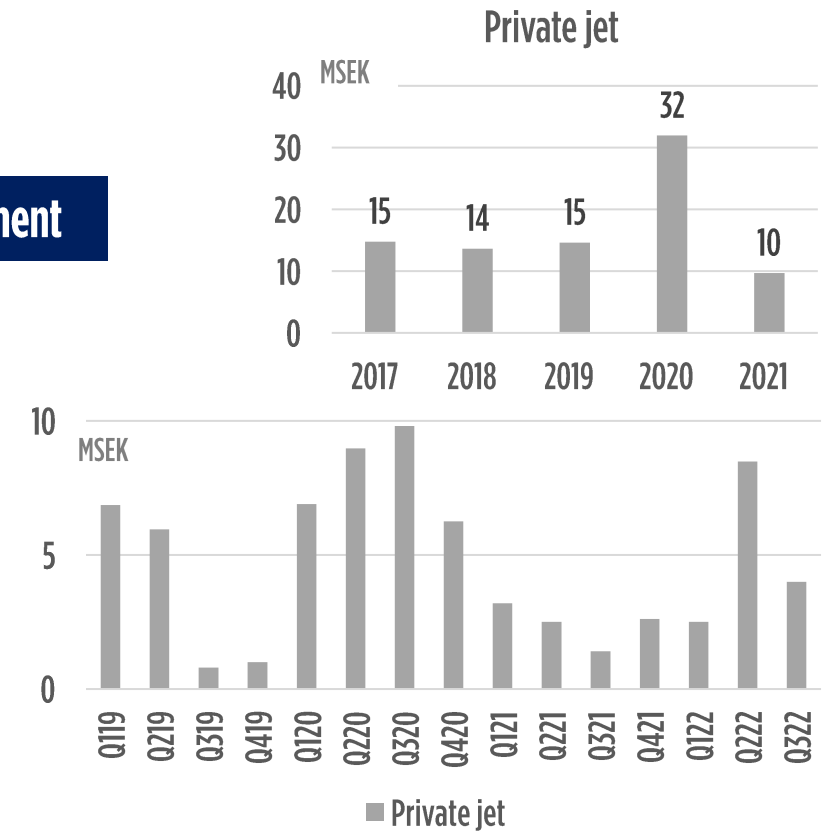


The private jet opportunity

Dominating the widebody VIP segment – Poised to grow into large cabin bizjet segment

CTT is the dominating humidification supplier for VIP aircraft:

- Widebody VIP: Humidification is a de-facto standard
- Narrowbody VIP: Humidification has lower penetration / selection rate



#1 Airbus partnership to increase ACJ320 VIP penetration

- ❑ Airbus ACJ to offer optimized humidification for the ACJ320 VIP Family
- ❑ Promoted by Airbus – First orders in Q4 2021
- ❑ Bolt-on-kit delivery – More scalable vs VIP projects together with completion centers

	Completion projects	OEM project	Kit + STC	Addressable Market (per year)	Entry-into-Service
ACJ320	✓	✓	✓	\$1.5M	In-service



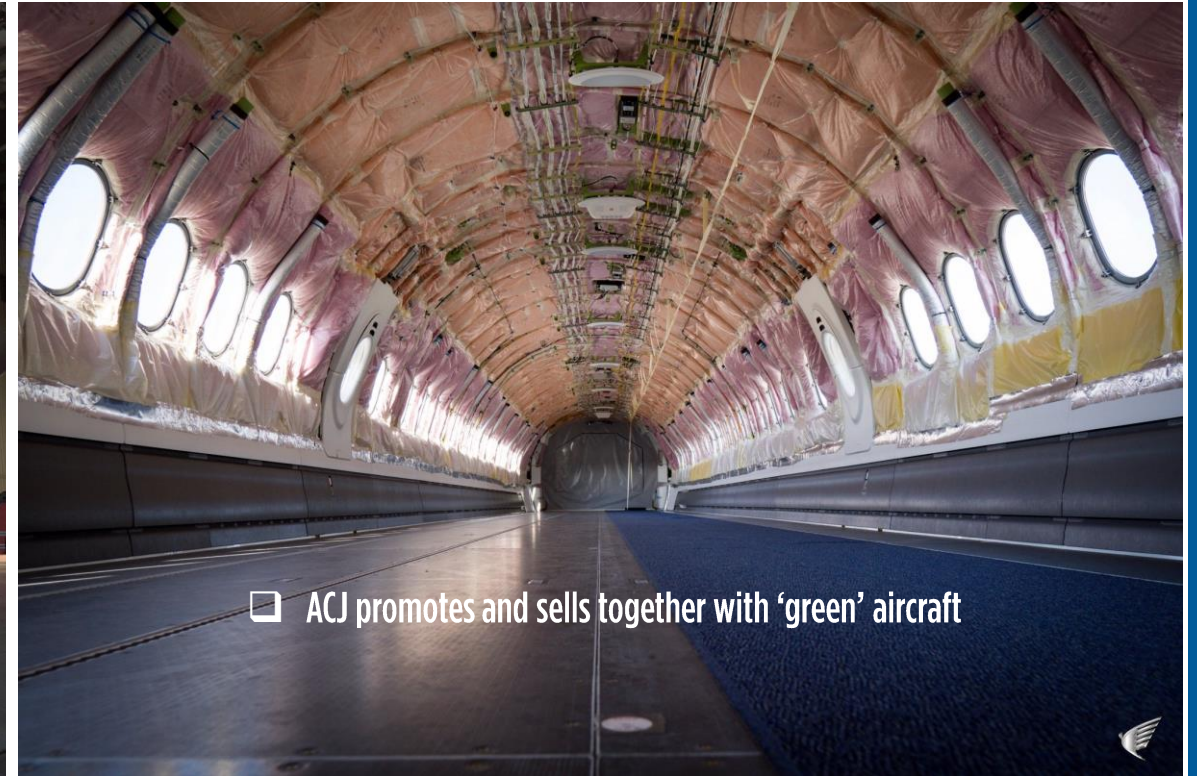
#2 Airbus partnership on ACJ TwoTwenty business jet

- ❑ ACJ launched Inflight Humidification at EBACE in May 2022
- ❑ First order in partnership with Airbus Corporate Jets in July 2022
- ❑ Entry-into-service 2023

- ❑ Addressed Market potential: \$1M-\$3M per year

	Completion projects	OEM project	Kit + STC	Addressable Market (per year)	Entry-into-Service
ACJ TwoTwenty		✓	✓	\$1M-\$3M	2023

- ❑ Delivered together with aircraft for completion
- ❑ Bolt-on-kit with STC



- ❑ ACJ promotes and sells together with 'green' aircraft

#3 Opportunity: Large-cabin bizjet market

OEMs are key – Strong references in VIP to successfully migrate in large cabin bizjets

- Large-cabin, long-range business jets - 50 – 100 a/c per year
- Long-range (10+ hours) – Equipped for best comfort – Humidification system required for matching climate

1st Humidification fitted Global 7500 aircraft delivered to charter operator – In-service



+1

Addressed Market potential: \$10M-\$12M per year

	Completion projects	OEM project	Kit + STC	Addressable Market (per year)	Entry-into-Service
Bombardier Global 7500	✓			\$10M-\$12M	In-service



Unaddressed market: \$15M per year

Market drivers stronger in the wake of the pandemic

Focus on air quality and wellness – Demand for green tech to reduce carbon footprint

