

November 7, 2022

CTT@DDB Q3 ROAD-SHOW

CTT:

S Y S T E M S





HENRIK HÖJER
CEO



MARKUS BERG
CFO

Q3 2022

Business highlights

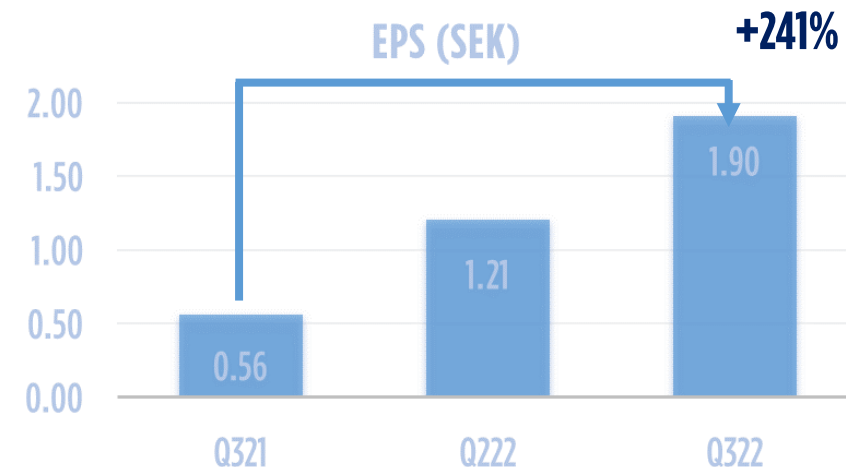
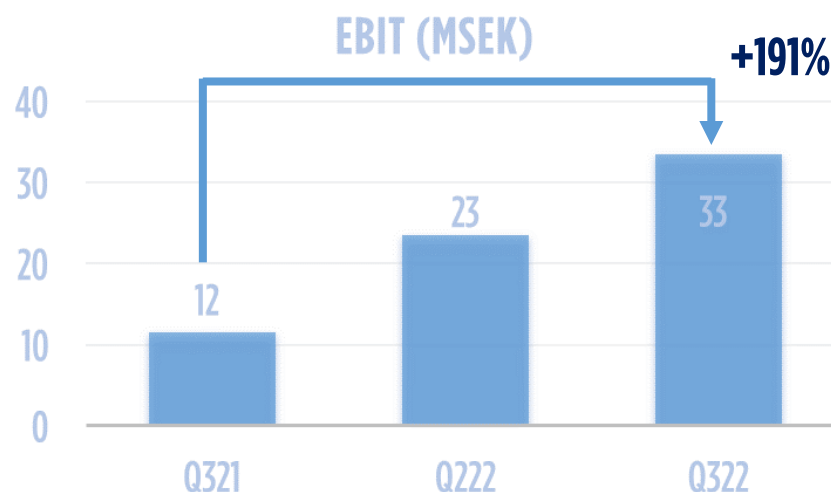
- ☐ Aftermarket demand stronger than anticipated – increased quarter-to-quarter with 40 % to a new ATH
- ☐ Boeing resumed deliveries of 787s in August
 - ☐ 120+ ready-built aircraft representing 10 % of population growth to CTT
 - ☐ Gradual production increase from current level 1 - 2
- ☐ Private jet 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

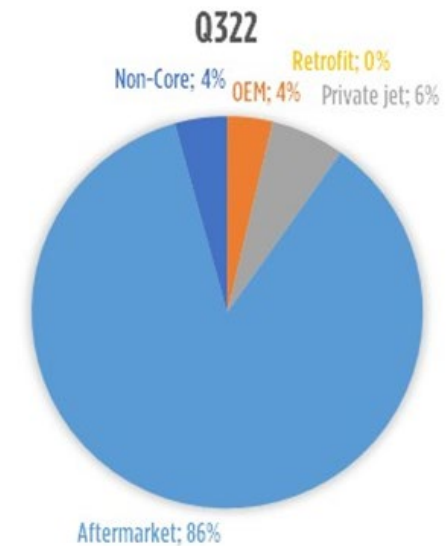
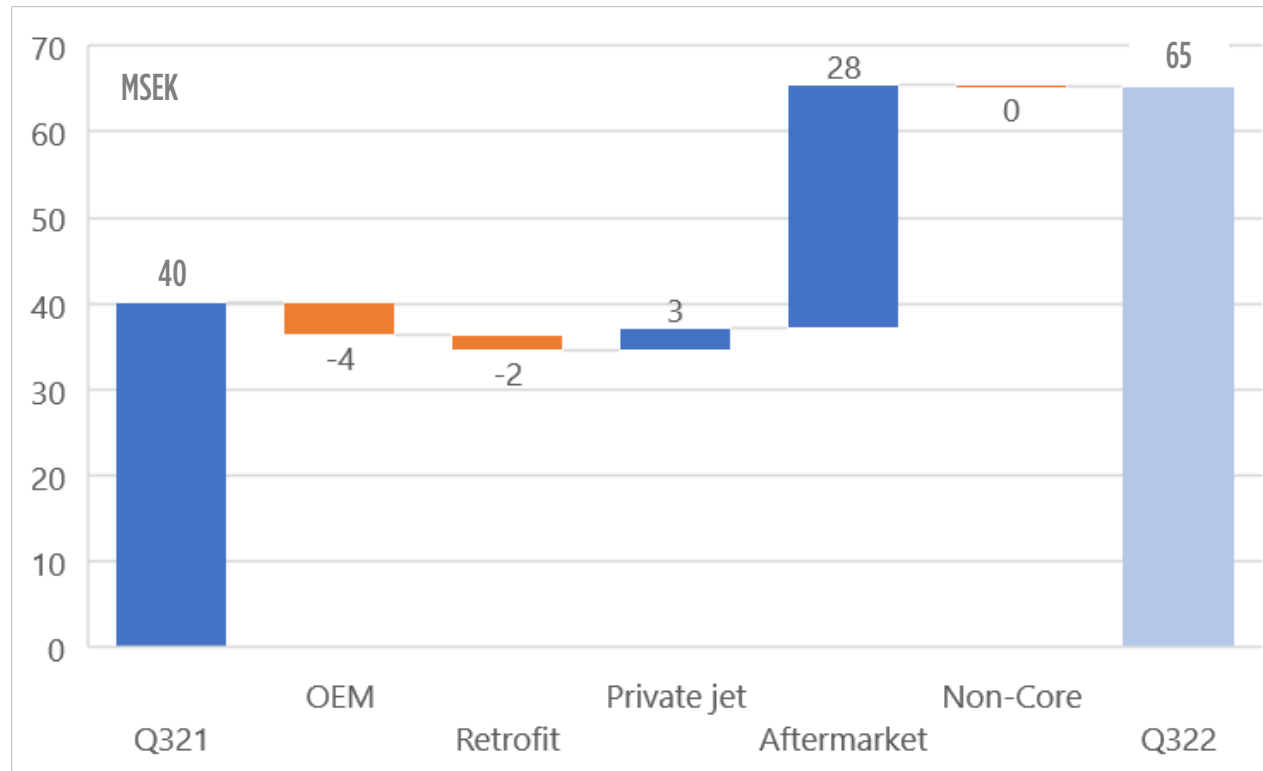
- Net Sales of 65 MSEK (40) – increased 62% - currency adjusted 34% - beat forecast MSEK 58 - 63 ✓
- EBIT 33 MSEK (12) - EBIT Margin 51% (29)
- EPS 1.90 SEK (0.56)
- Operating cash flow of 31 MSEK (10)



Q3 2022

Net Sales Bridge and Mix

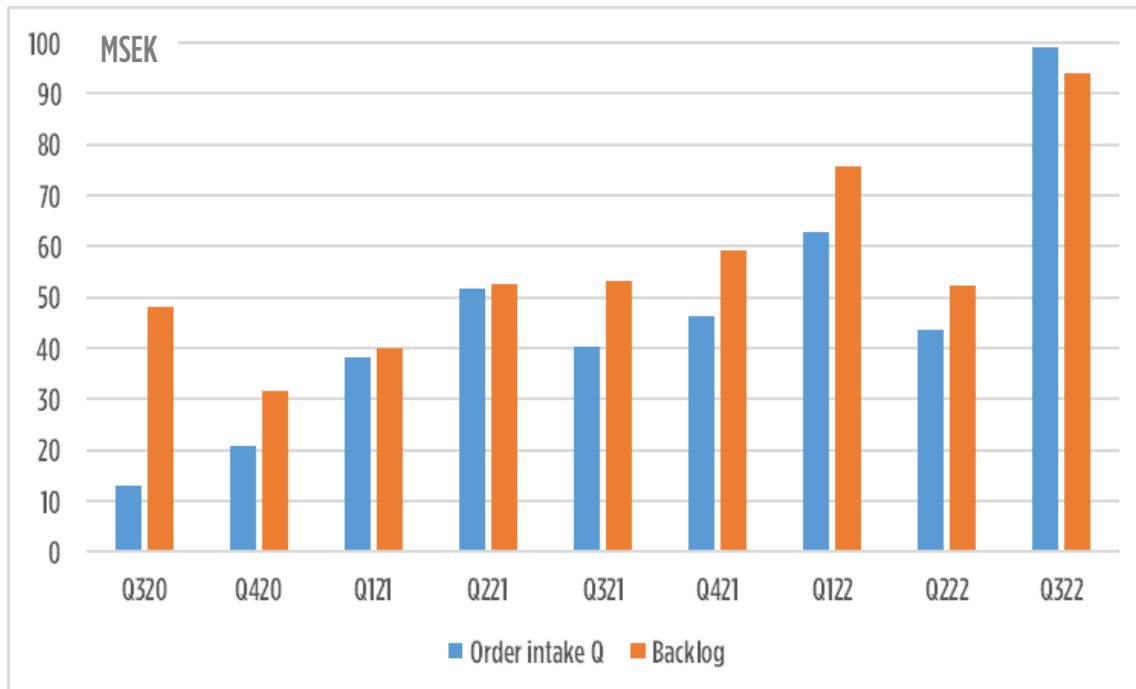
Net Sales increase was driven by the Aftermarket



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)

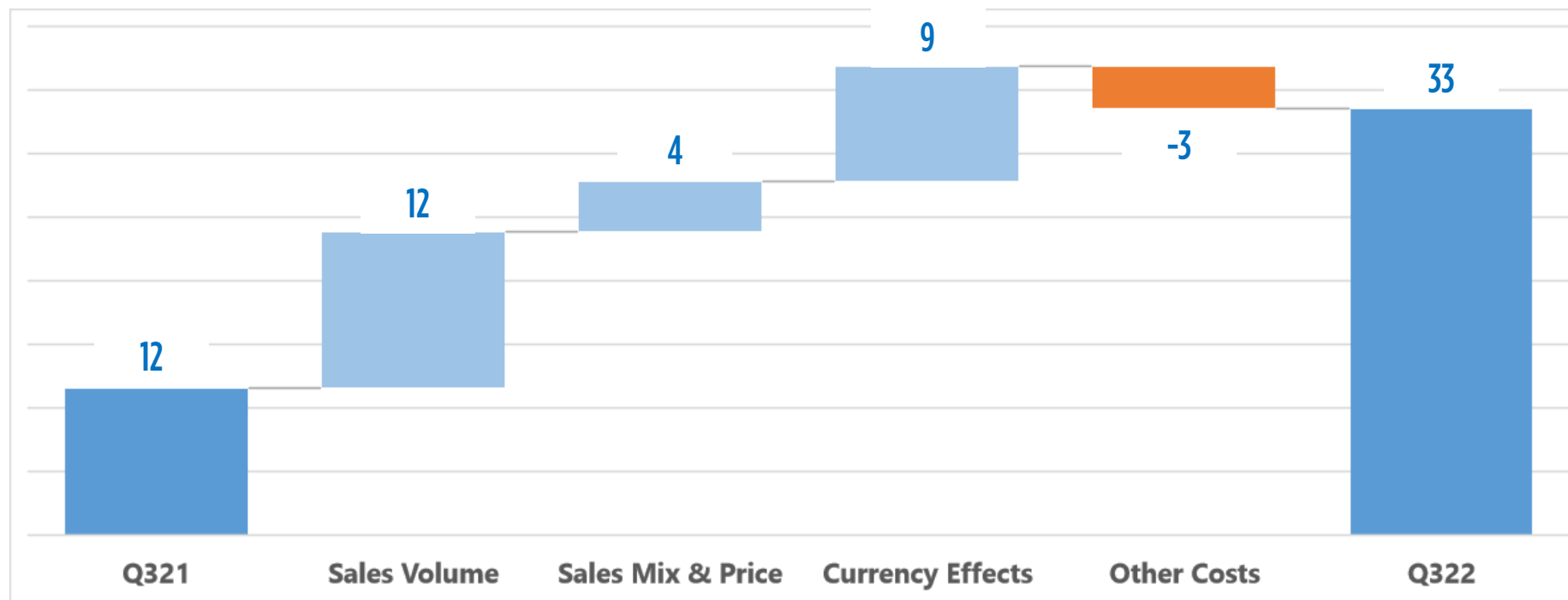


MSEK	Q321	Q322
Order intake	40	99
Backlog	53	94
USD/SEK	8.66	11.19

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

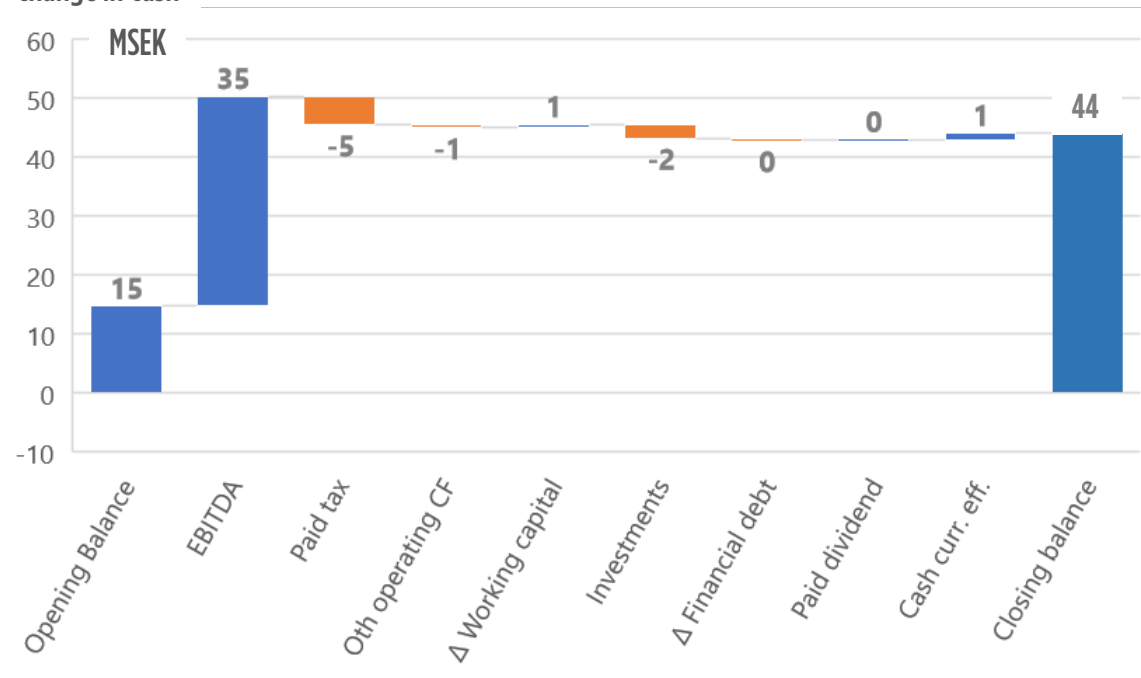


Q3 2022

Cash Flow

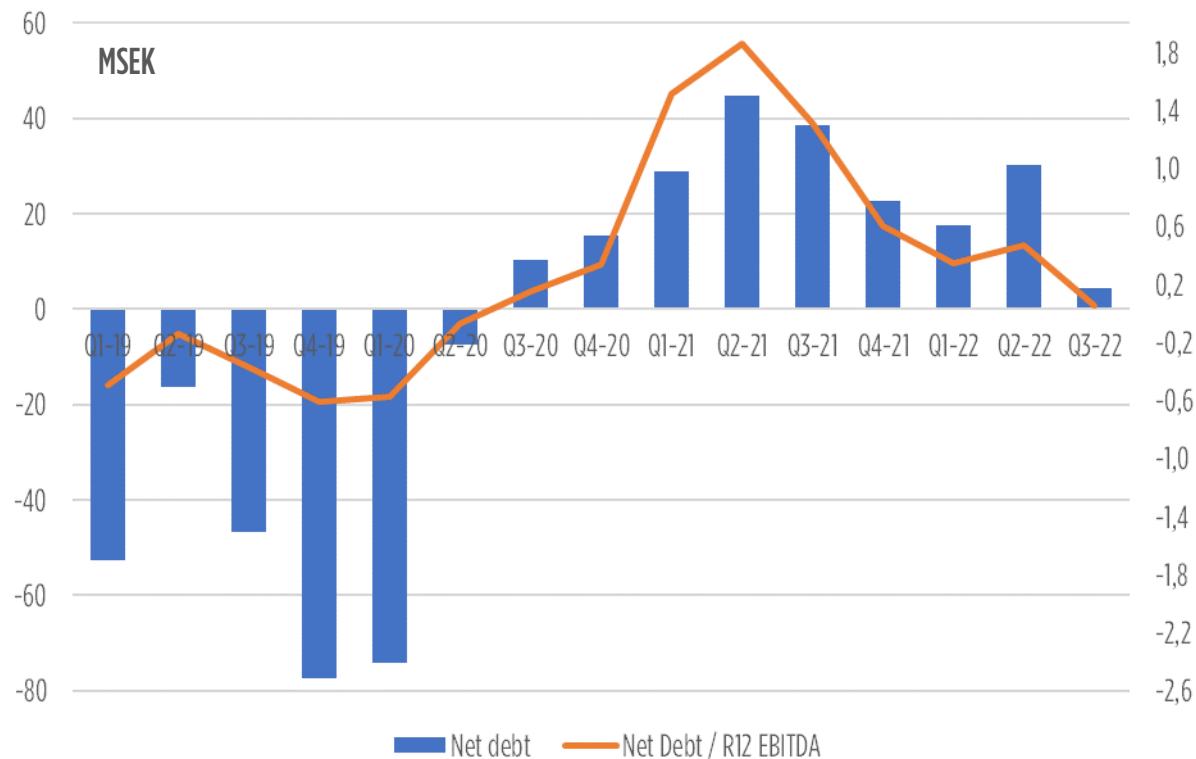
- Operating cash flow +31 MSEK (10) driven by improved financial performance (EBITDA)
- Working capital +0.5 MSEK (-0.7), higher inventory offset by improved AR/AP

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%)



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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2 minute read · October 17, 2022 6:09 PM GMT+2 · Last Updated 15 hours ago

Lufthansa raises 2022 profit outlook on strong demand for air travel

Reuters



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.

Give this article



US bookings to Europe recover faster

Variance between 2019 and 2022 bookings



Source: OAG Traffic Analyser
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MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING CLUB PRO

American Airlines raises revenue forecast after strong summer travel season

PUBLISHED TUE, OCT 11 2022-8:13 AM EDT | UPDATED TUE, OCT 11 2022-12:53 PM EDT

Leslie Josephs
@LESLIEJOSEPHS

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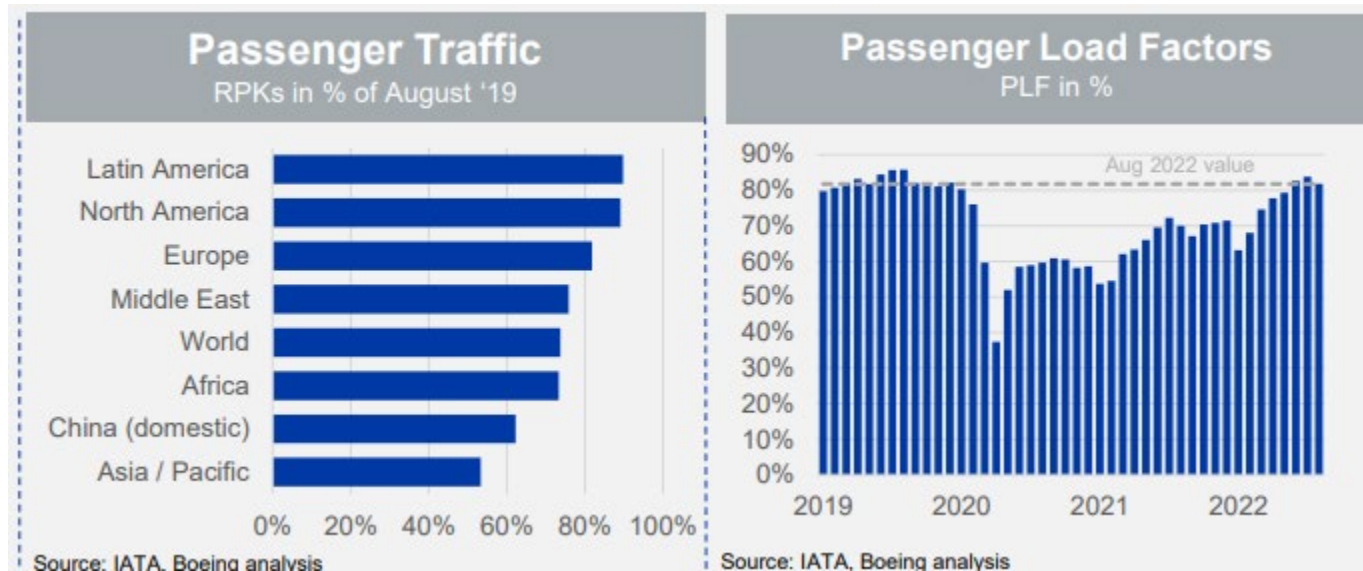
IAG and easyJet offer hope as travel demand remains solid

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

OEMs report solid demand but ramp-up issues

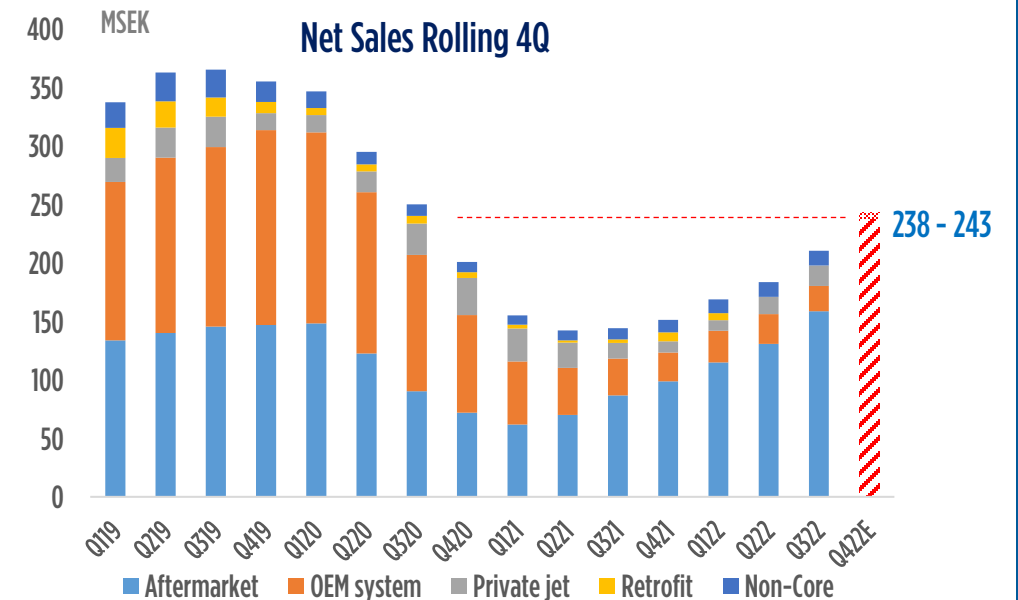
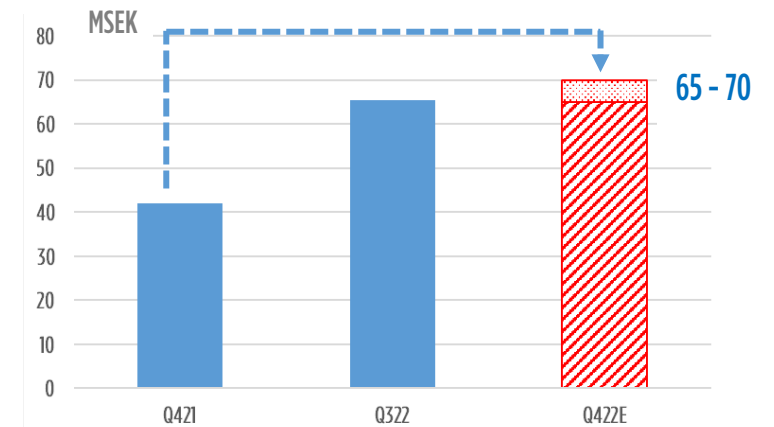
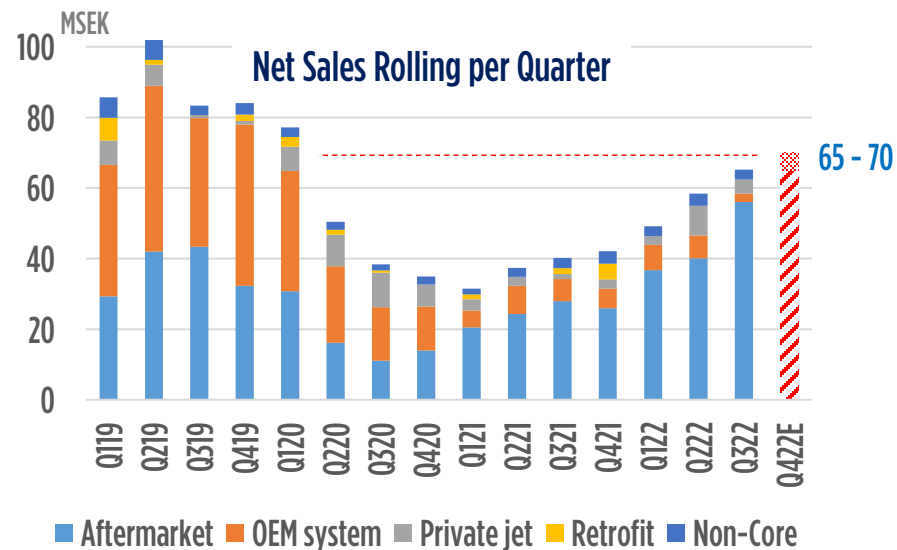
- ❑ Boeing continues to expect passenger traffic to return to 2019 levels in 2023 to 2024
- ❑ Commercial airplane demand remains strong
- ❑ Supply chain constraints continue to challenge the industry

Broader commercial market recovery continues;



Forecast Q4 2022

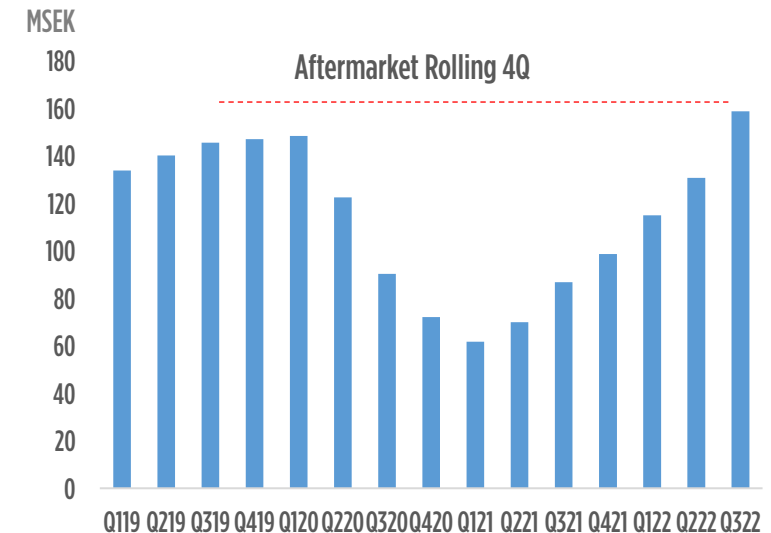
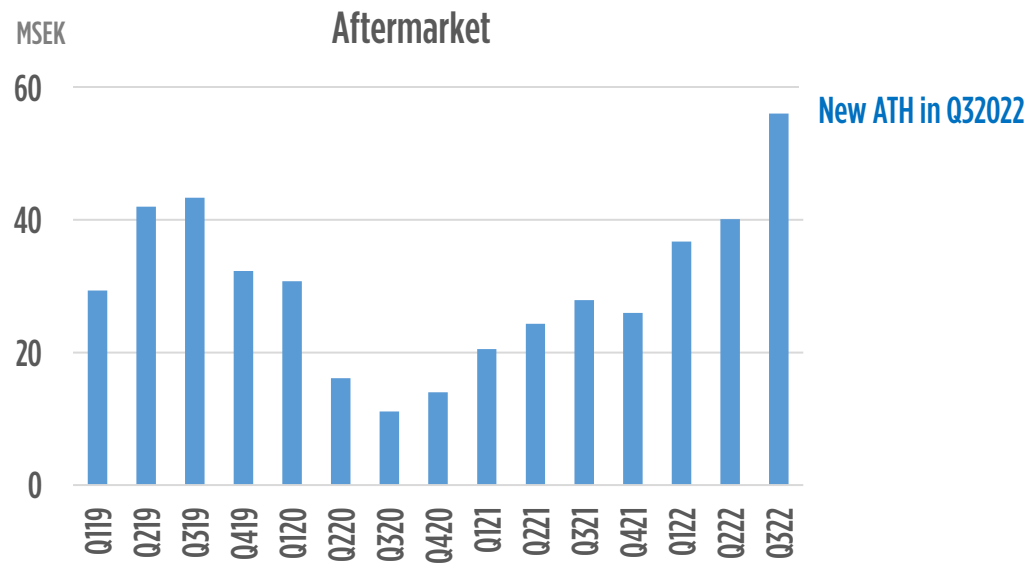
- Net Sales Forecast Q4 2022: 65 - 70 MSEK (40) (Y-o-Y-increase of 62 % - 75 %)
- Q4 sales expected to be quarter-to-quarter driven by private jet and partly offset by consolidation in aftermarket in light of positive inventory effect in Q3



Aftermarket sales expected to pause q-to-q growth

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

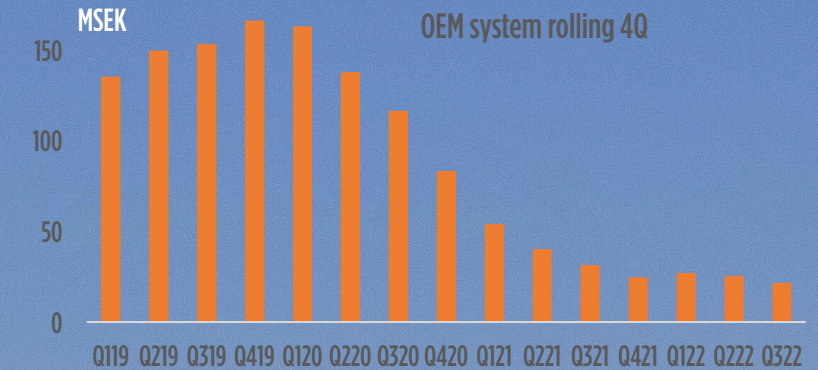
- Boeing 787s back to delivery mode – 120+ ready-built aircraft representing 10 % population growth
- Pandemic-recovery gradually fades – Back-to-normal where aftermarket correlates with population growth



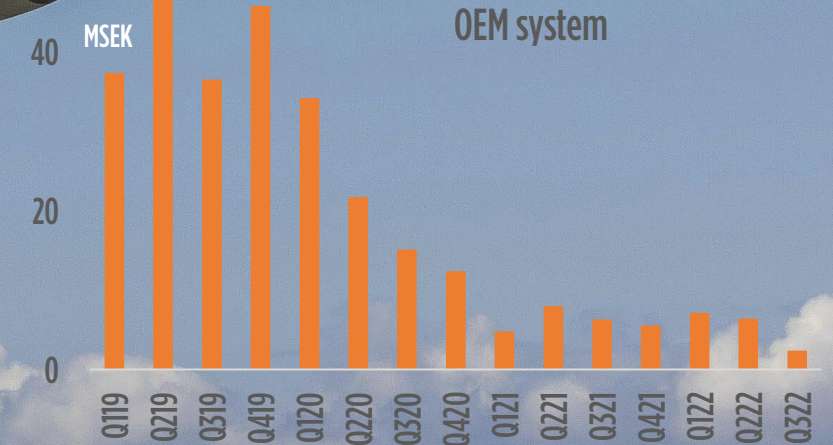
OEM at lows rebound from 2023

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



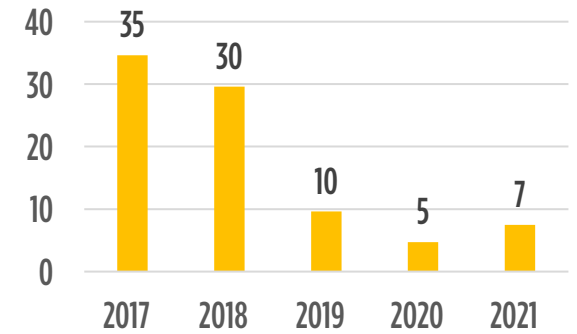
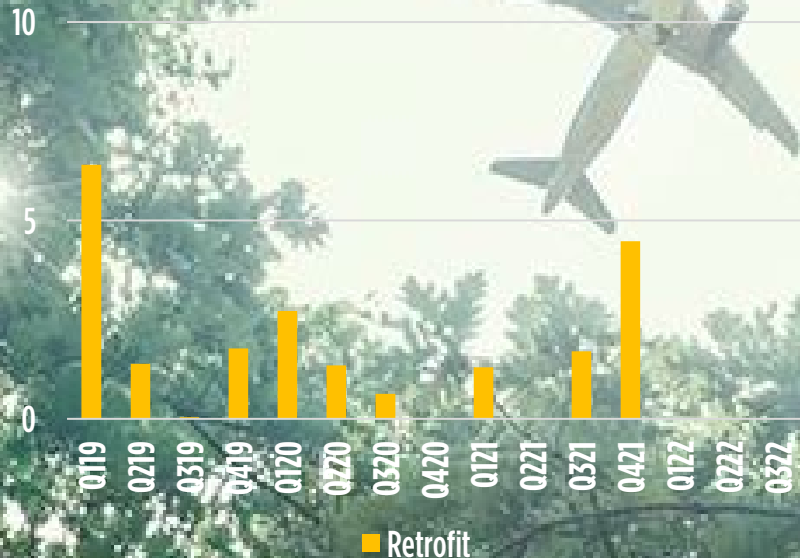
Lufthansa take delivery of their 1st out of 7 Boeing 787 with Humidification on Flight Deck and Crew Rest



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

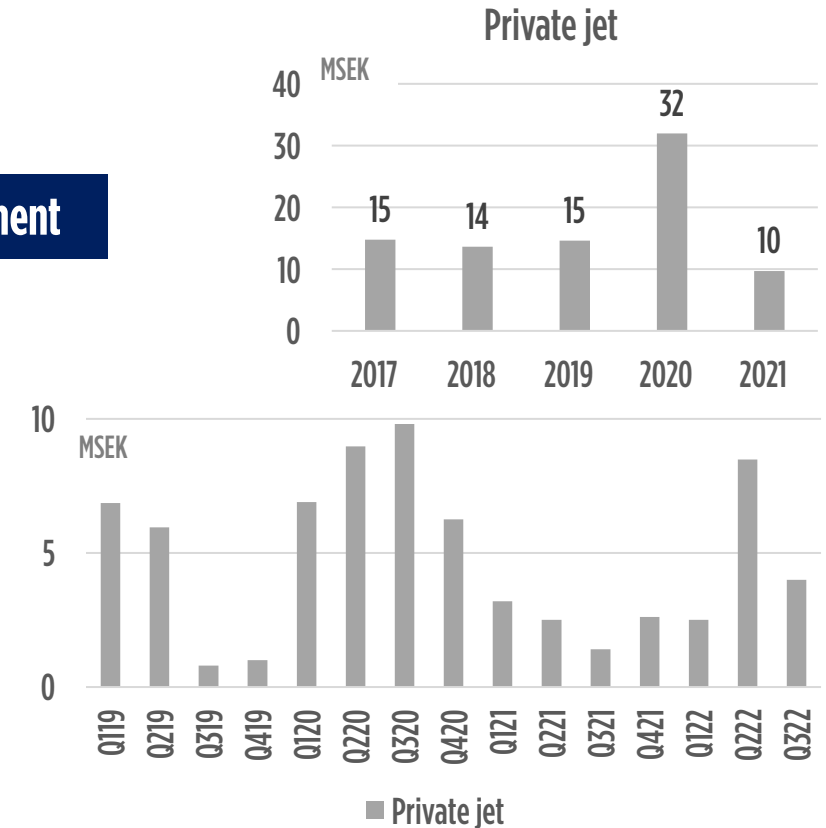


The private jet opportunity

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



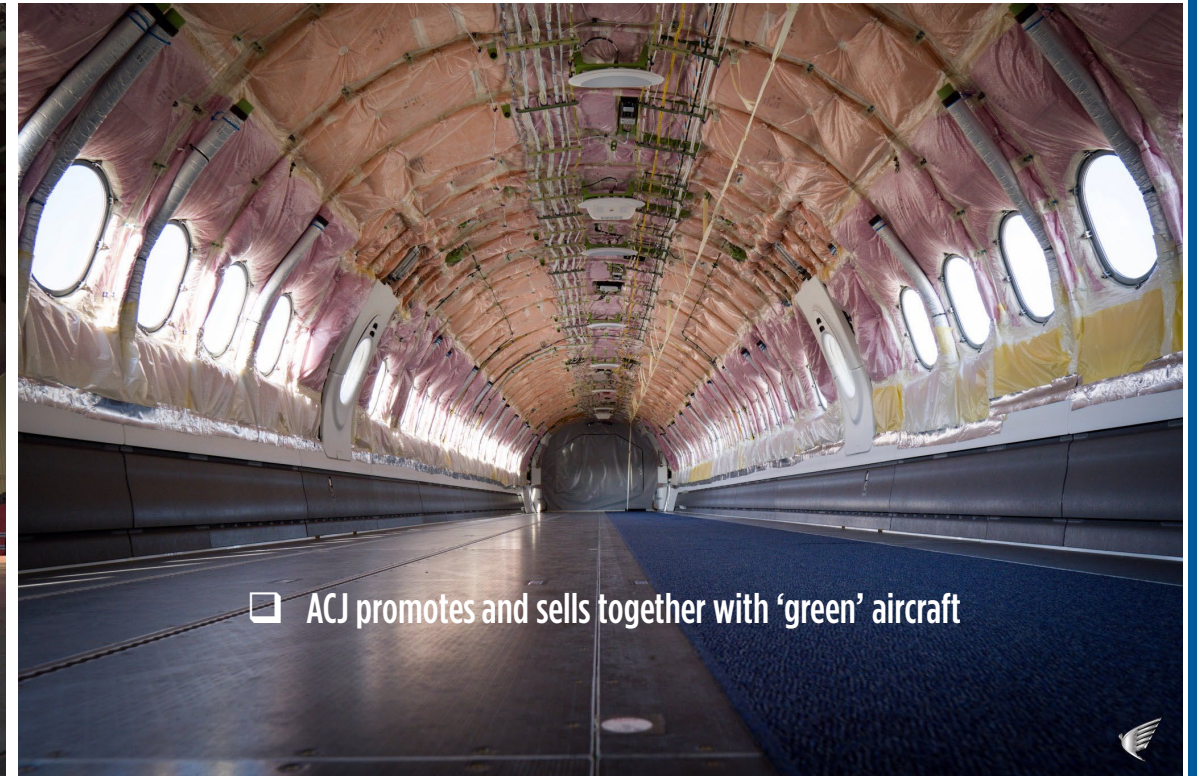
#2 Airbus partnership on ACJ TwoTwenty business jet

- ❑ 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



Would you rather prefer to fly long-haul in an aircraft cabin that offers an 'oasis in the desert'?



Would you rather prefer to fly in an aircraft that pollute 65 CO₂-balloons less per year?