

February 13, 2023

ABGSC ROADSHOW Q4 2022

CTT:

S Y S T E M S





HENRIK HÖJER
CEO

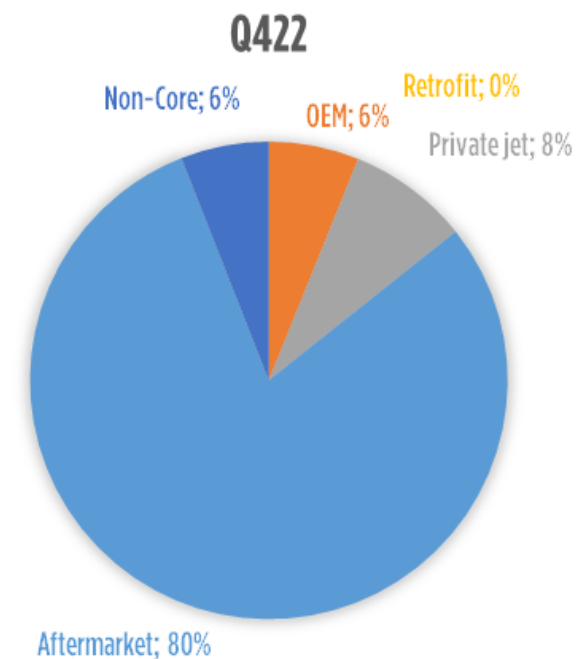
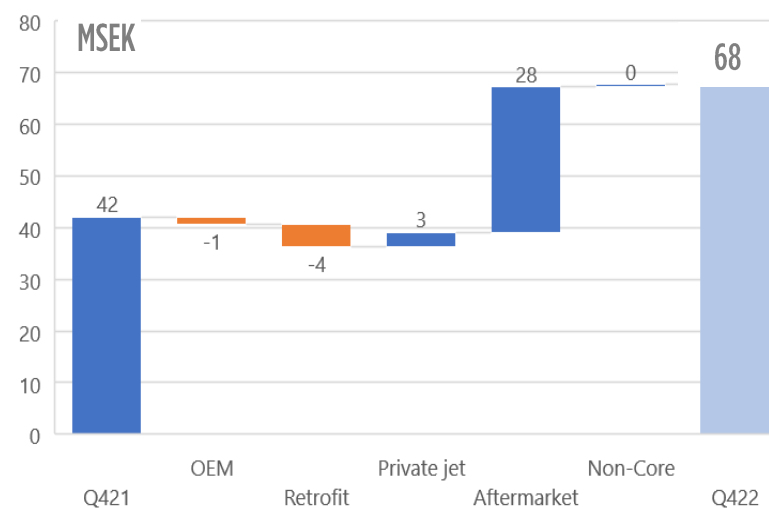
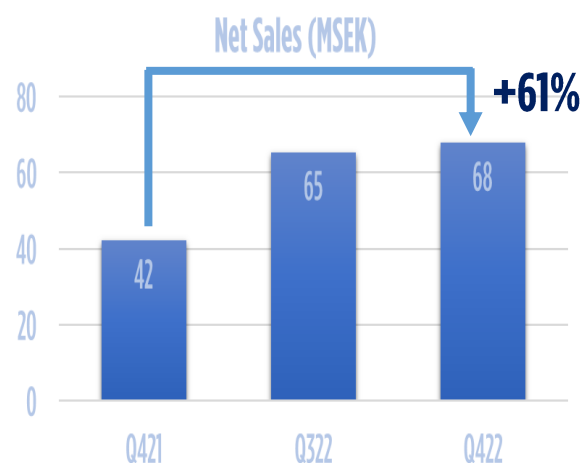


MARKUS BERG
CFO

Q4 2022

Net Sales, Bridge and Mix

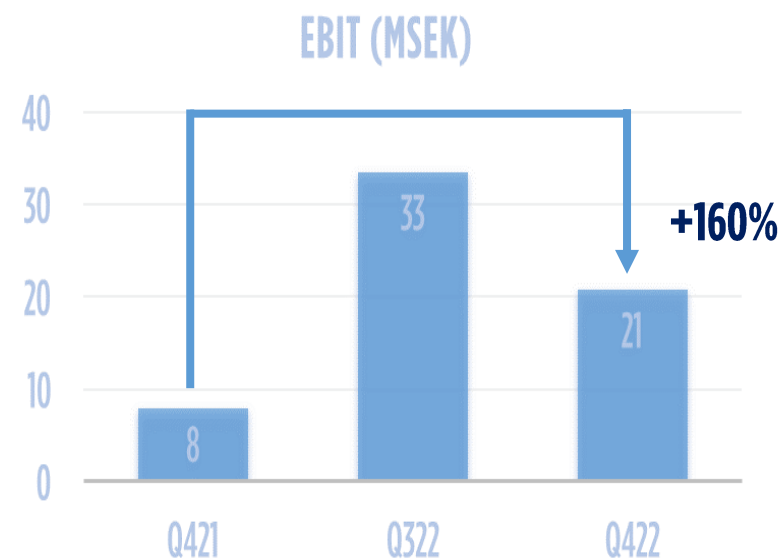
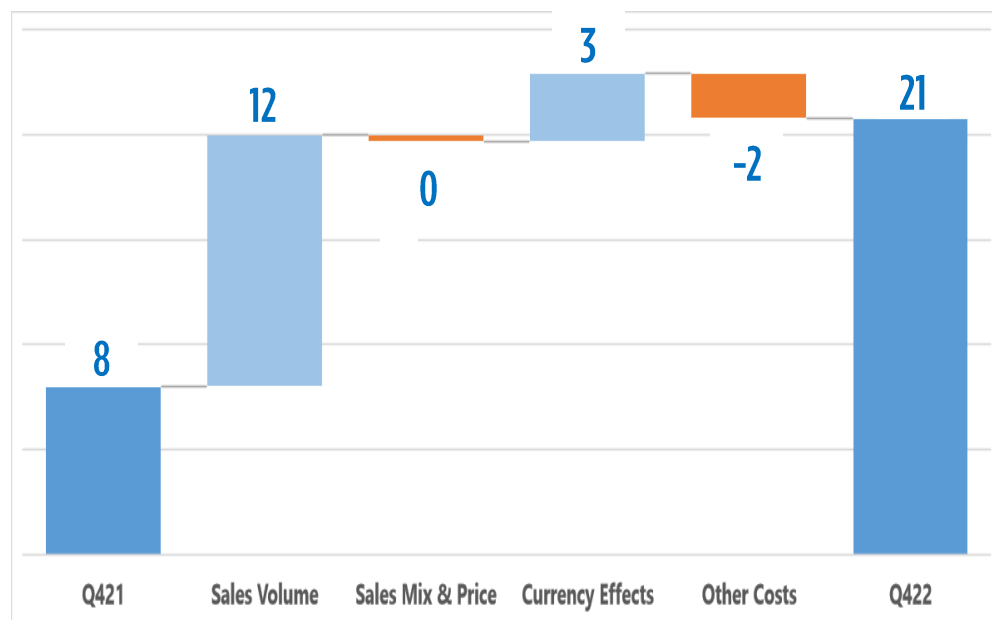
- Net Sales of 68 MSEK (42) - in the forecasted range MSEK 65 – 70
- Sales increased 61% or 26 MSEK, mainly driven by aftermarket (28)
- Sales mix dominated by aftermarket (80 %)



Q4 2022

Earnings

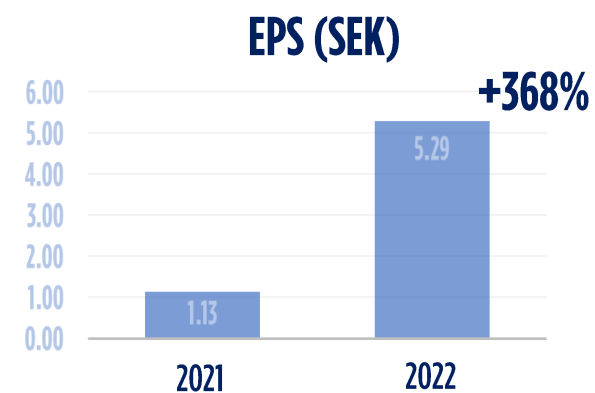
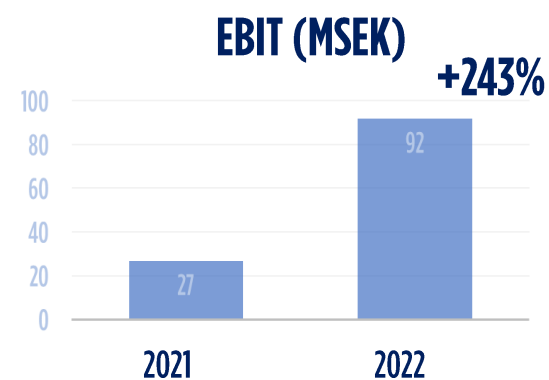
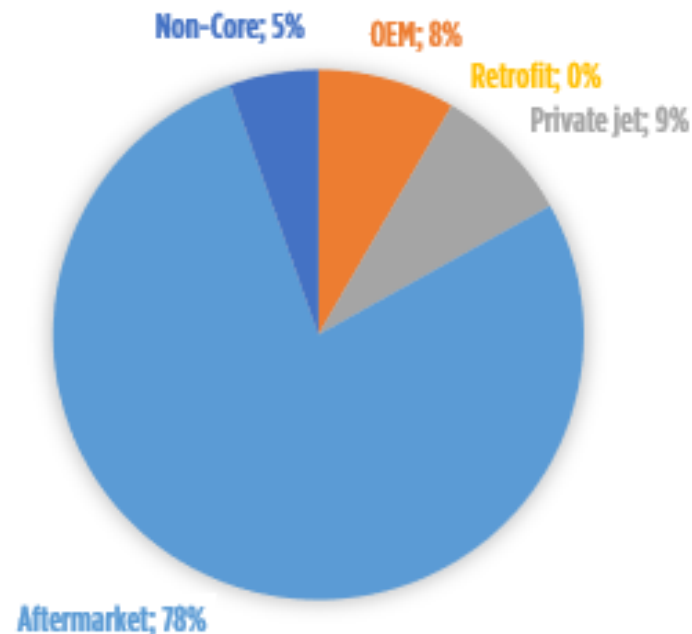
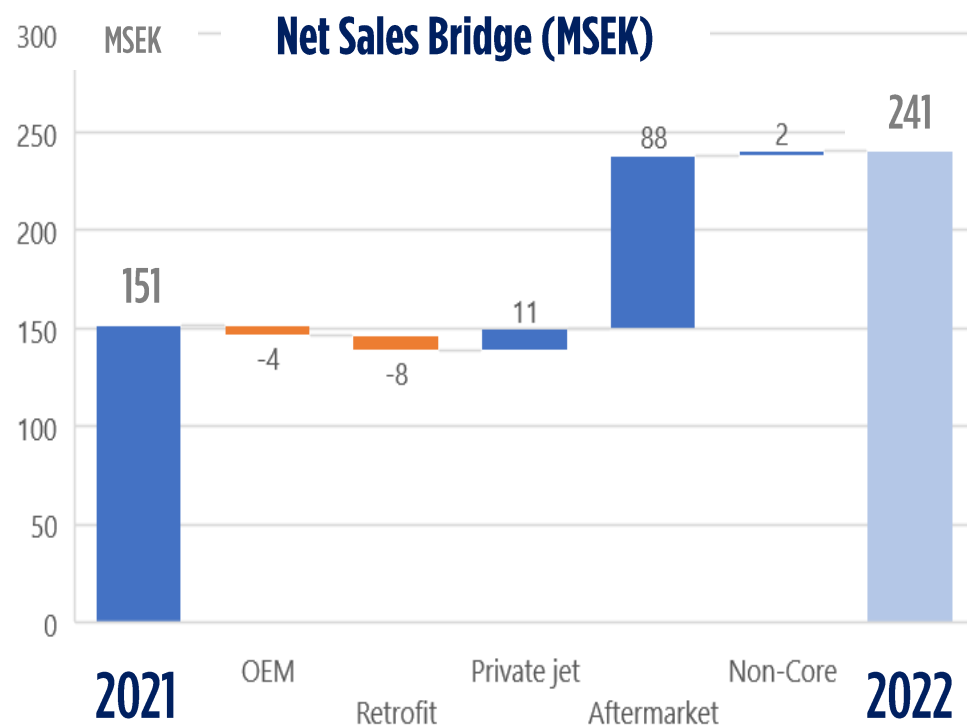
- EBIT 21 MSEK (8) - EBIT Margin 31% (19)
- EPS 1.42 SEK (0.34)



- Business related performance improvements - driven by sales volume
- Stronger USD/SEK compared with last year – contributing with 9 MSEK on EBIT
- Weaker USD/SEK compared to last quarter closing, with negative impact on AR/AP valuation – offsetting 6 MSEK on EBIT

FY 2022

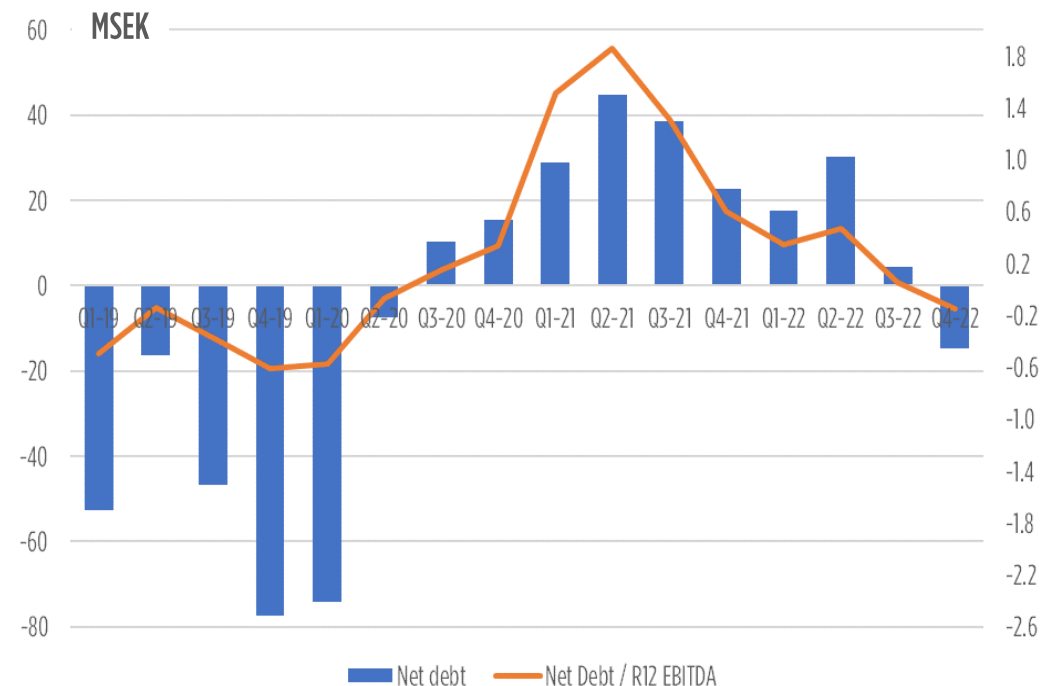
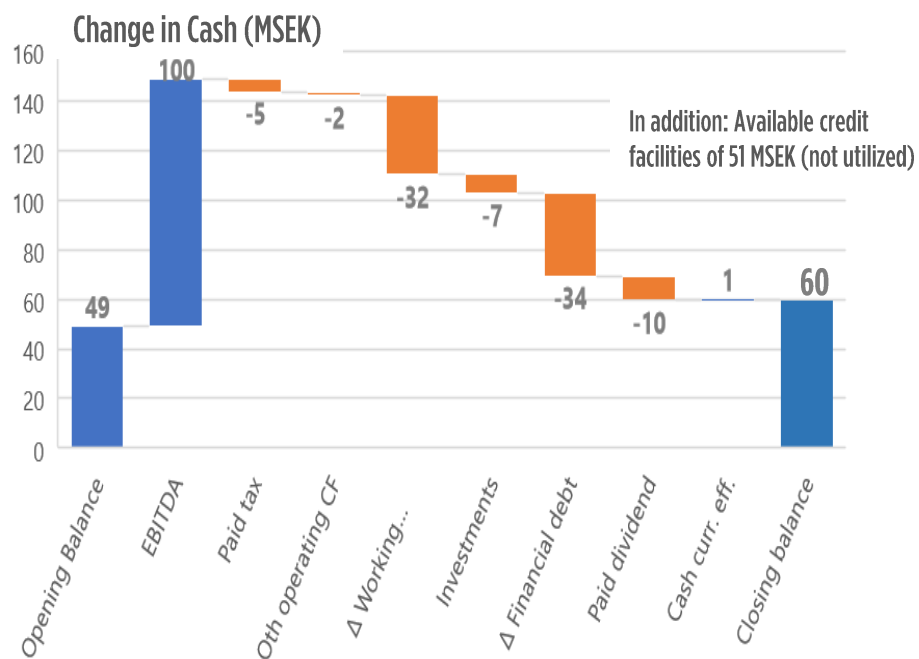
Financials in short



FY 2022 Cash Flow & Net Debt

- Working capital increased primarily due to higher sales level – driving increased AR (MSEK 17) and higher inventory (MSEK 16)
- Tax refund of MSEK 5 from year 2021 and tax debt 2022 of MSEK 7
- Reduced debt due to re-payment of USD loan of 33 MSEK in Q1

- Net debt amounting to -15 MSEK compared 23 MSEK in Q4 last year
- Cash 60 MSEK and in addition available credit facilities amounting to 51 MSEK
- Solidity 71% (65%) and Net Debt / (R12 EBITDA) -0.15 (0.6)



FY 2022

Proposed Dividend AGM 2023

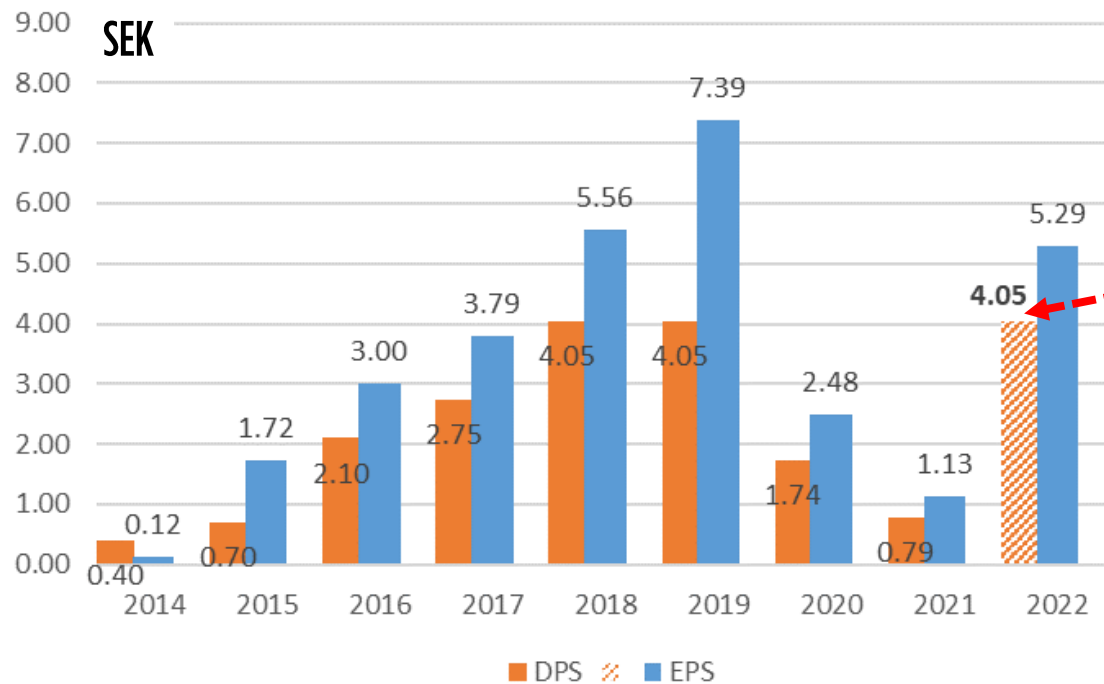
- ❑ Proposed dividend: 4.05 SEK / share (0.79) – 77 % of EPS
- ❑ Total proposed dividend 51 MSEK (10)

Strong financial position:

Cash & available credit facilities: 111 MSEK

Solidity: 71 % (65)

Net debt: -15 MSEK



Proposal = 77 % of EPS

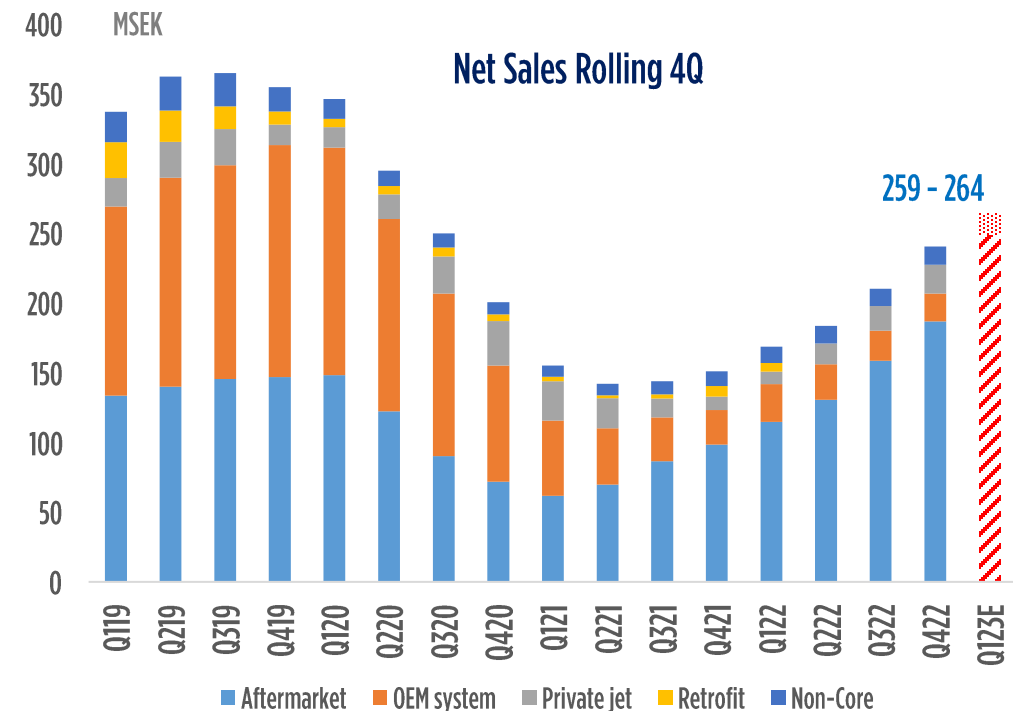
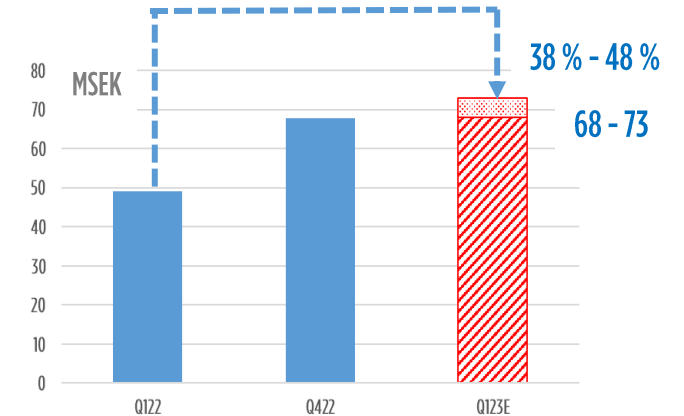
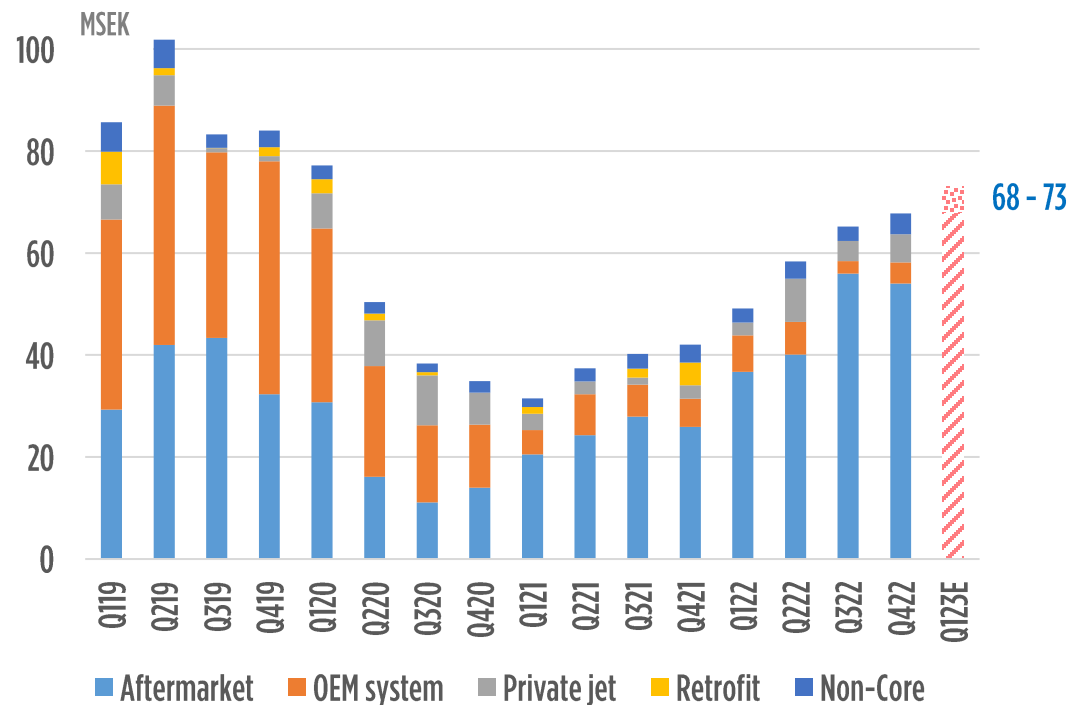
Same dividend as 2018 & 2019

Dividend policy:

At least 70 % of EPS, if Solidity \geq 40 %

Forecast Q1 2023

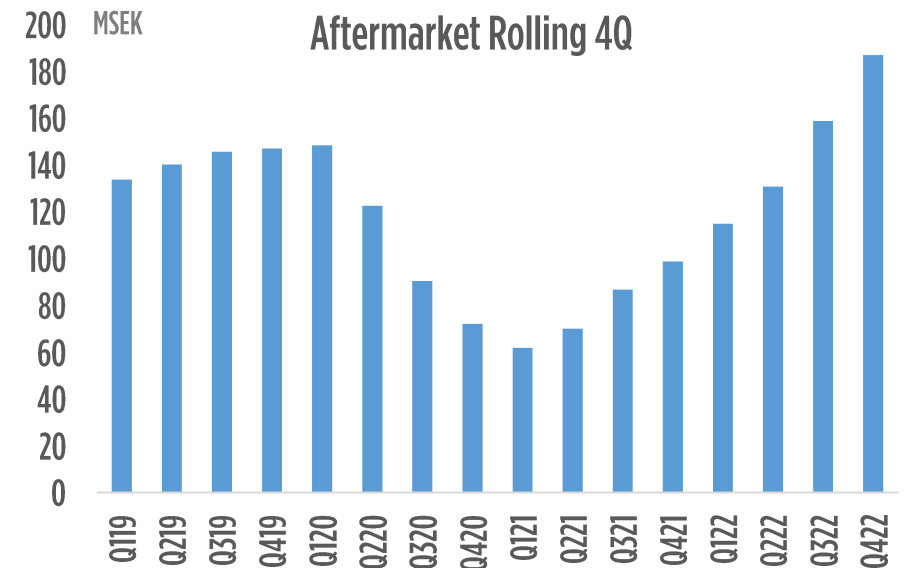
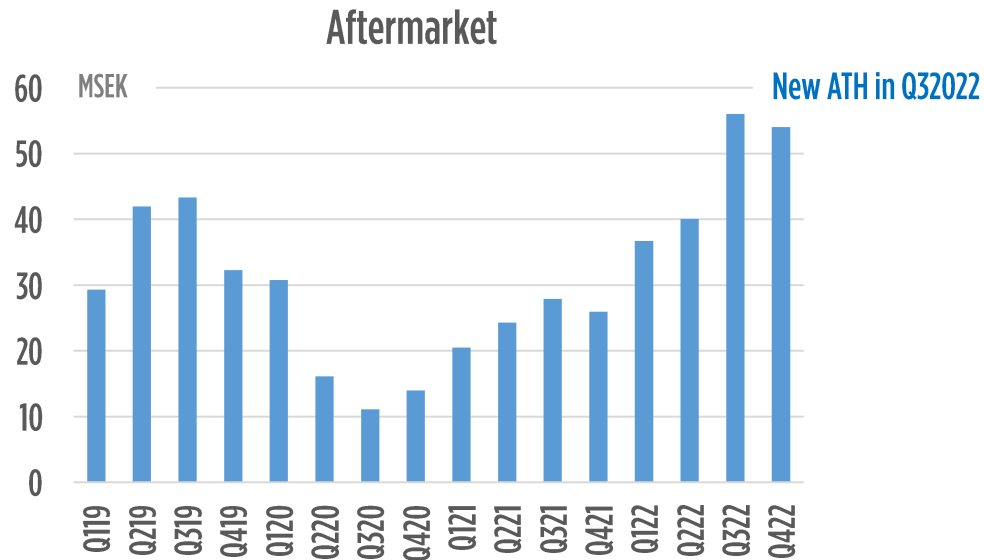
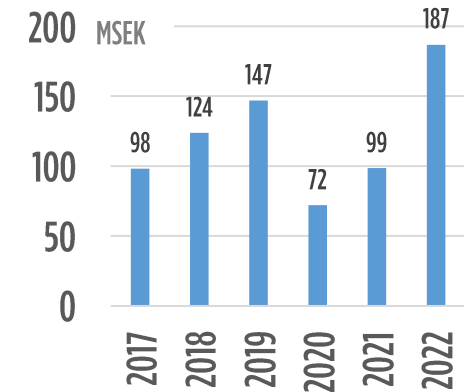
- Net Sales Forecast Q4 2022: 68 - 73 MSEK (49) (Y-o-Y-increase of 38 % - 48 %)
- Q1 sales growth expected to be quarter-to-quarter driven by private jet and OEM; partly offset by consolidation in aftermarket due to inventory build-up at distributors / airlines in Q3 / Q4



Aftermarket sales expected to pause q-to-q growth

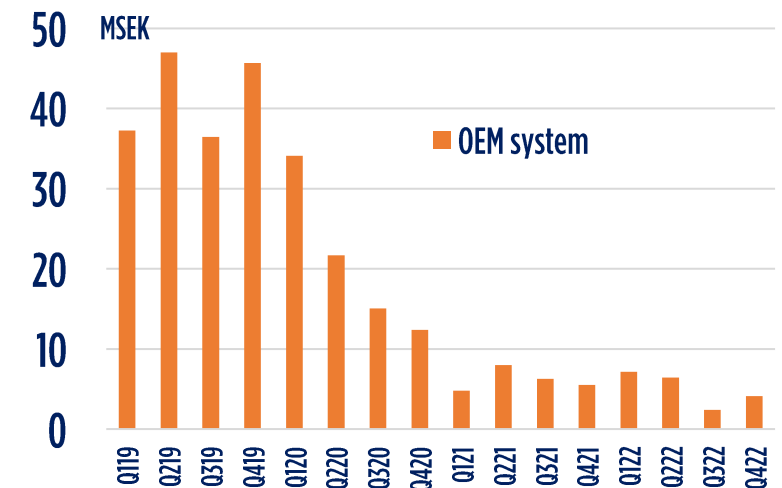
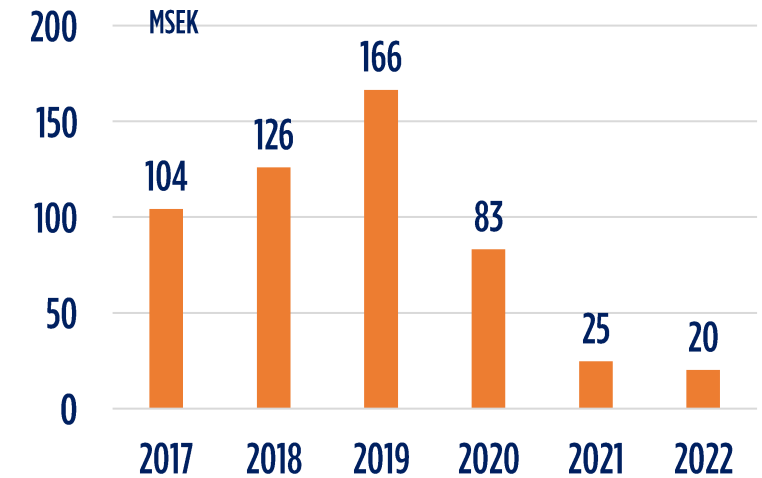
Q3 and Q4 driven by inventory effect – consolidation – some quarters in Q2 – Q3 range

- Boeing 787s back to delivery mode – 100 ready-built aircraft representing ~10 % population growth
- Pandemic-recovery gradually fades – Back-to-normal where aftermarket correlates with population growth



OEM at 10-year low

- FY 2022 OEM slipped to MSEK 20 – a 10 year low - down from MSEK 166 in 2019
- Late in pandemic recovery cycle
- Boeing 787 not only pandemic impact but also production issues



New dawn in OEM – rebounding 2023

- ❑ Boeing 787 at low build-rate (1 – 2 per month) - gradual increase to 5 by end-23
- ❑ Airbus currently targeting A350 build-rate to increase to 6 in 2023
- ❑ First 777X delivery expected in 2025 – CTT to deliver in Q1 and Q2 2023 – Gradual ramp-up from 2024

“The 787 program continues at a low production rate with plans to ramp production to five per month in late 2023 and to 10 per month in the 2025/2026 timeframe.”

Boeing Earnings Report Q4 2022 (January 25, 2023)



United ordered 100 Boeing 787s
in Dec 2022

Commonality demand drives growth

Airlines mirroring A380 / Boeing 787 selection of humidifiers in flight deck and crew rest on their new A350 and 777X

ANA

الاتحاد
ETIHAD
AIRWAYS

海南航空
HAINAN AIRLINES



Ethiopian
የኢትዮጵያ

TURKISH AIRLINES

AIRFRANCE

Air China's first A350 delivered in August 2018 mirroring its 787 fleet: Humidifiers in flight deck and both crew rests.



China Eastern's first A350 in November 2018 787-equipped with humidifiers in flight deck and both crew rests.













China Southern's first A350 in July 2019 – Mirroring its 787 fitting with humidifiers in flight deck and both crew rests plus cabin



OEM opportunity road-map

Higher selection – Higher a/c production rate – More content – New programs

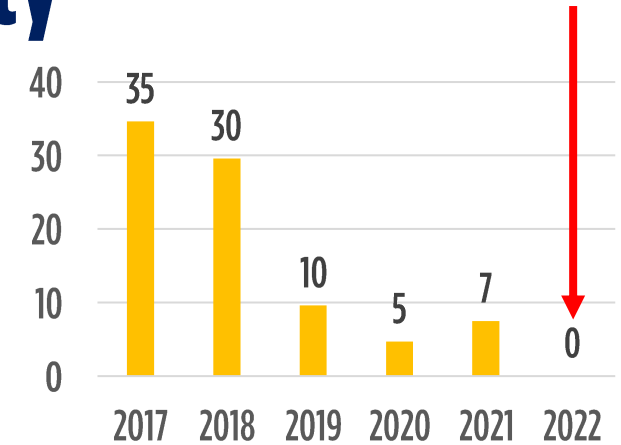
- ❑ Boeing 787 humidification SFE for business class – cabin performance equal to A350 / 777X
- ❑ Boeing 737 MAX – A321 Family incremental upgrade opportunities
- ❑ New aircraft models (Boeing NMA)

	More content	Higher selection		Incremental upgrades	New Programs	
	Boeing 787	Airbus A350	Boeing 777X			
Passenger cabin					Airbus A321LR/XLR	Boeing NMA
Flight deck					Airbus A321LR/XLR	Boeing NMA
Crew rests						
Anti-Condensation	Comeback?			Boeing 737 MAX	Airbus A320 Family Airbus A220	Boeing NMA

Huge market potential

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 – Cost-benefit is compelling – Interest 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

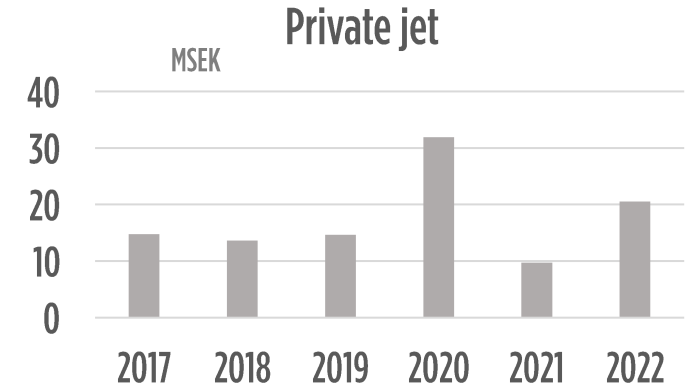
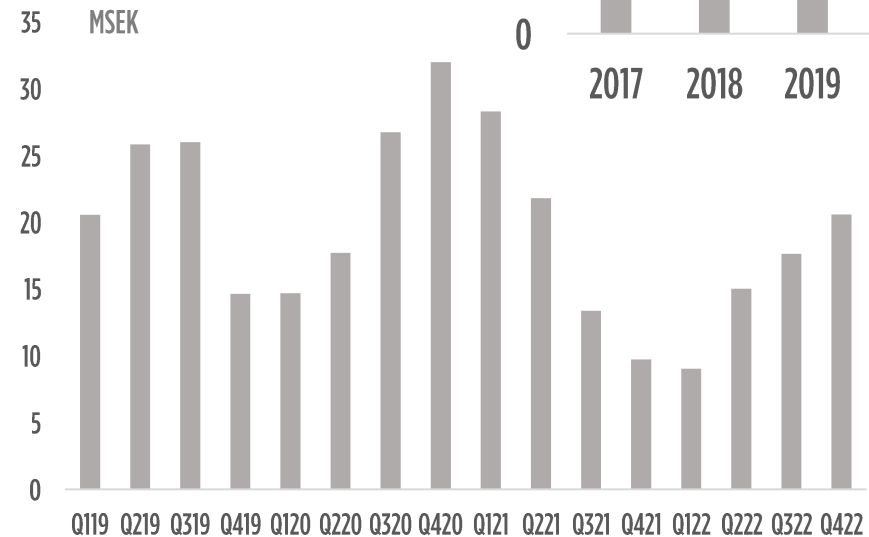


The private jet opportunity

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'
- ACJ320neo Family kit-system paradigm shift



#1 Airbus ACJ320neo partnership increases selection rate



#4

2022

05
Dec

 Lufthansa Technik

Contract for VIP cabin completion of an ACJ320neo

Tailor-made yet enormously flexible interior for private travel and charter operations

- Airbus ACJ promotes the optimized humidification system for ACJ320neo VIP Family
- Bolt-on-kit delivery – More scalable vs VIP projects together with completion centers
- Successful partnership – Another kit-order in Q4 2022 – the 4th – 100 %

CTT
SYSTEMS

#2 Airbus promotes kit for ACJ TwoTwenty business jet



Bolt-on-kit with STC delivered together with ACJ TwoTwenty aircraft for completion



ACJ promotes and sells humidification together with 'green' aircraft

- ACJ launched Inflight Humidification at EBACE in May 2022
- First order in partnership with Airbus Corporate Jets in July 2022
- First system delivered in Jan 2023 (for aircraft#2) - Entry-into-service 2023

#3 Opportunity: Large-cabin bizjet market

Large-cabin, long-range business jets - 50 – 100 a/c per year

- ☐ Long-range (10+ hours)
- ☐ Equipped for best comfort
- ☐ Humidification system required to obtain matching climate
- ☐ OEM availability is key to volumes

Gulfstream G700 / G800

- ☐ G700 with scheduled EIS 2023

Bombardier Global 7500 / 8000

- ☐ World's first humidification system
- ☐ In-service at charter operator since 2021
- ☐ #2 Global 7500 in completion



WE MAKE FLYING A LITTLE BETTER

THRIVE WITH HUMIDITY AT HEALTHY LEVEL



**WE MAKE FLYING
A LITTLE MORE SUSTAINABLE**

