

April 28, 2023

# EARNINGS CALL Q1 2023



S Y S T E M S





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CEO



**MARKUS BERG**  
CFO

**Q1 2023**

# **Business highlights**

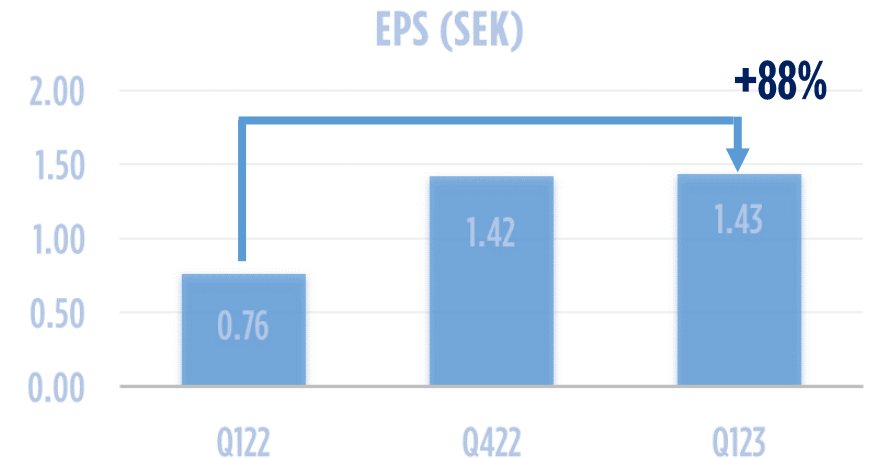
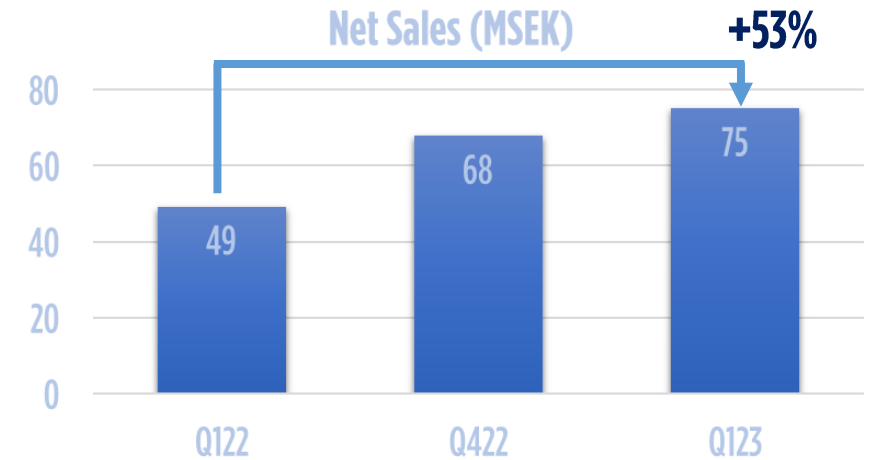
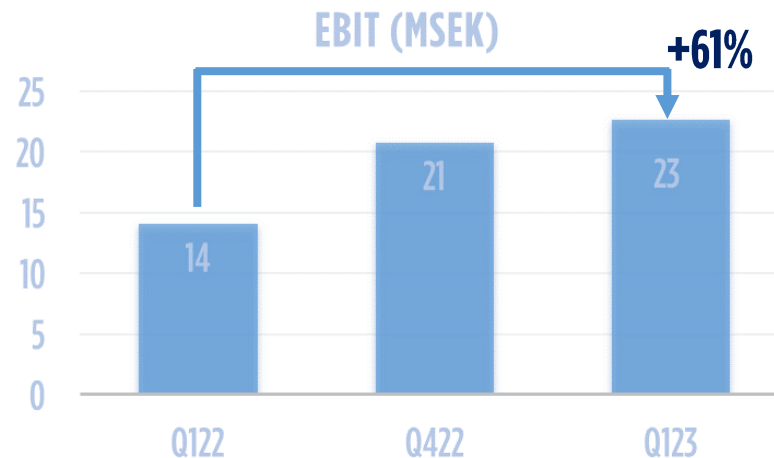
- ❑ Best OEM-quarter since 2020
- ❑ Aftermarket sales better than anticipated with demand at same level as previous quarter

# Q1 2023

## Financials in short

Sales beat forecast and recorded growth for the 8<sup>th</sup> consecutive quarter

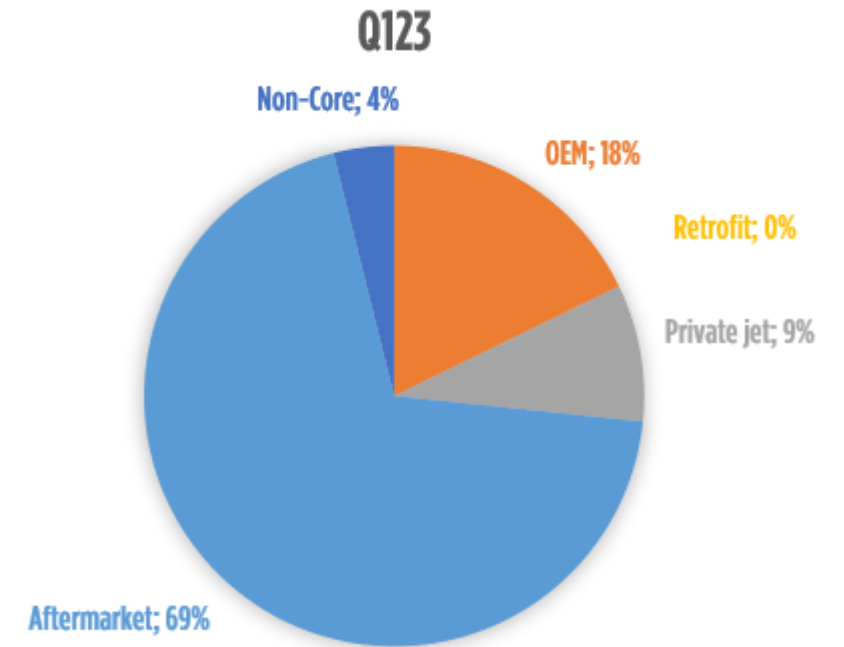
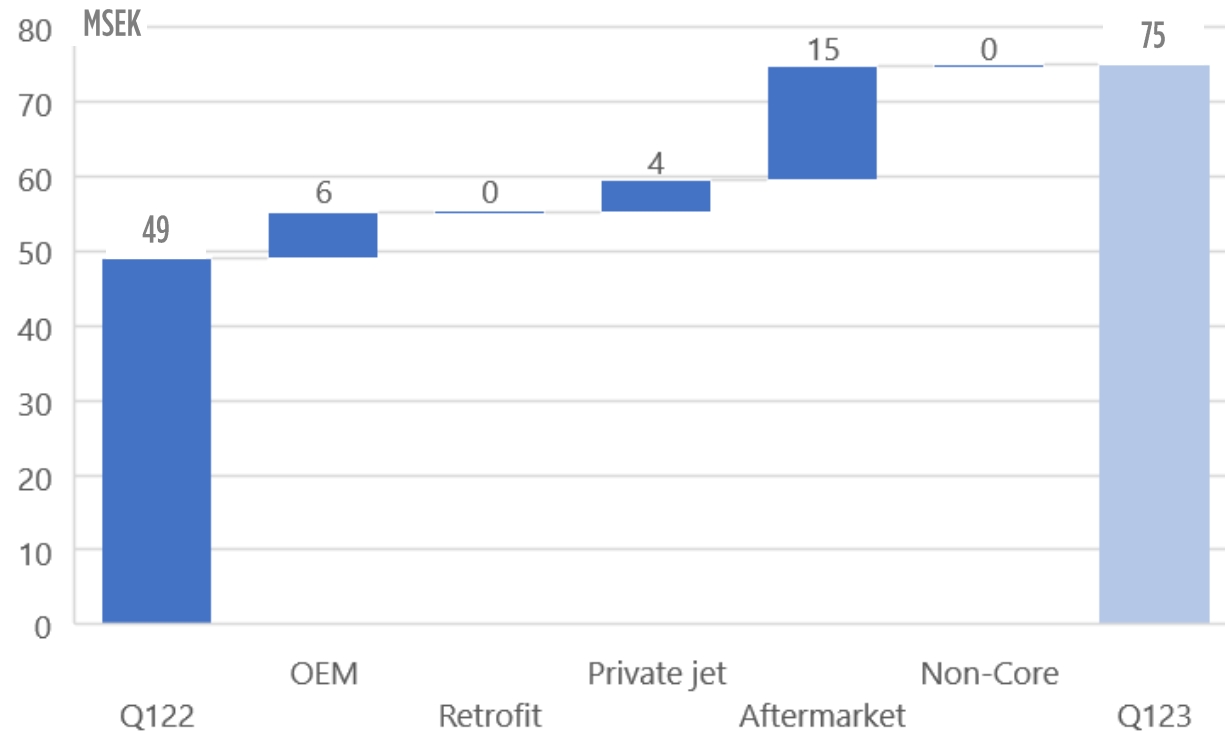
- Net Sales of 75 MSEK (49) – increased 53% - currency adjusted 36% - beat forecasted range MSEK 68 - 73
- EBIT 23 MSEK (14) - EBIT margin 30% (29)
- Profit 23 MSEK (12) – Profit margin 30% (24)
- EPS 1.43 SEK (0.76)
- Operating cash flow of -4 MSEK (9)



# Q1 2023

## Net Sales Bridge and Mix

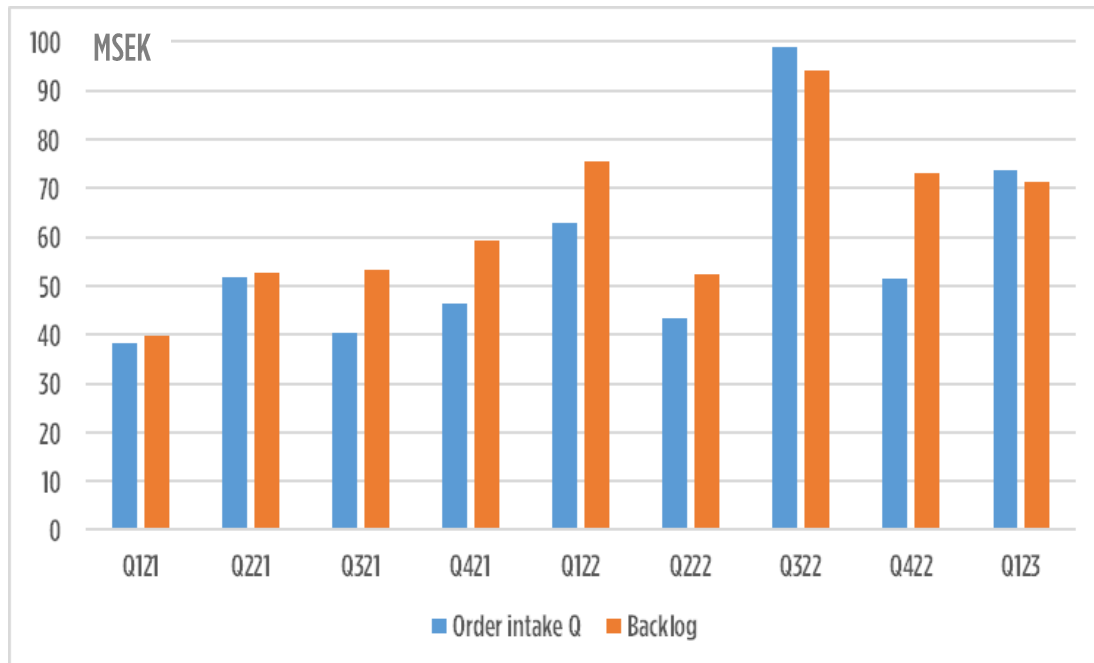
Net Sales increase was mainly driven by the Aftermarket and OEM recovery



# Q1 2023

## Order Intake & Backlog

- Order intake 74 MSEK vs 63 MSEK same period last year
  - Aftermarket accounted for 69 % of total net sales with short lead-time from order to delivery (some order and delivery in the same quarter)
- Order backlog at 71 MSEK (76)

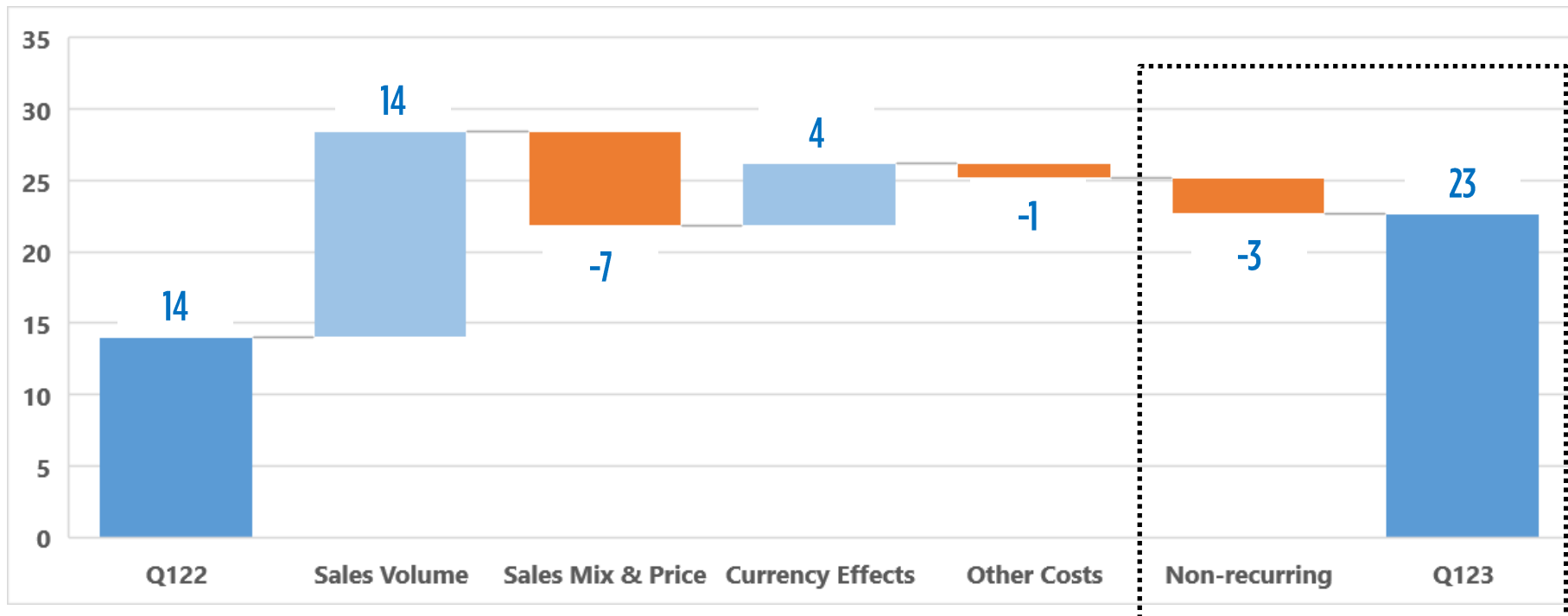


MSEK	Q122	Q123
Order intake	63	74
Backlog	76	71
USD/SEK	9.38	10.35

# Q1 2023

## EBIT Profit Bridge

- Business related performance improvements - driven by sales volume – partly offset by lower aftermarket share / mix
- Stronger USD/SEK compared with last year – contributing with 4 MSEK on EBIT
- Non-recurring cost amounted to 3 MSEK - EBIT excluding non-recurring amounted to 26 MSEK corresponding to 34 % margin

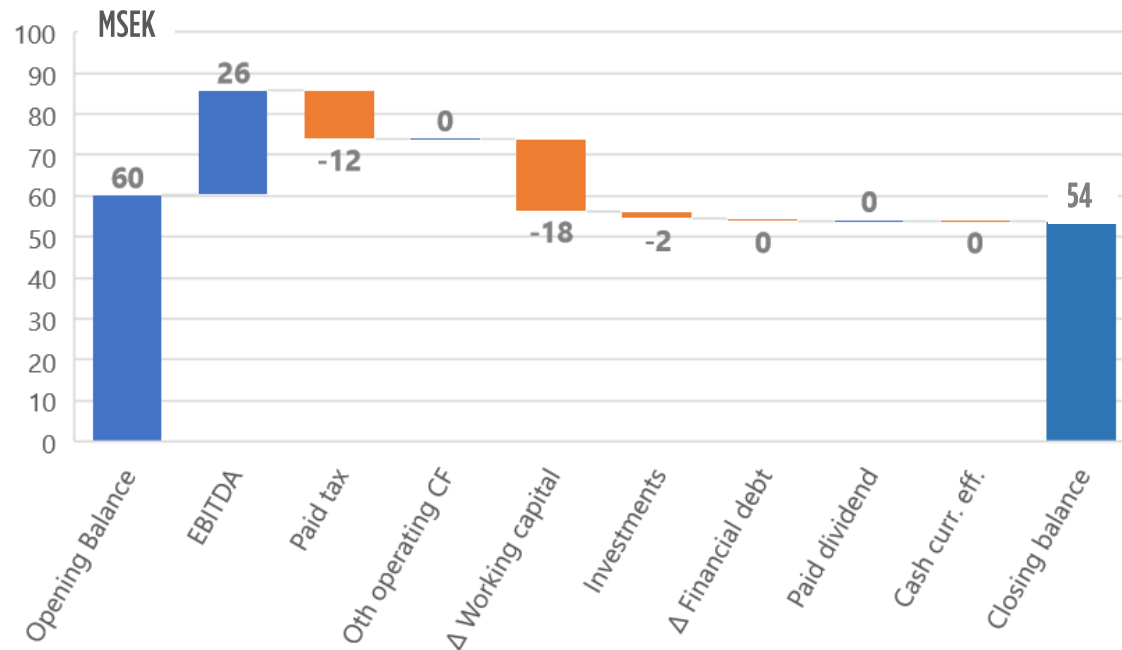


# Q1 2023

## Cash Flow

- Operating cash flow -4 MSEK (9), driven by improved financial performance (EBITDA) of 26 MSEK, but offset by:
  - Payment of tax debt from 2022, net effect of -7 MSEK
  - Late customer payments (working capital)
    - Whereof 22 MSEK received in beginning of April
    - Remaining 21 MSEK is expected to be received in May

Change in Cash

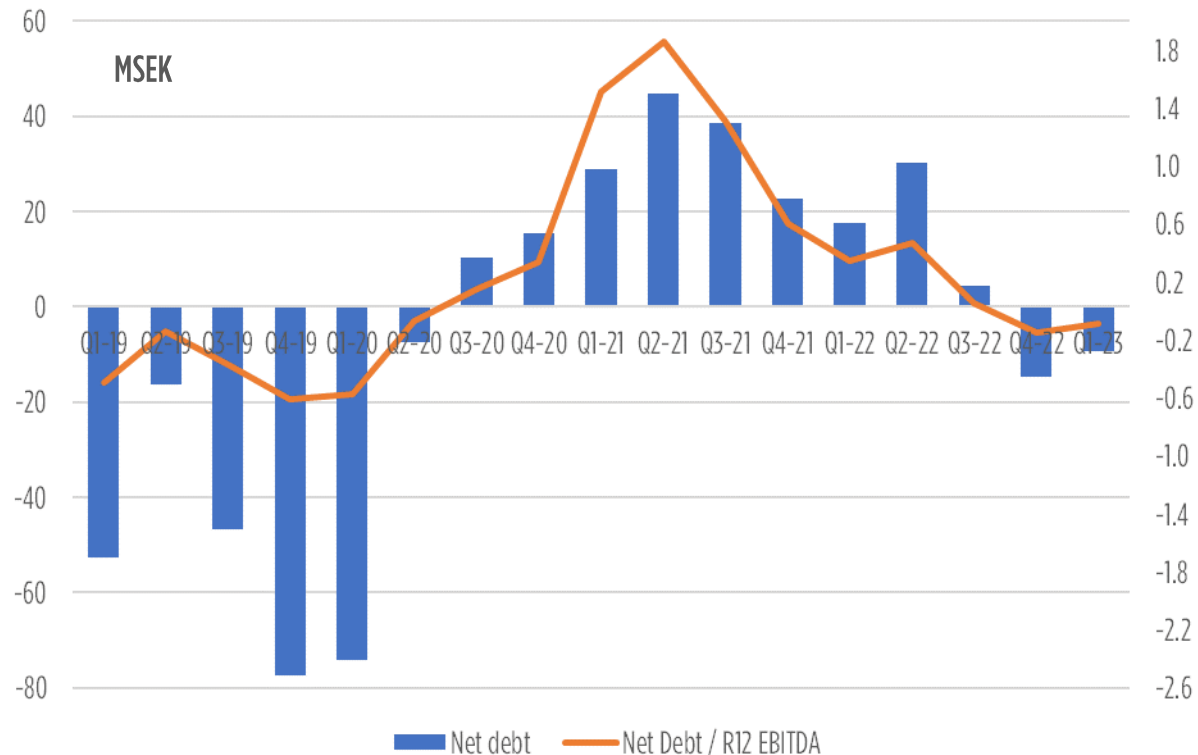




# Q1 2023

## Net Debt

- Net debt amounting to -10 MSEK compared 18 MSEK in Q1 last year
- Cash 54 MSEK and in addition available credit facilities amounting to 52 MSEK
- Solidity 71% (71%) and Net Debt / (R12 EBITDA) -0.1 (0.3)



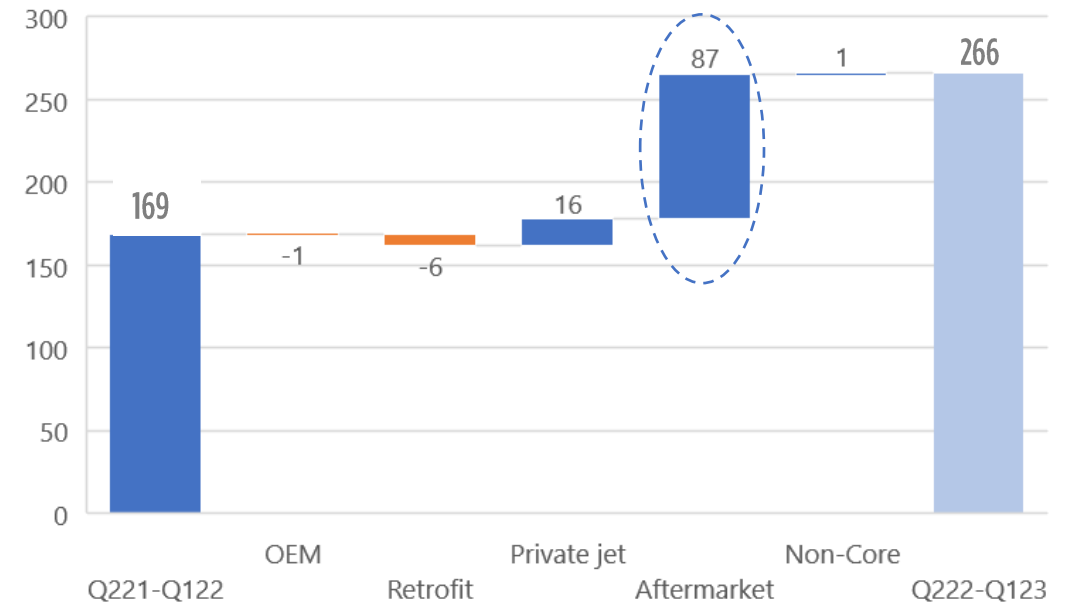
**ROLLING 4Q**

# Rolling 4Q Financials in short

Net Sales driven primarily by Aftermarket deliveries and Private jet

- Net Sales of 266 MSEK (169), up 58% versus comparable Rolling 4Q (Q221 – Q122)
- Operating Profit (EBIT) increase 150% to 100 MSEK (40)
- EBIT Margin increase to 38% (24)
- EPS 5.97 SEK (2.15), an increase of 177%
- Operating cash flow of 49 MSEK (46)

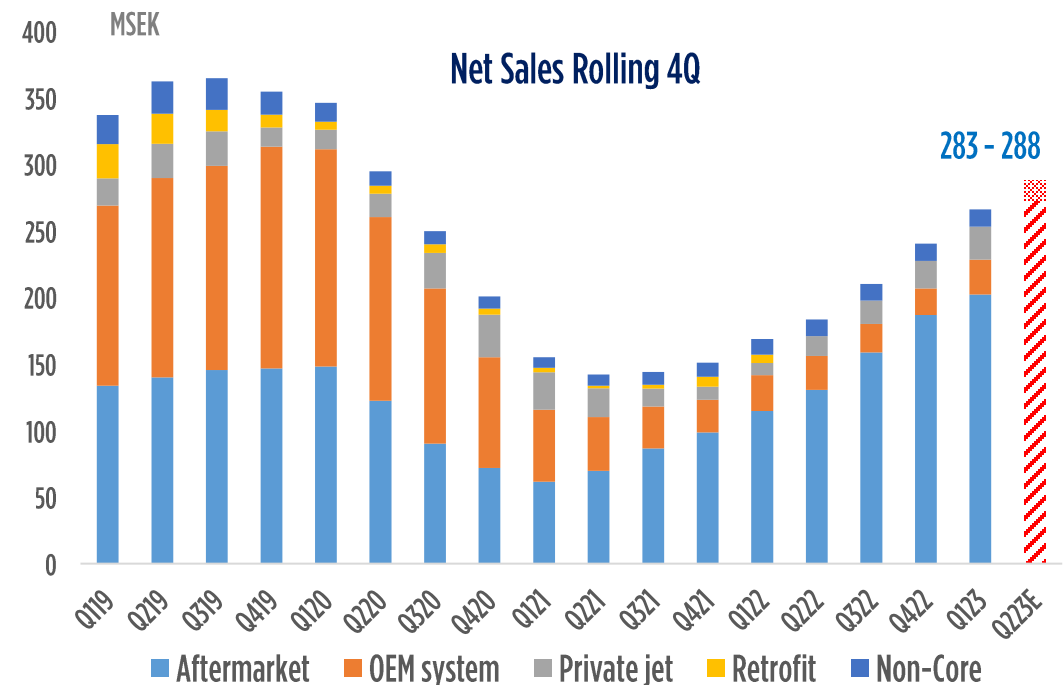
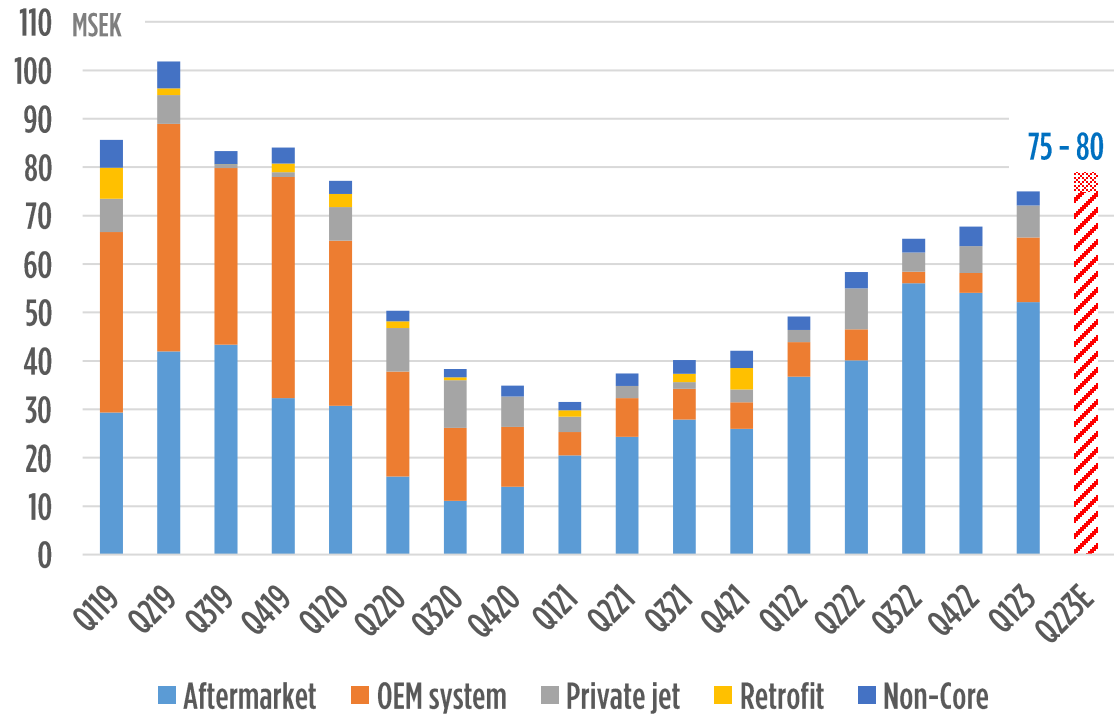
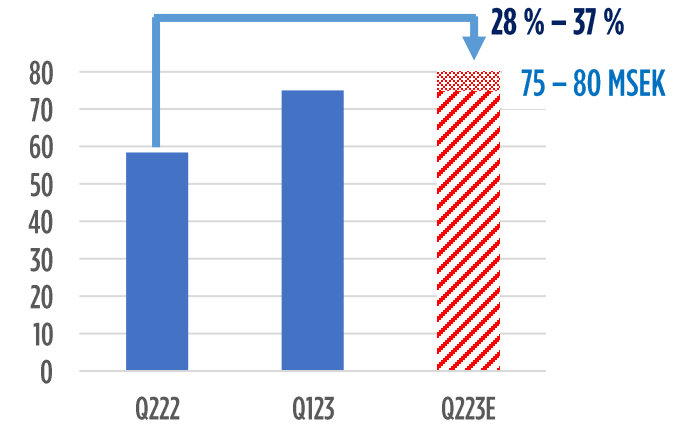
## Net Sales Bridge



# OUTLOOK

# Forecast Q2 2023

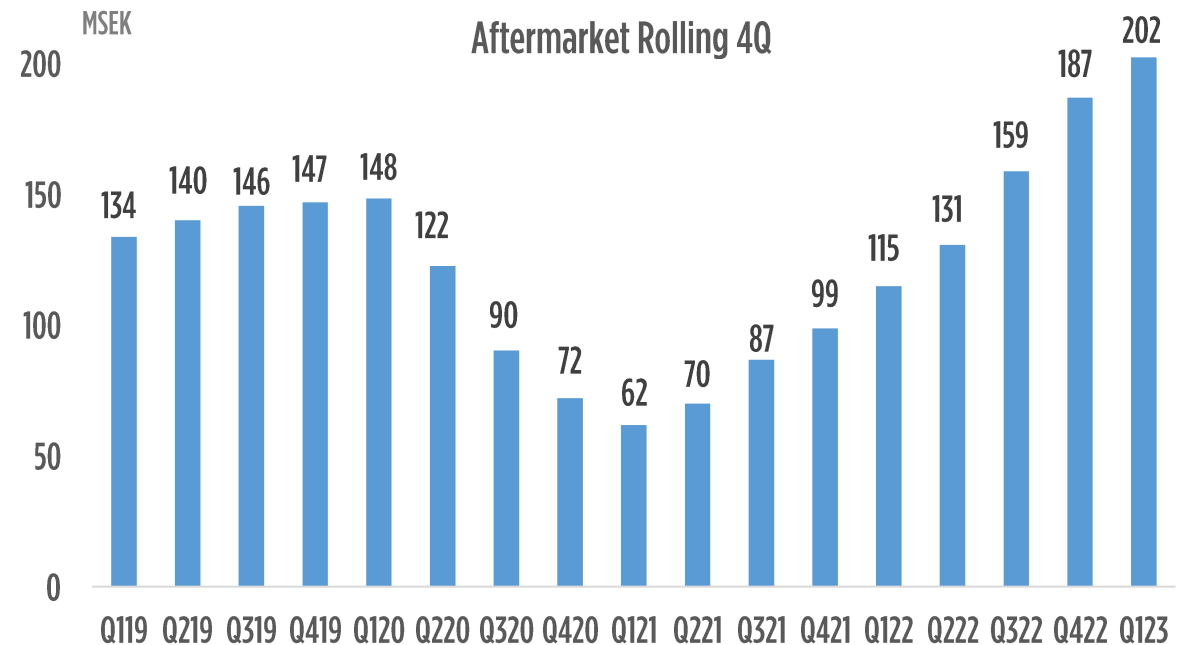
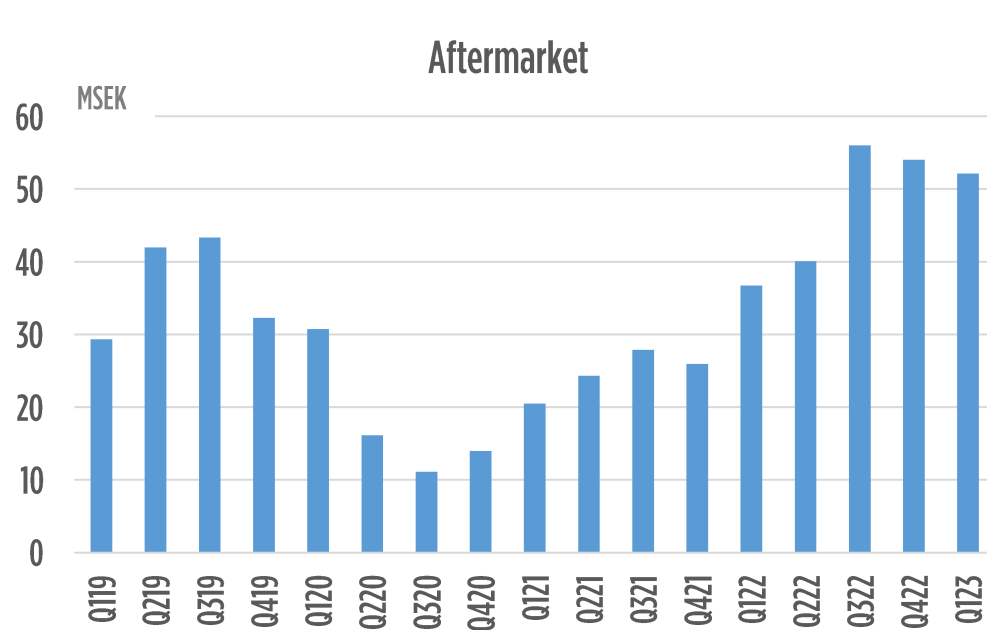
- Q2 2023 Net Sales Forecast: 75 - 80 MSEK (58) (Y-o-Y-increase of 28 % - 37 %)
- Q2 sales growth expected to be quarter-to-quarter driven by aftermarket sales; partly offset by decreased sales in OEM



# Aftermarket sales

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

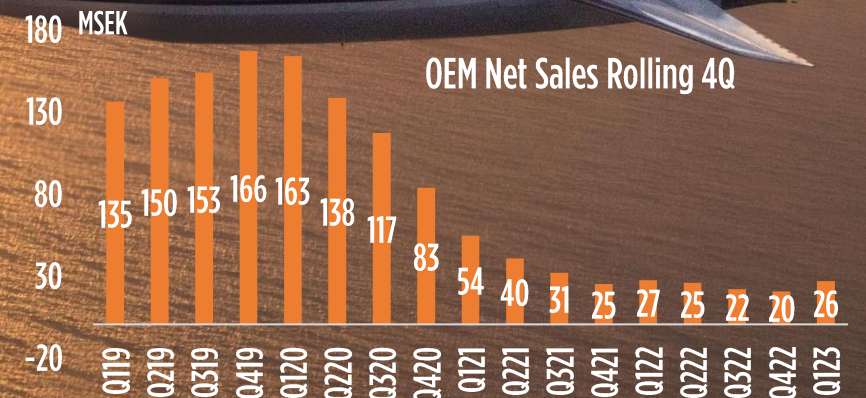
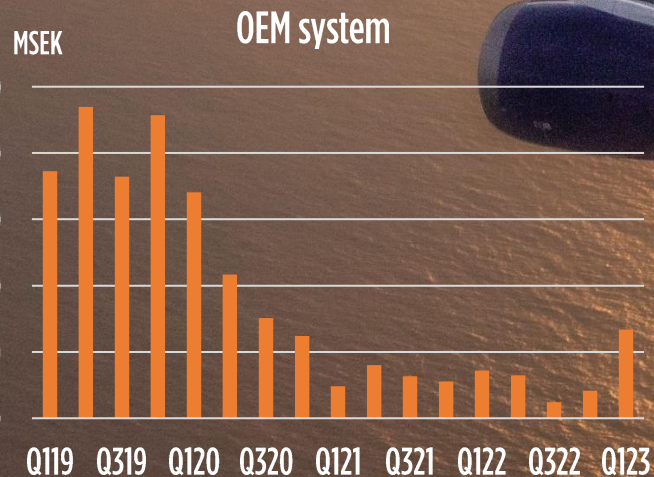
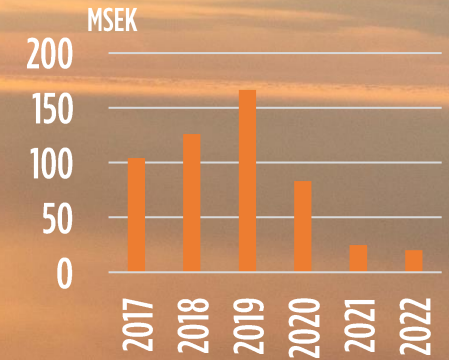
- Boeing 787s back to delivery mode – ~90 ready-built aircraft representing ~10 % population growth
- Pandemic-recovery gradually fades – Back-to-normal where aftermarket correlates with population growth



# New dawn in OEM – rebounding 2023

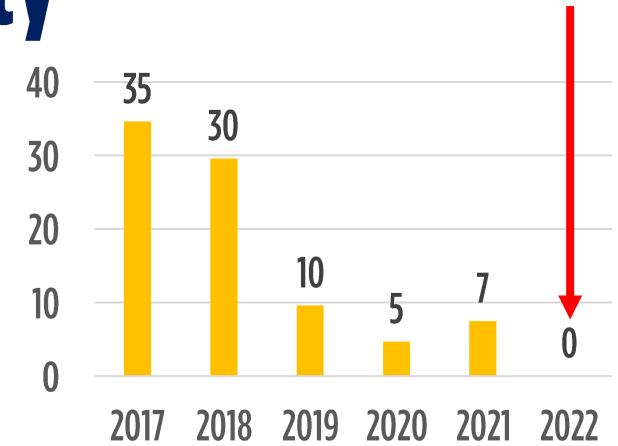
Trend shift in Q1 2023 – Strong rebound in 2023 driven by Boeing 787 production rate hike

- Boeing 787 increased from 1 – 2 per month to current level of 3 – gradual increase to 5 by end-23 – targeting 10 by 2025 / 2026
- Airbus currently targeting A350 build-rate to increase to 6 in 2023 and 9 at the end of 2025
- First 777X aircraft delivery to airline expected in 2025 – Some CTT deliveries in H1 2023



# 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

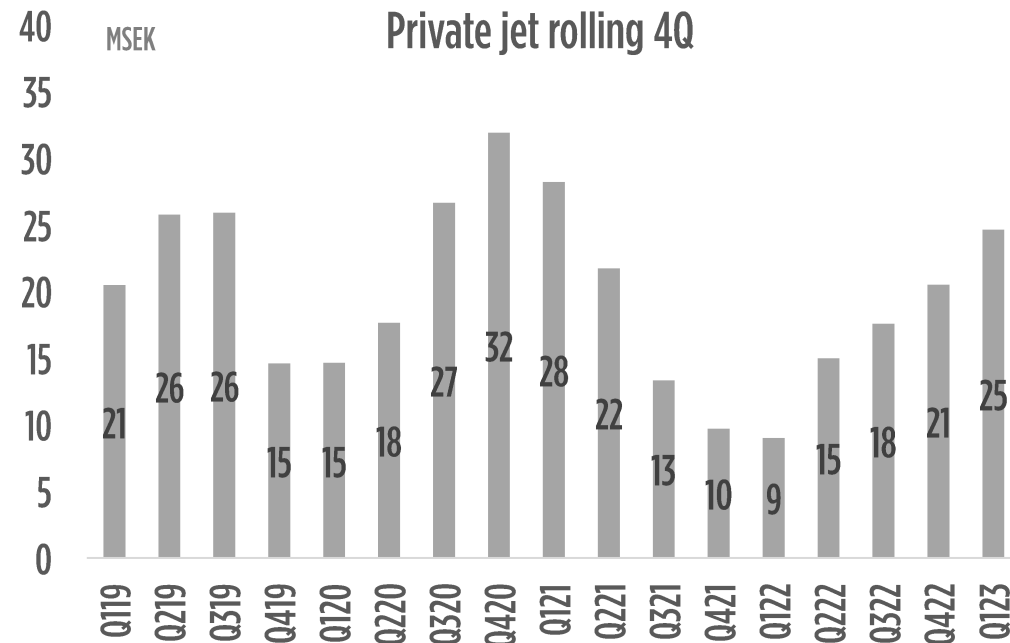
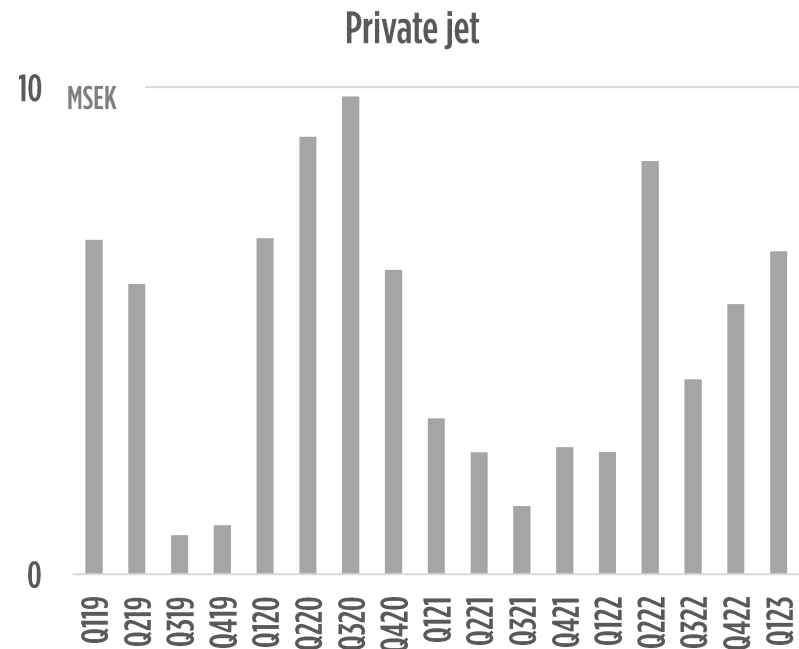
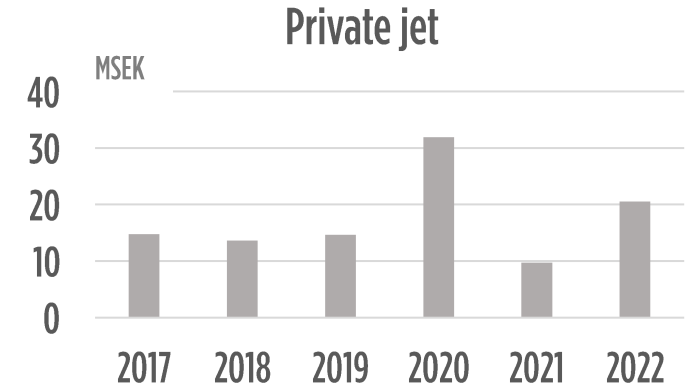


# The private jet opportunity

**Dominating the widebody VIP segment – Targeting growth into large cabin bizjets**

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 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

**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



Gulfstream G700 / G800

- ❑ G700 with scheduled EIS 2023

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



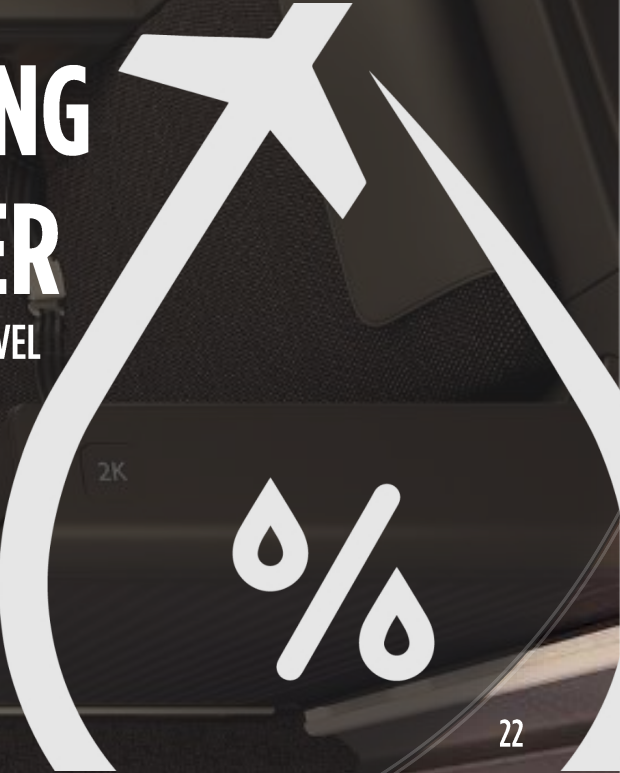
Bombardier Global 7500 / 8000

- ❑ 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



# Q&A

**WE MAKE FLYING  
A LITTLE MORE SUSTAINABLE**





Exhibition and Conference  
May 9–12, 2023 | Trade Fair Center Messe München



Where cabin concepts take off

