

July 21, 2023

EARNINGS CALL Q2 2023



S Y S T E M S





HENRIK HÖJER
CEO



MARKUS BERG
CFO

Q2 2023

Business highlights

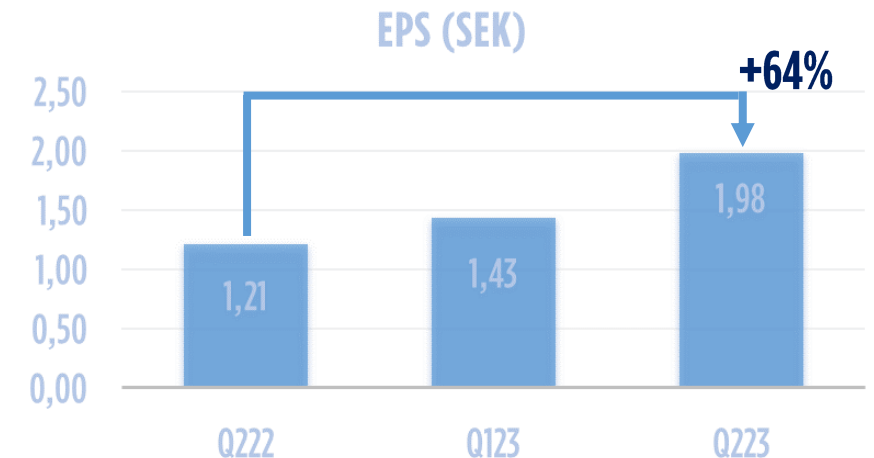
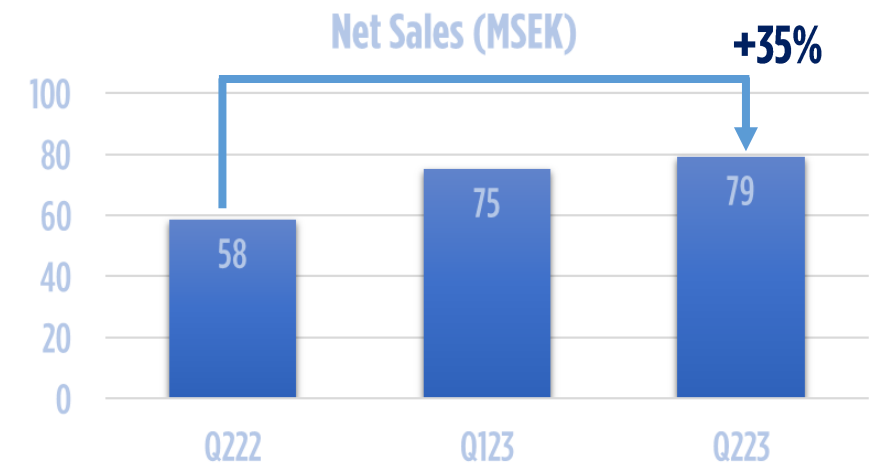
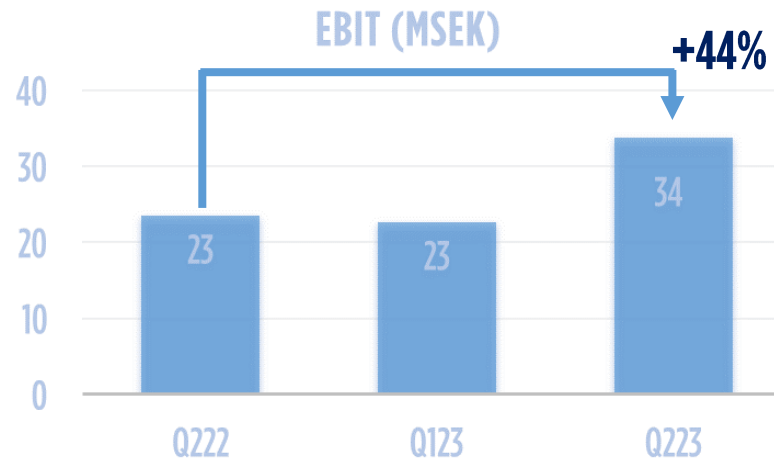
- ❑ Trade shows – confirm that investment climate restored
 - ❑ Hamburg Interiors (AIX)
 - ❑ EBACE

Q2 2023

Financials in short

Sales on forecast and recorded growth for the 9th consecutive quarter

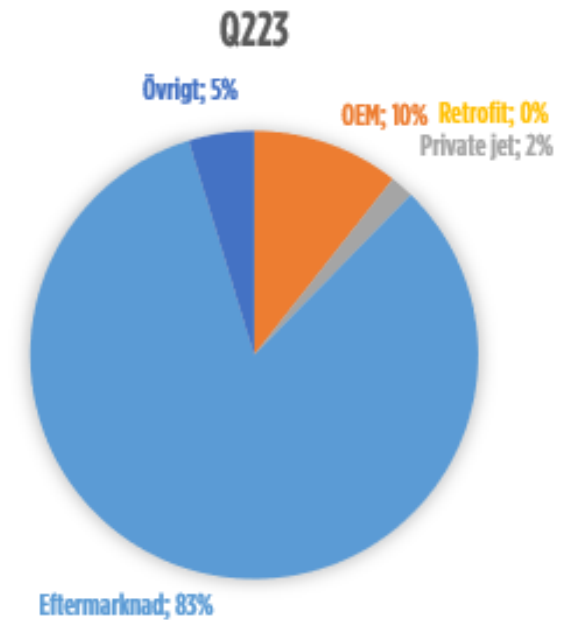
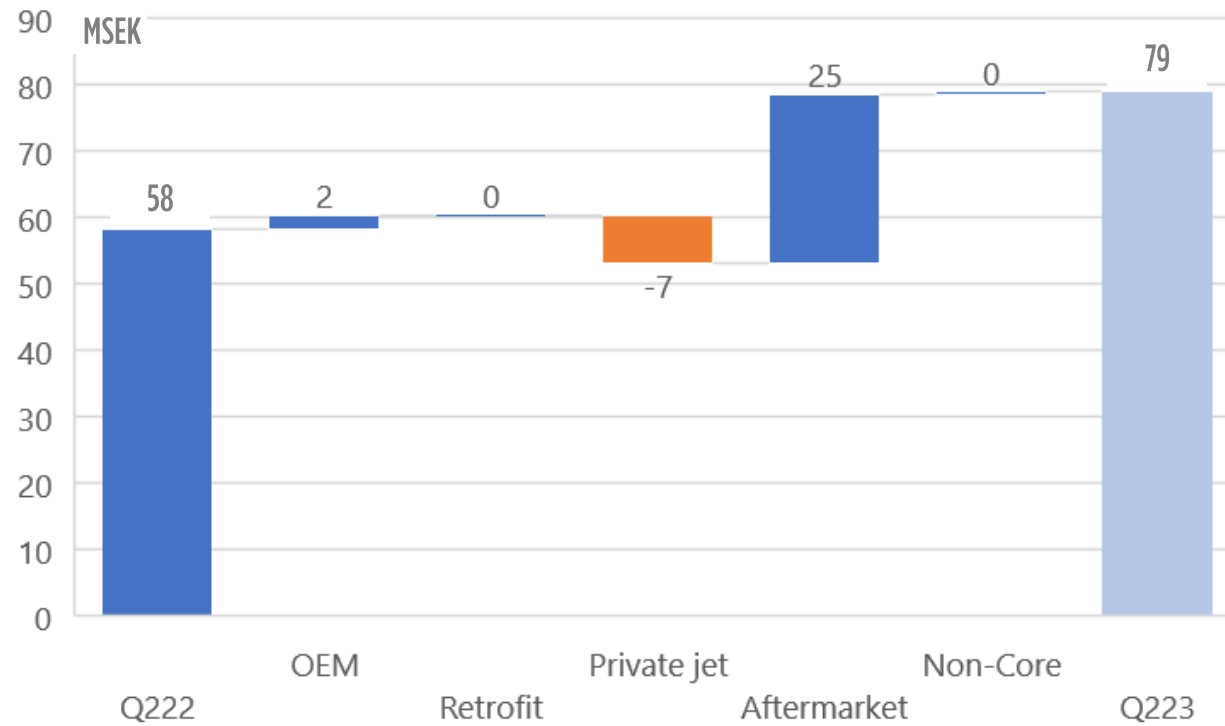
- Net Sales of 79 MSEK (58) – increased 35% - currency adjusted 27% - in forecasted range MSEK 75 - 80
- EBIT 34 MSEK (23) - EBIT margin 43% (40)
- Net Profit 25 MSEK (15) – Net Profit margin 39% (33)
- EPS 1.98 SEK (1.21)
- Operating cash flow of 62 MSEK (4)



Q2 2023

Net Sales Bridge and Mix

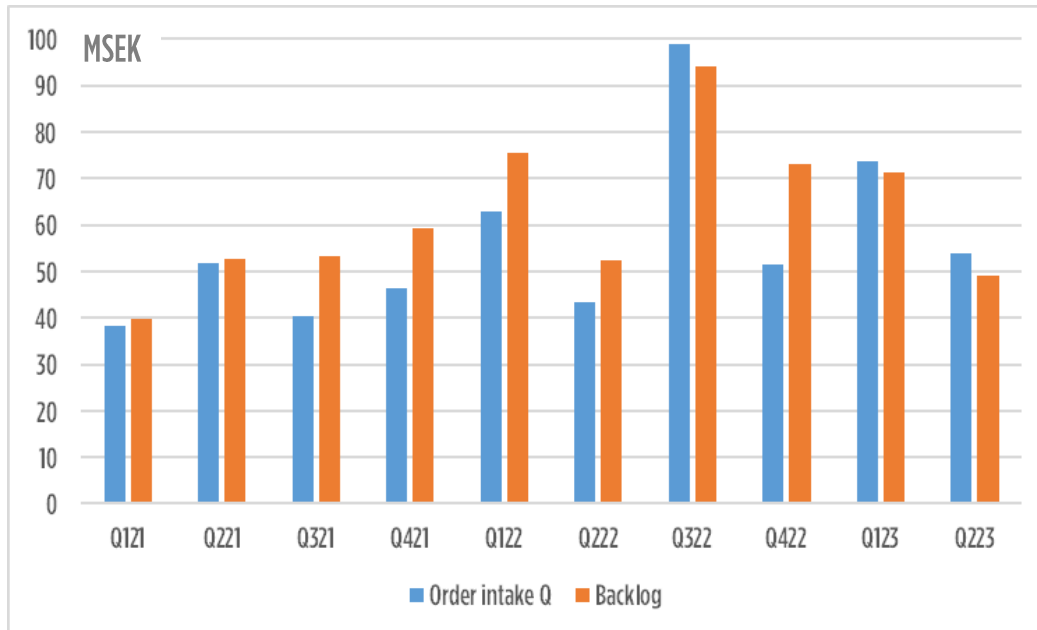
Net Sales increase was mainly driven by the Aftermarket and partly OEM recovery



Q2 2023

Order Intake & Backlog

- Order intake 54 MSEK vs 44 MSEK same period last year
 - Aftermarket accounted for 83 % of total net sales with short lead-time from order to delivery (some order and delivery in the same quarter)
 - OEM Inventory, at Boeing and Airbus, temporally higher
- Order backlog at 49 MSEK (52)

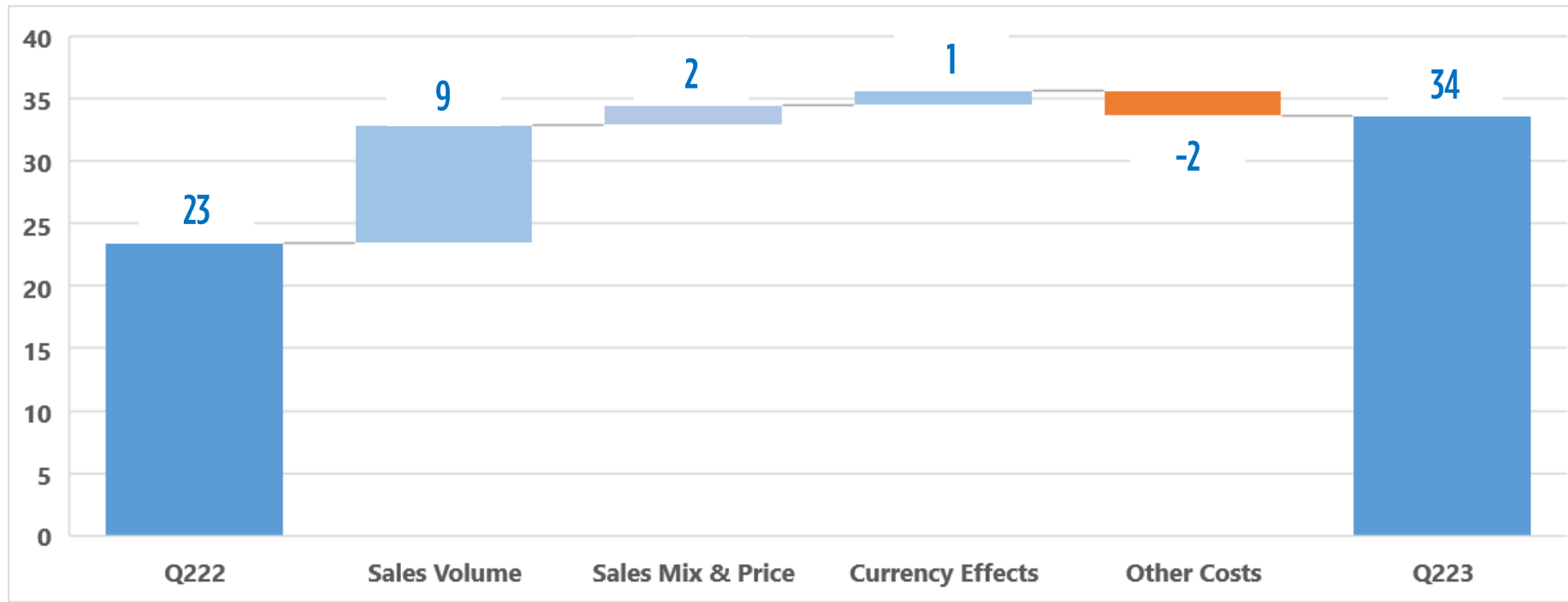


MSEK	Q222	Q223
Order intake	44	54
Backlog	52	49
USD/SEK	10,10	10,85

Q2 2023

EBIT Profit Bridge

- Business related performance improvements - driven by sales volume
- Higher aftermarket share - 83% compared 69% last year
- Stronger USD/SEK compared with last year – contributing with +4 MSEK on sales, offset by -3 MSEK on AR/AP valuation

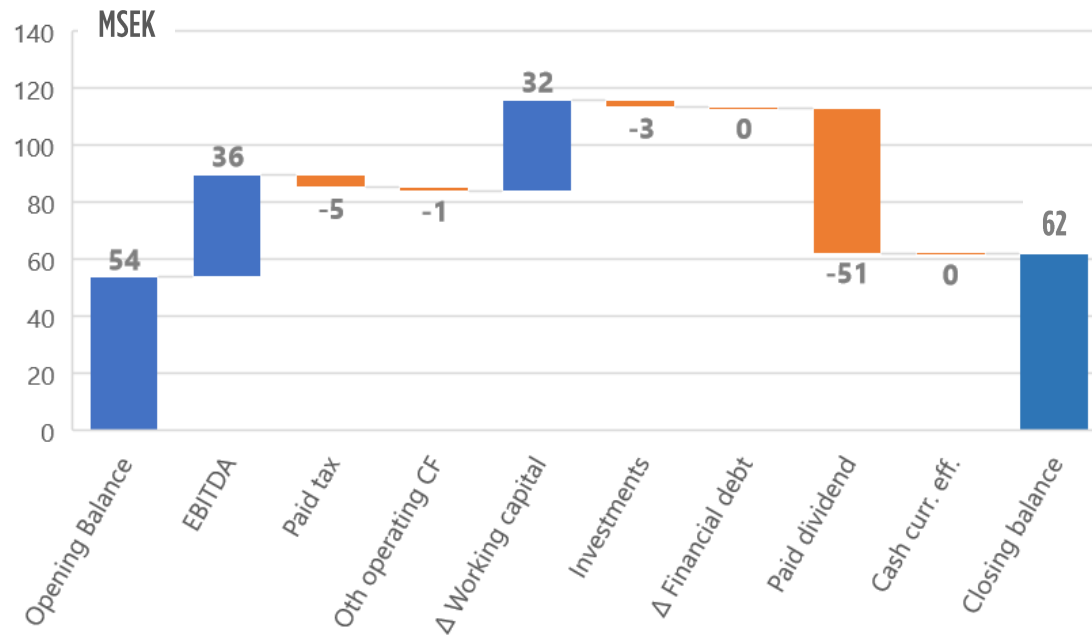


Q2 2023

Cash Flow

- Operating cash flow 62 MSEK (4), driven by improved financial performance (EBITDA) of 36 MSEK and positive working capital
 - Inventory reduction
 - Late customer payments from Q1 received
 - Variable remuneration of 10 MSEK paid
 - Dividend of 51 MSEK paid

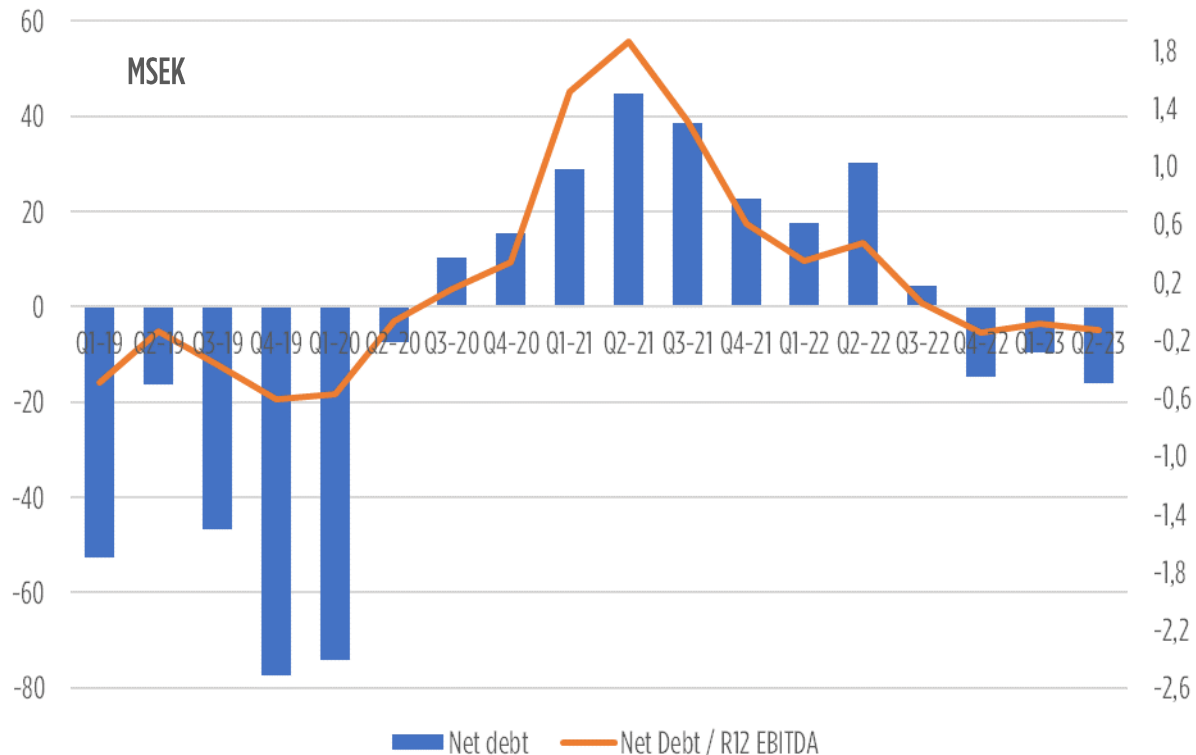
Change in Cash



Q2 2023

Net Debt

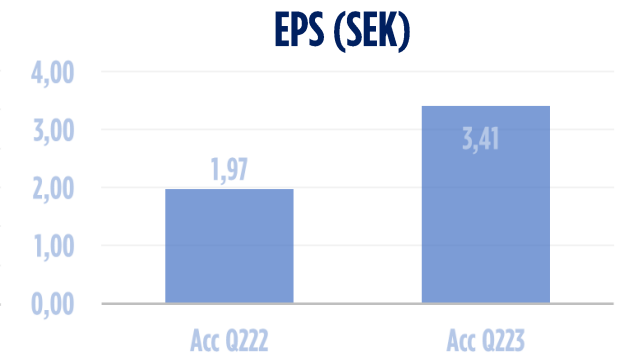
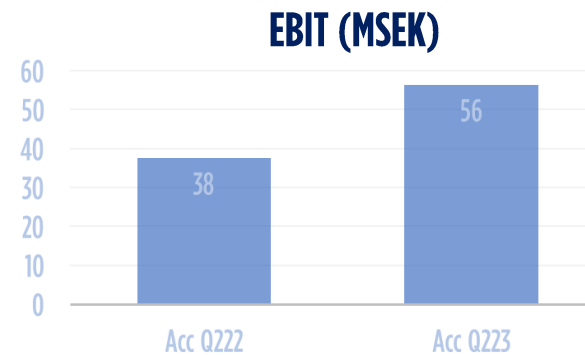
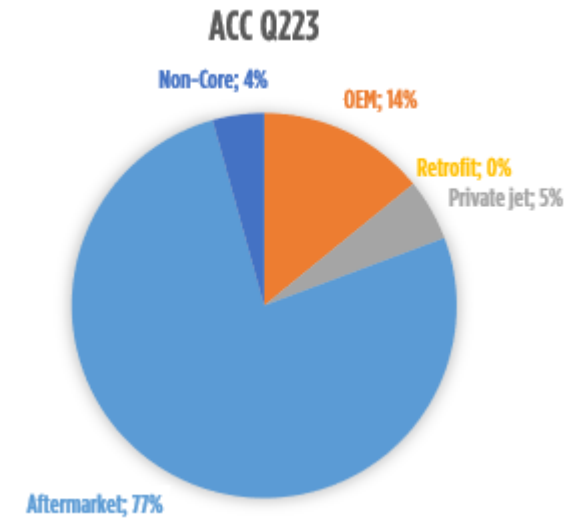
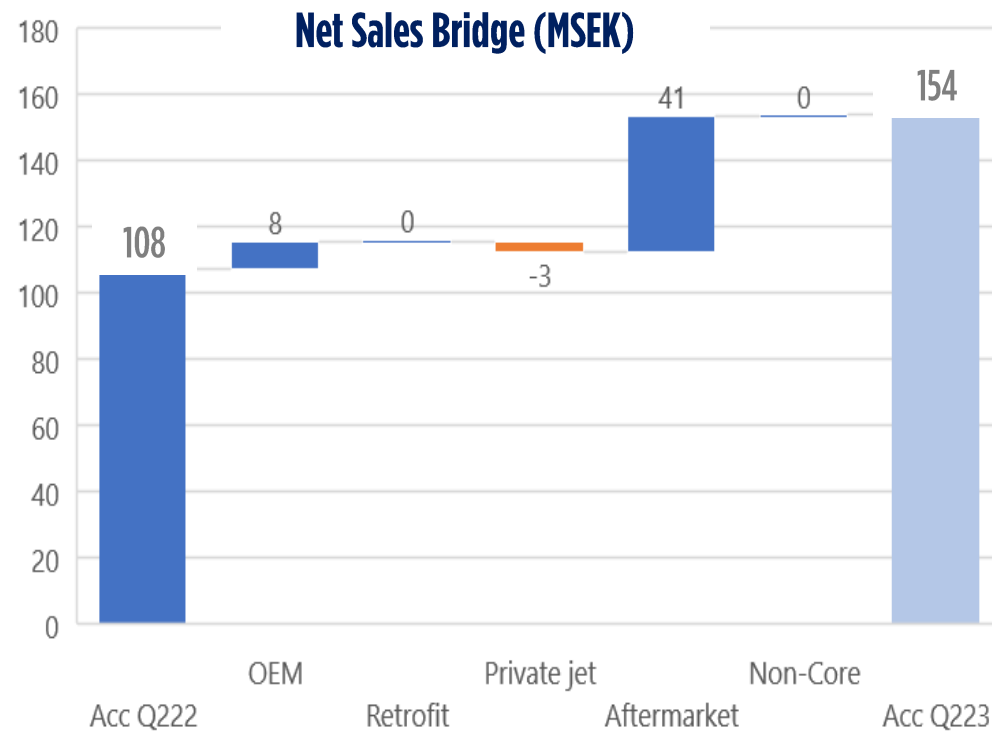
- Net debt amounting to -16 MSEK compared 30 MSEK in Q2 last year
- Cash 62 MSEK and in addition available credit facilities amounting to 51 MSEK
- Solidity 71% (70%) and Net Debt / (R12 EBITDA) -0.1 (0.5)



Q1-Q2 2023

Financials in short

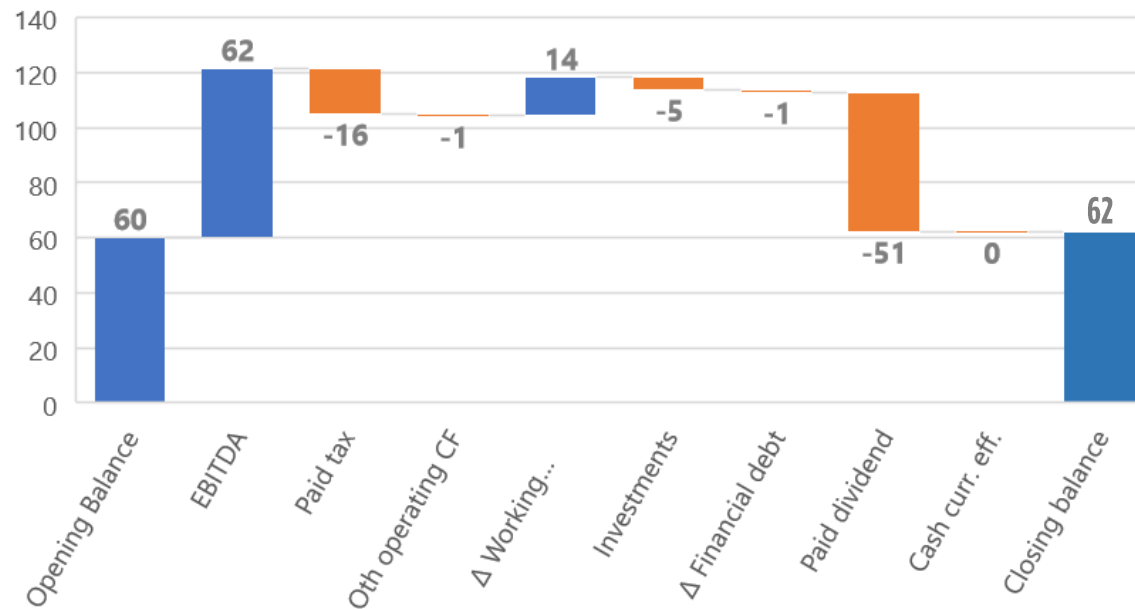
Net Sales increase was mainly driven by the Aftermarket and OEM recovery



Q1-Q2 2023 Cash Flow

- Operating cash flow +58 MSEK (13), mainly driven by improved financial performance (EBITDA) and positive working capital
- Payment of tax debt regarding 2022 in Q1
- Working capital – positive effect on inventory reduction and account receivables, partly offset by payment of variable remuneration
- Dividend of 51 MSEK paid in Q2

Change in Cash



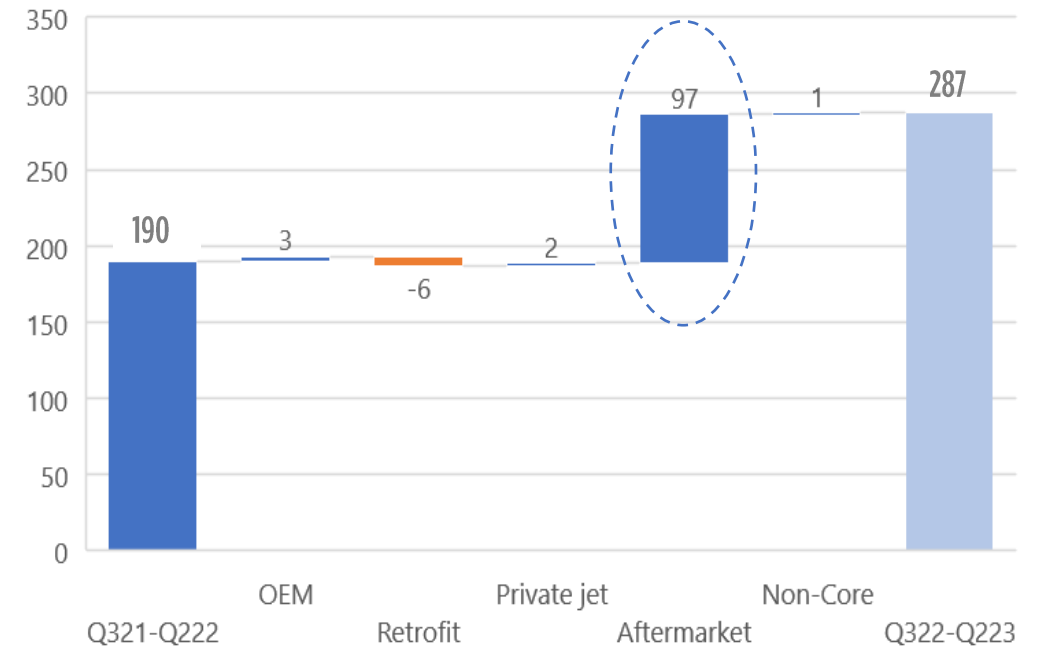
In addition: Available credit facilities of 51 MSEK (not utilized)

Rolling 4Q Financials in short

Net Sales driven primarily by Aftermarket growth

- Net Sales of 287 MSEK (190), up 51% versus comparable Rolling 4Q (Q321 – Q222)
- Operating Profit (EBIT) increase 94% to 111 MSEK (57)
- EBIT Margin increase to 39% (30)
- EPS 6.73 SEK (2.87), an increase of 135%
- Operating cash flow of 107 MSEK (43)

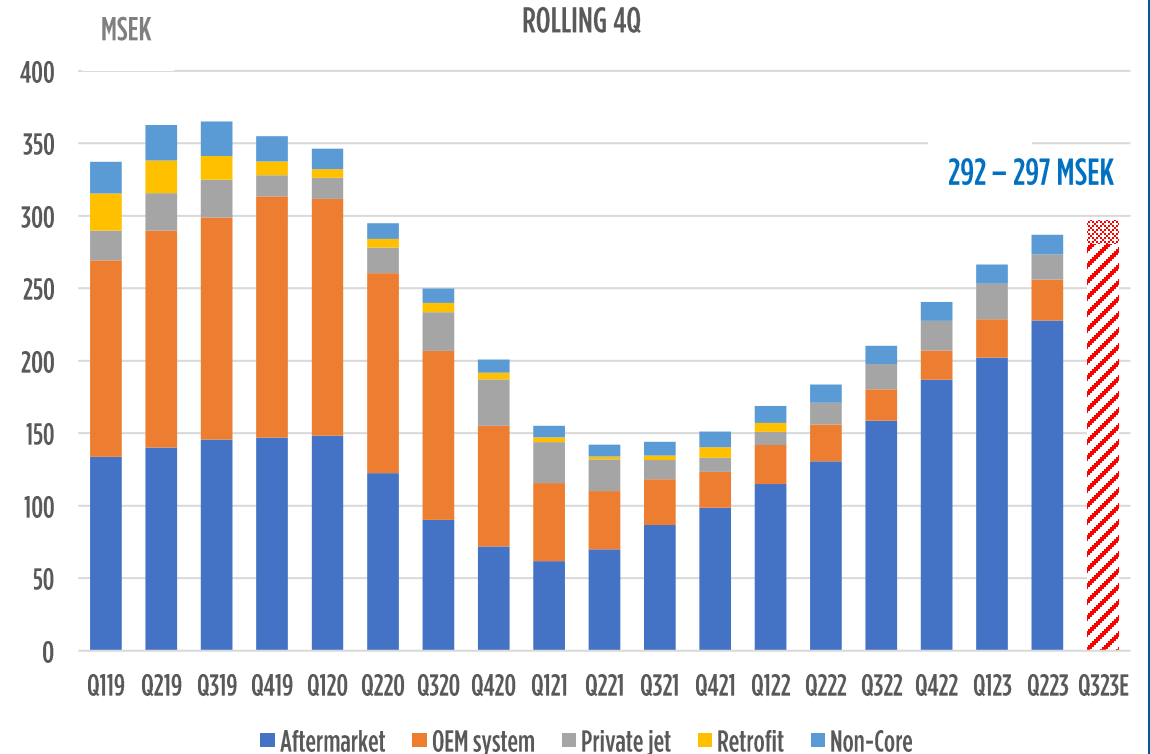
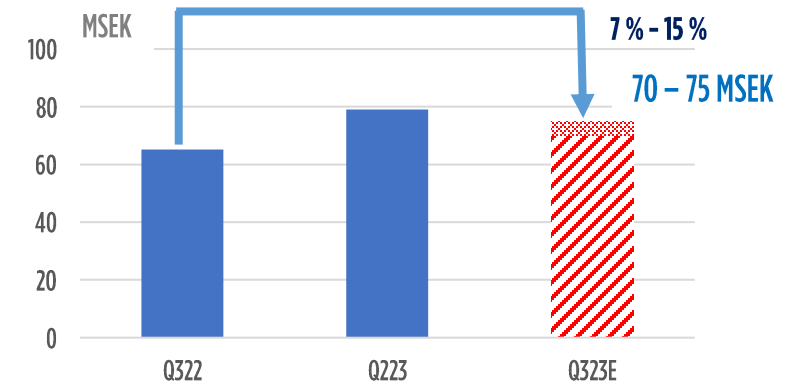
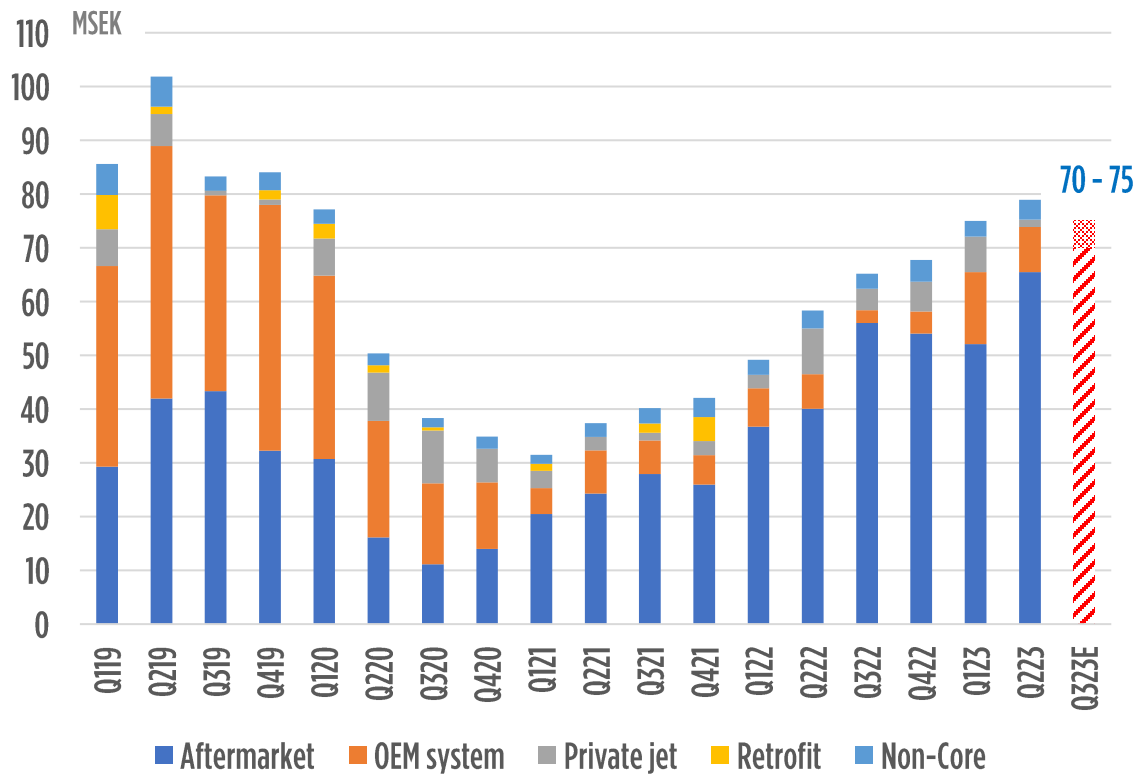
Net Sales Bridge (MSEK)



OUTLOOK

Forecast Q3 2023

- Q3 2023 Net Sales Forecast: 70 - 75 MSEK (65) (Y-o-Y-increase of 7% - 15%)
- Quarter-to-quarter increase in Private jet sales; offset by decreased aftermarket sales (due to unusually large spares volumes in Q1 and Q2) and slightly lower OEM sales (777X on-hold)

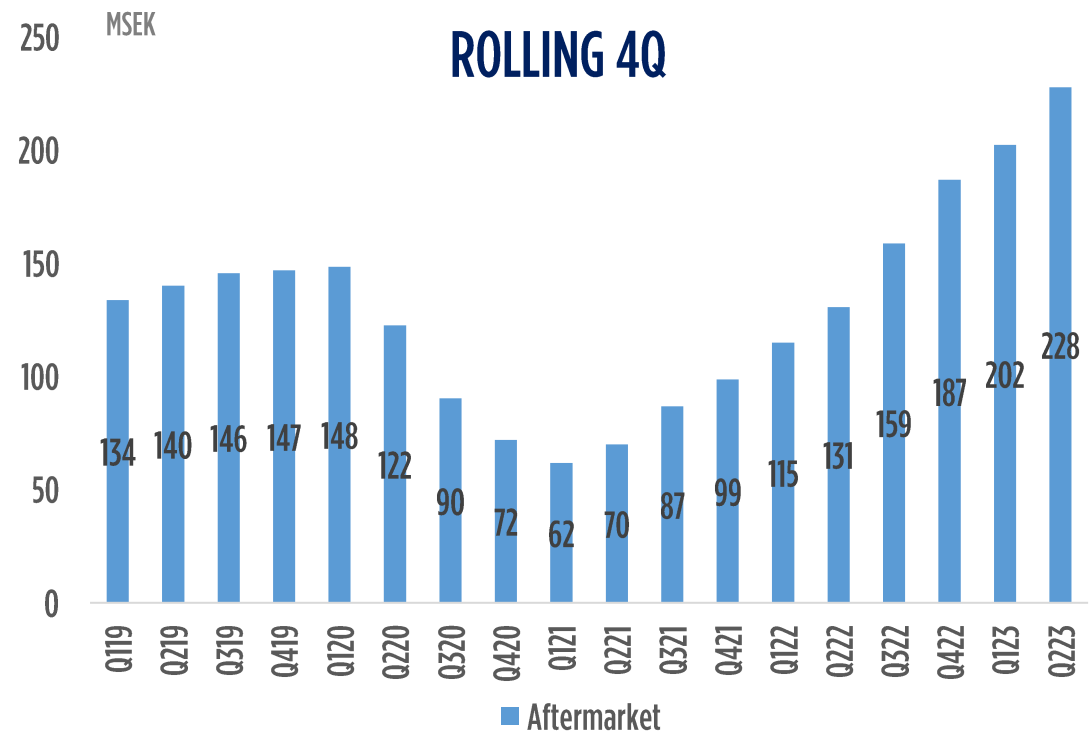
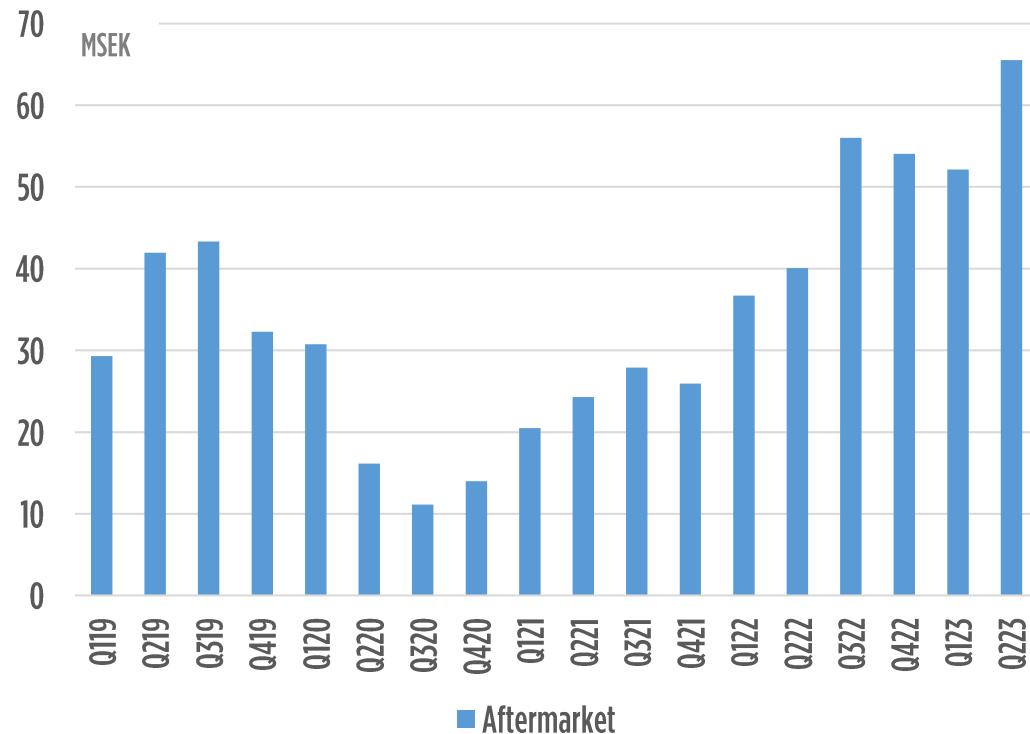


Aftermarket sales track population growth

Large spare orders delivered in Q1 and Q2 – Normalized spares demand in 2H 2023

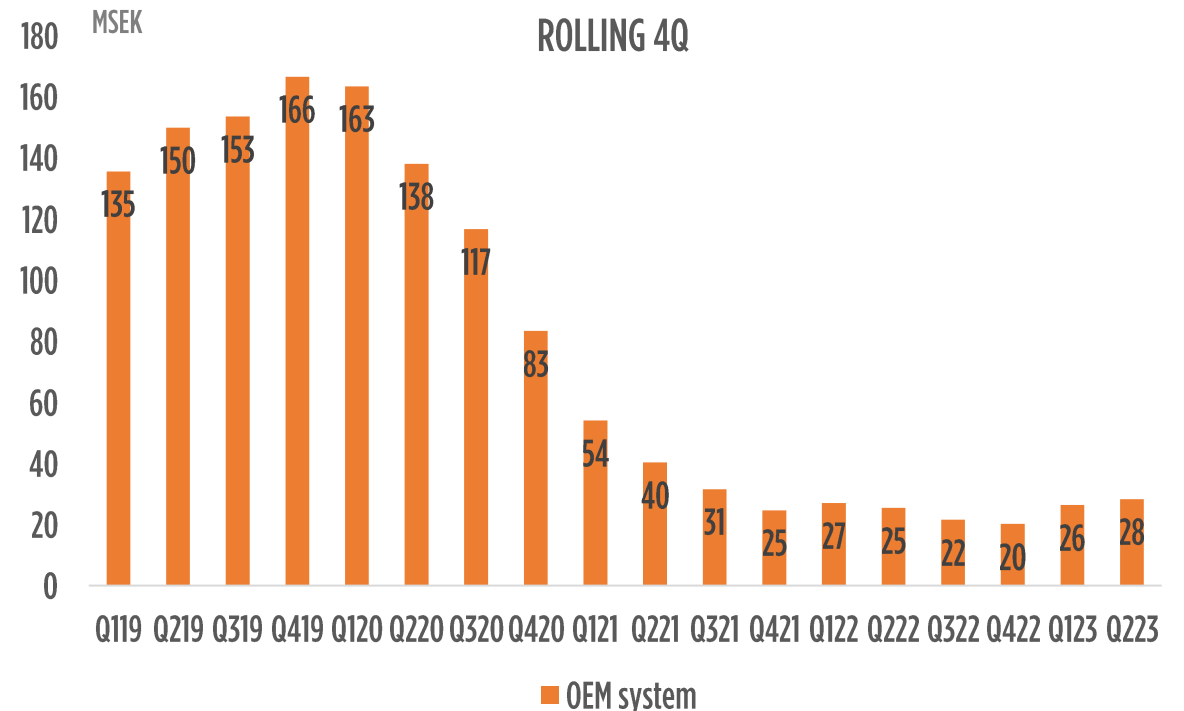
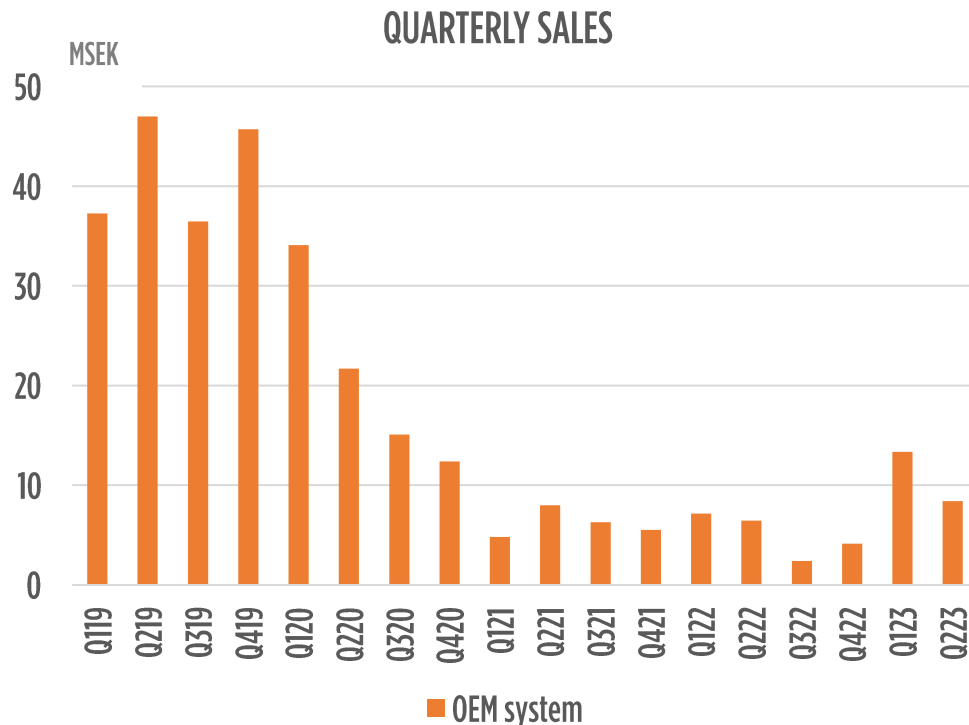
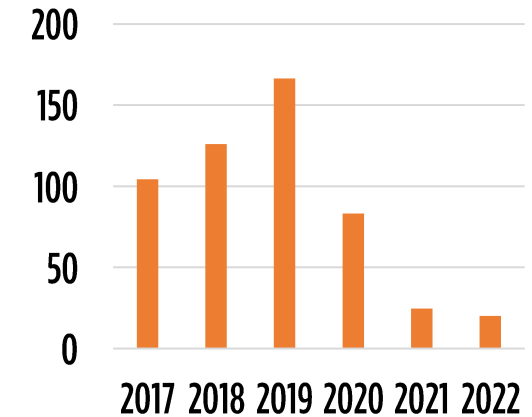
Tracks changes in population size, driven by

- New system deliveries to Airbus and Boeing and
- Entry-into-service of 787s on Boeing inventory (already fitted with CTT products) – Boeing ended Q123 with 95 787s in inventory



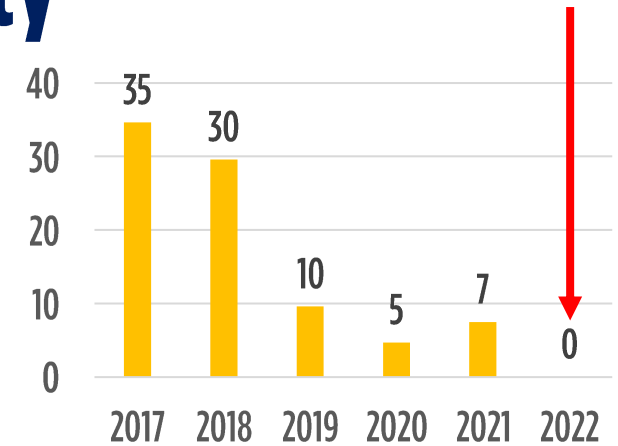
OEM growth driven by widebody ramp-up

- Boeing 787 increased build-rate from 1 – 2 per month in end-22 to current level of 4 - gradual increase to 5 by end-23 - targeting 10 by 2025 / 2026 timeframe
- 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 end-2025 – Some CTT deliveries in H1 2023



The anti-condensation retrofit opportunity

- Anti-Fuselage-Condensation (A320 / Boeing 737) – supporting trends in sustainability efforts and high fuel 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
- ❑ Better market conditions in 2023-
- ❑ Many airlines are in the planning of next-gen business class

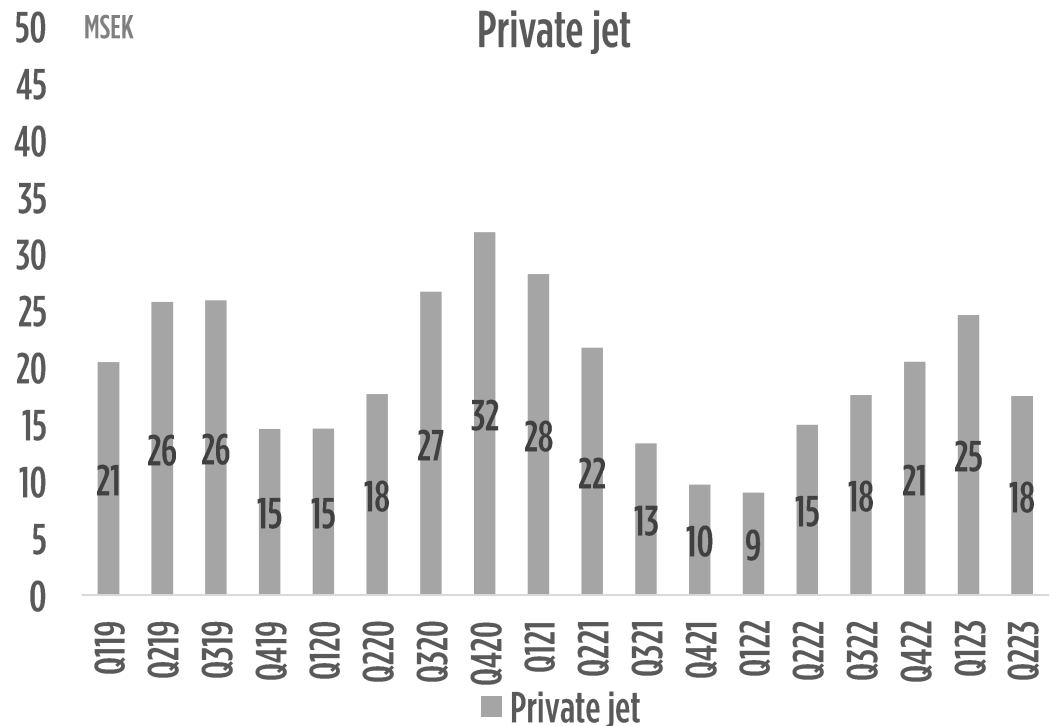
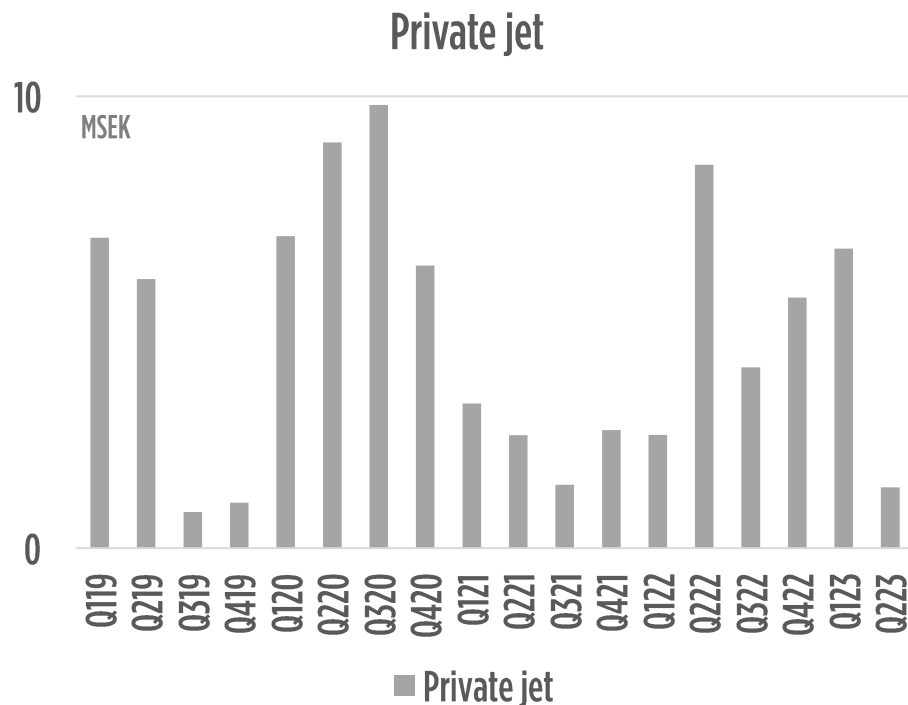
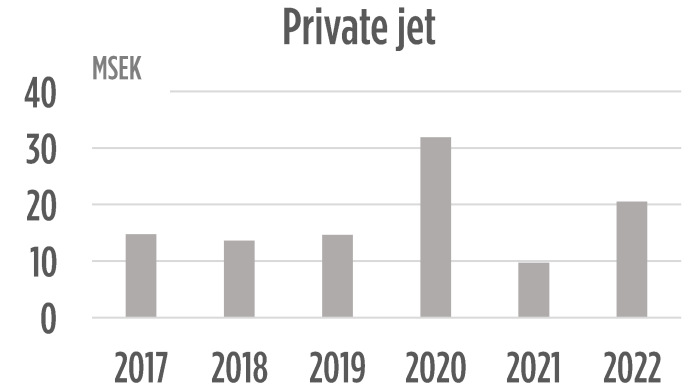
- ❑ Retrofit opportunity: 1,000 Boeing 787 aircraft
- ❑ Humidification system for the business class at a cost <50% of the cost to retrofit 1 new business class suite



The private jet opportunity

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

- Growth via higher penetration on narrowbody VIPs and entry into large cabin business jets
- Airbus Corporate Jets (ACJ) frontrunning by promoting humidification for ACJ320 Family and ACJ TwoTwenty



#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 service

Q&A

**WE MAKE FLYING
A LITTLE MORE SUSTAINABLE**

