

October 27, 2023

# EARNINGS CALL Q3 2023



S Y S T E M S





**HENRIK HÖJER**  
CEO



**MARKUS BERG**  
CFO

Q3 2023

# Business highlights

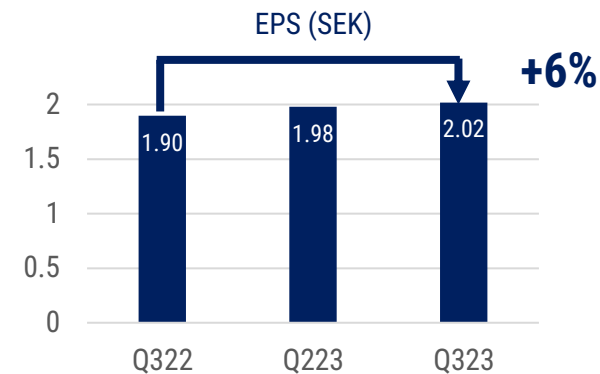
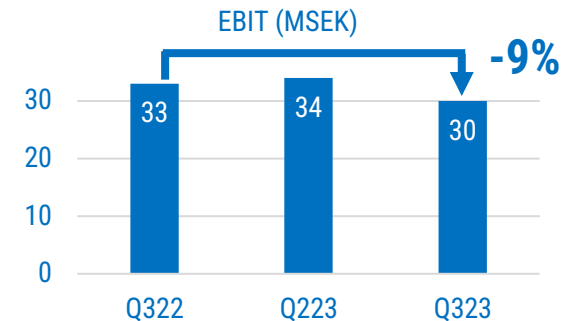
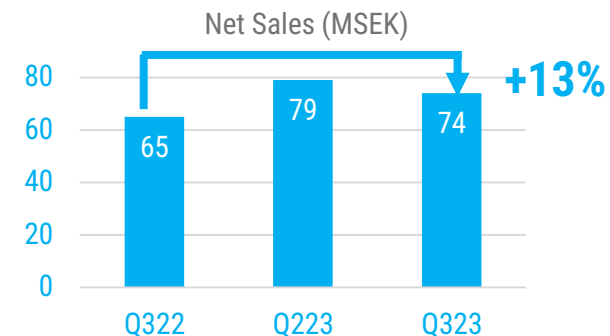
- ❑ Humidification kit system orders in August in partnership with Airbus Corporate Jets / PMV for:
  - ≡ 1 ACJ320 and
  - ≡ 1 ACJ319; both with deliveries in Q3/Q4 2023
  
- ❑ Continuous business environment improvement:
  - ≡ Large widebody orders in Q3 – on-top of strong 1H 2023
  - ≡ Growing pipeline with opportunities of premium cabin interior refurbish projects

Q3 2023

# Financials in short

## Net sales in the forecasted range

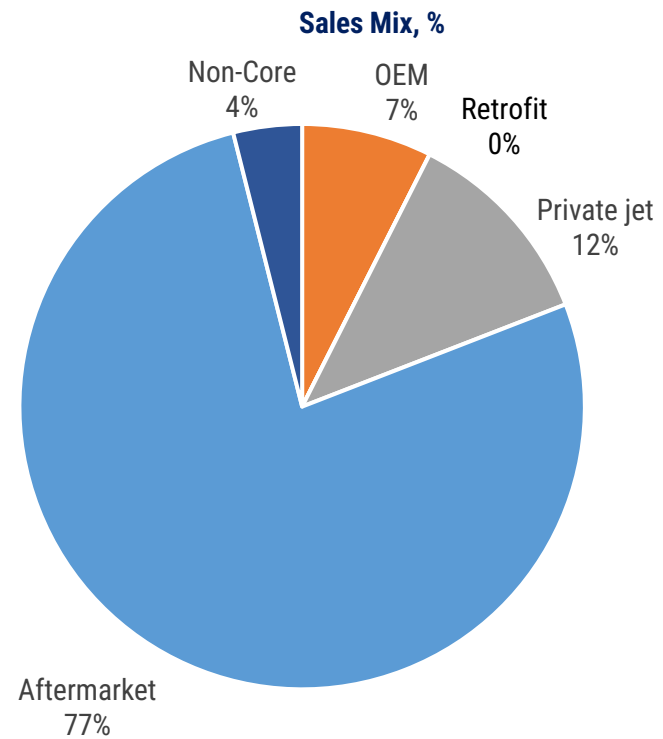
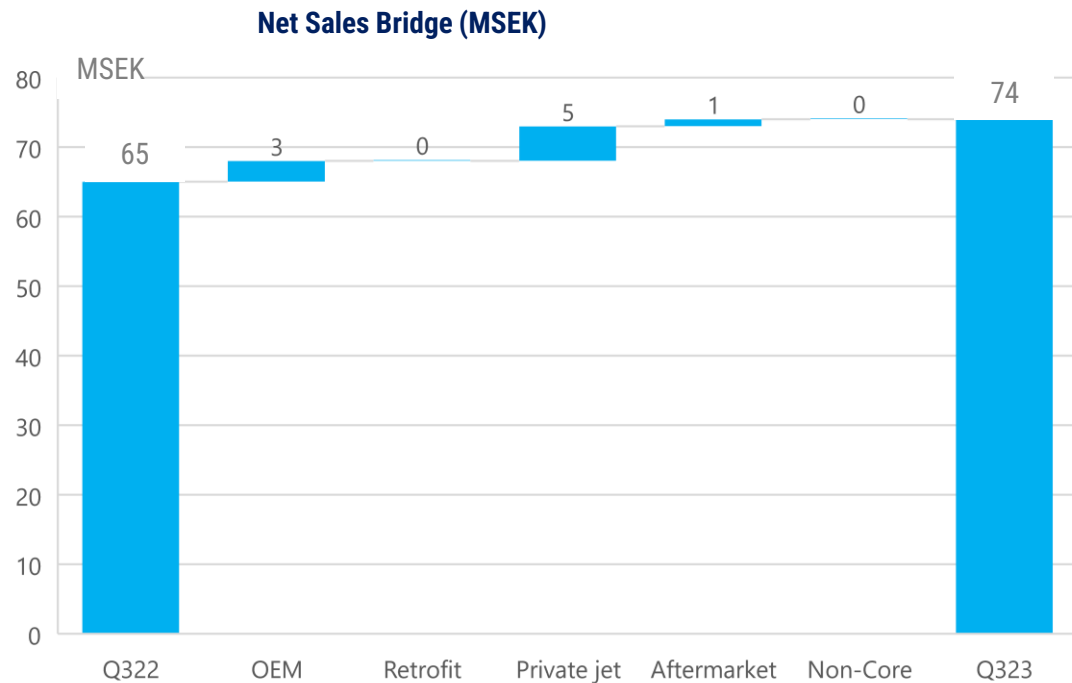
- ❑ Net Sales of 74 MSEK (65) – increased 13% - currency adjusted 10% - in forecasted range MSEK 70 - 75
- ❑ EBIT 30 MSEK (33) - EBIT margin 41% (51)
- ❑ Net Profit 25 MSEK (24) – Profit margin 43% (46)
- ❑ EPS 2.02 SEK (1.90)
- ❑ Operating cash flow of 28 MSEK (31)



Q3 2023

# Net Sales Bridge and Mix

Net Sales increase was mainly driven by Private jet and OEM

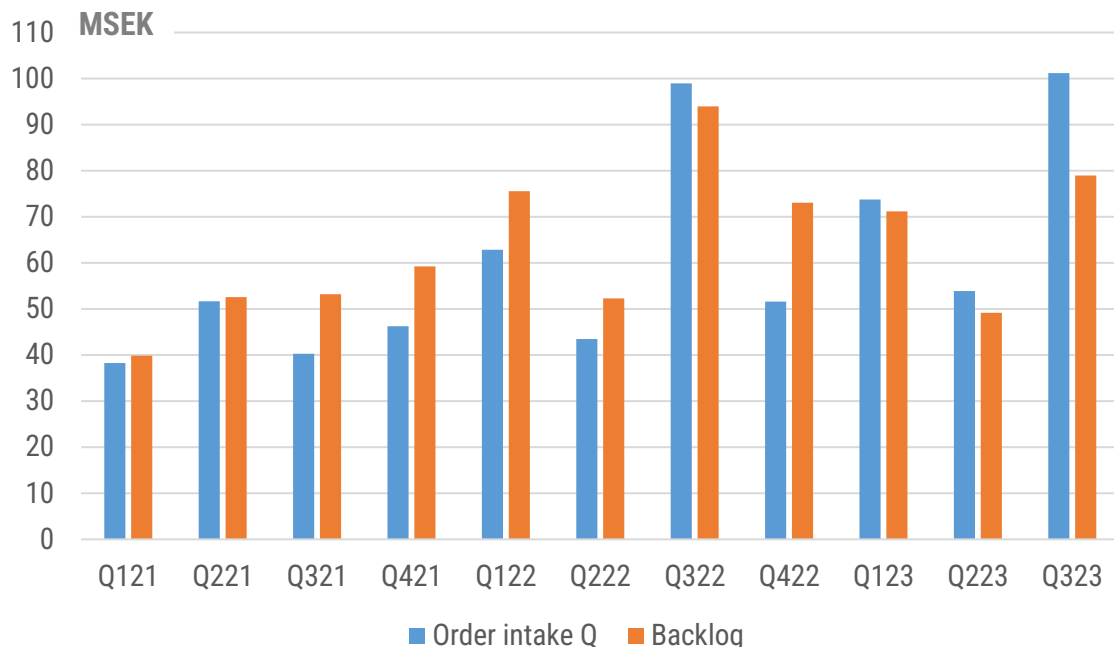


Q3 2023

# Order Intake & Backlog

- Order intake: 101 MSEK vs 99 MSEK in Q3 2023
  - We could see higher intake of OEM-orders in the quarter (with longer lead-times than aftermarket products)
- Order backlog at 79 MSEK (94)

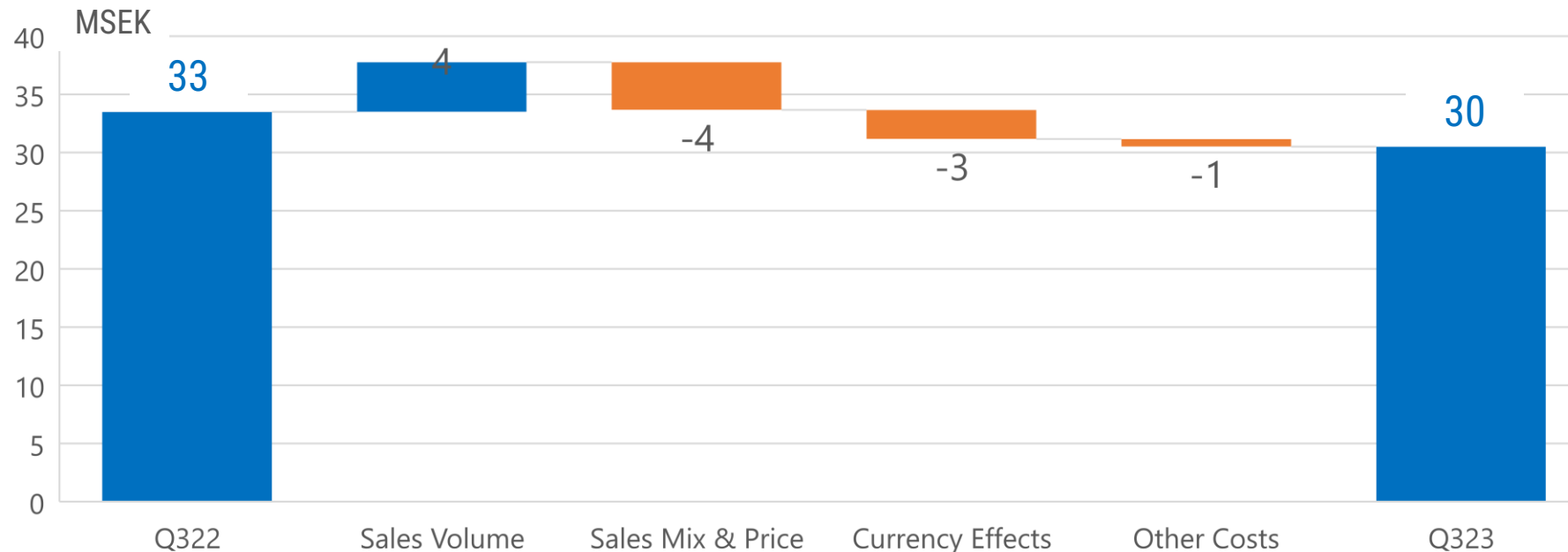
MSEK	Q322	Q323
Order intake	99	101
Backlog	94	79
USD/SEK	11,19	10,84



Q3 2023

# EBIT Bridge

- Business related performance improvements - driven by sales volume added MSEK 4 to EBIT compared with Q322
- Negative mix offset MSEK 4 due to lower aftermarket share - 77% compared to 86% last year
- Currency effects offset EBIT with MSEK 3 - despite stronger USD/SEK – contributing with MSEK 2 – but offset by MSEK 5 on AR/AP valuation

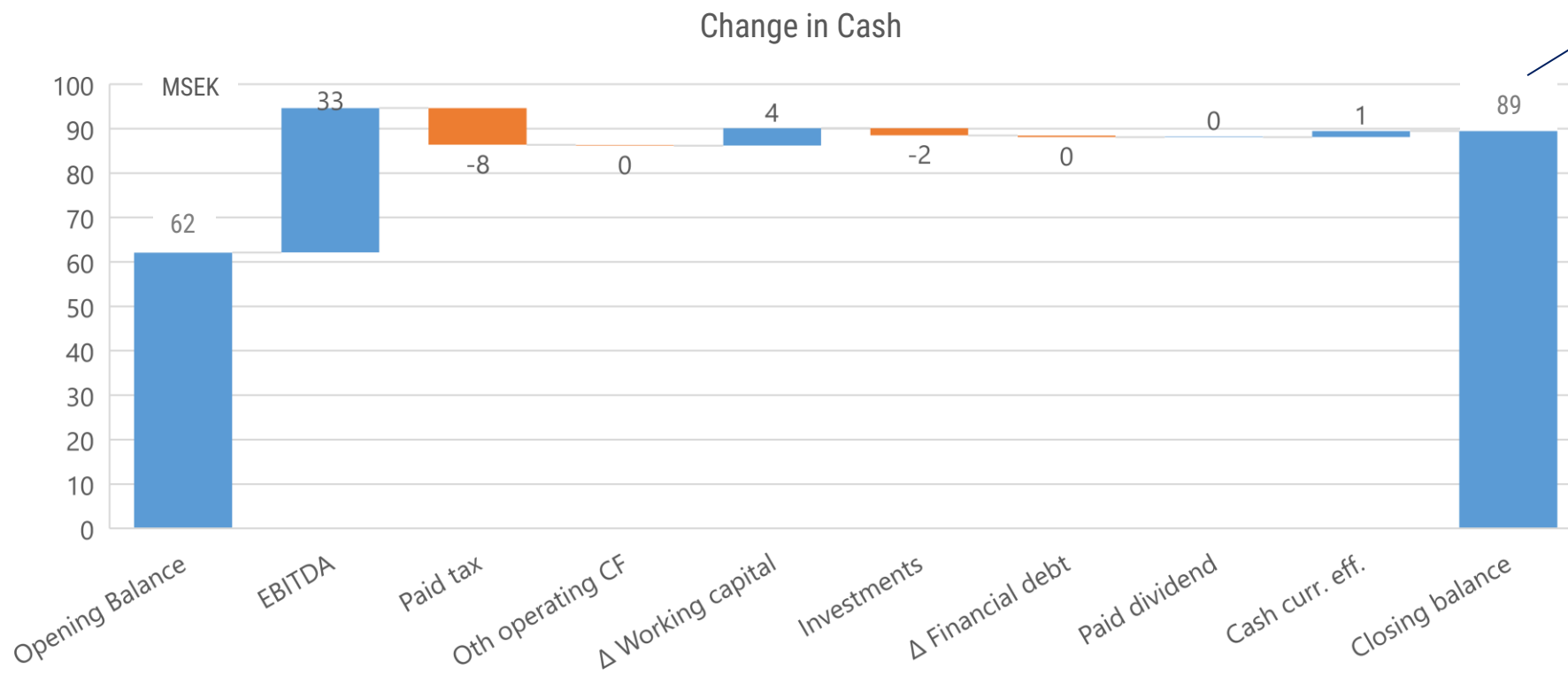


Q3 2023

# Cash Flow

- Operating cash flow amounted to MSEK 28 (31), driven by financial performance (EBITDA) of 33 MSEK and positive working capital - Inventory reduction of MSEK 4

In addition: Available credit facilities of 52 MSEK (not utilized)

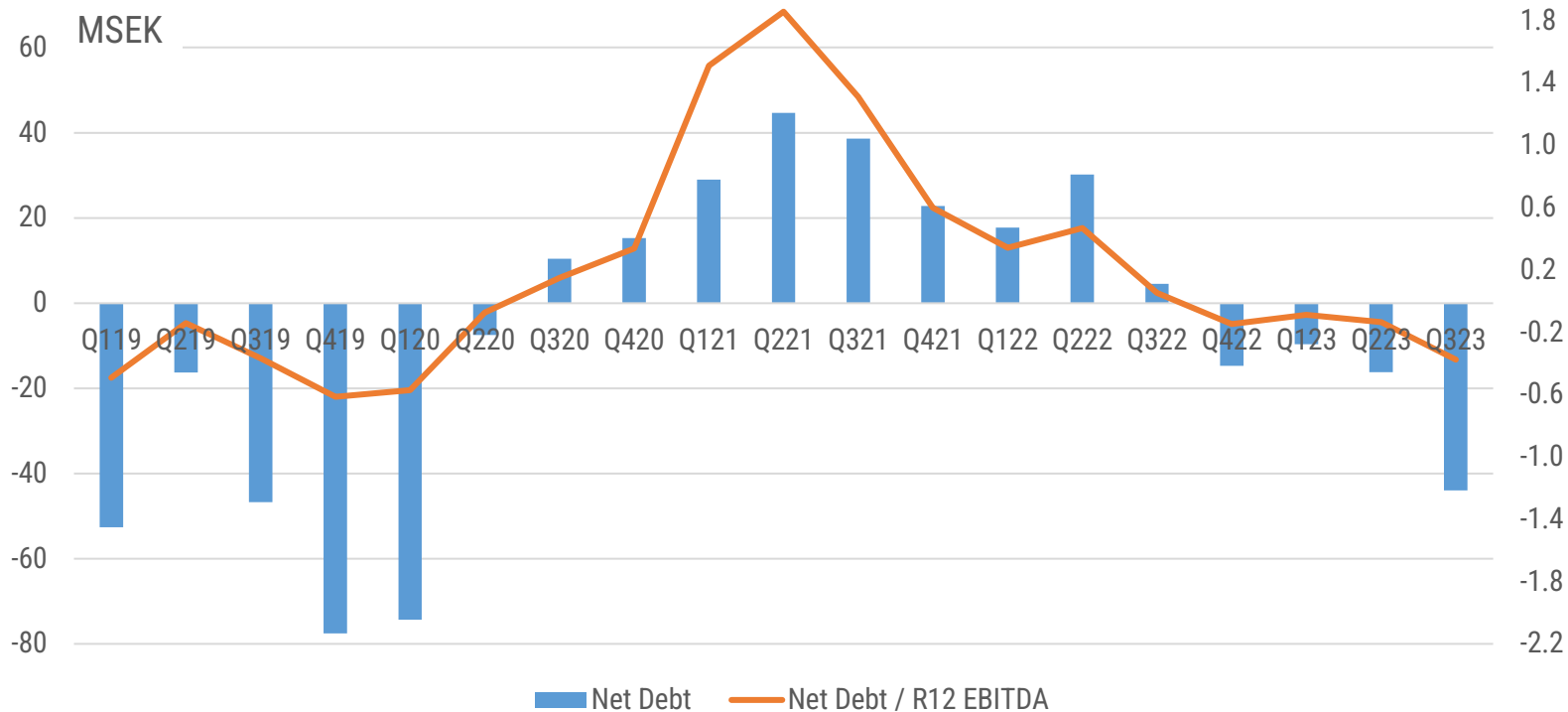




Q3 2023

# Net Debt

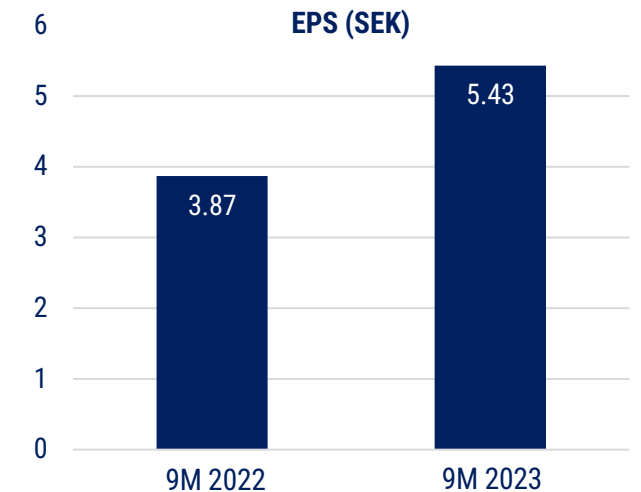
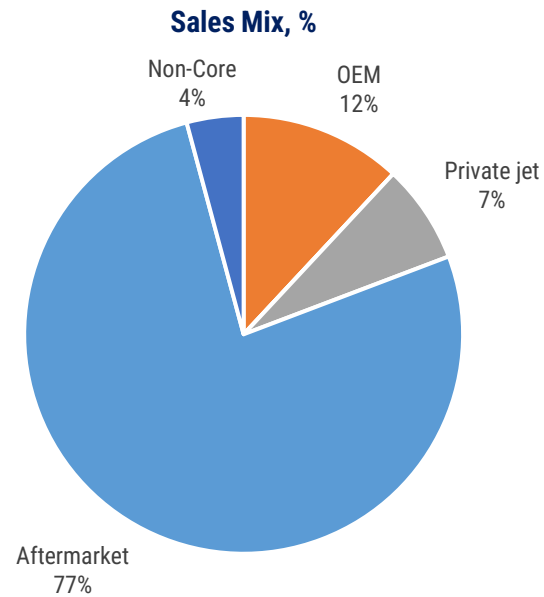
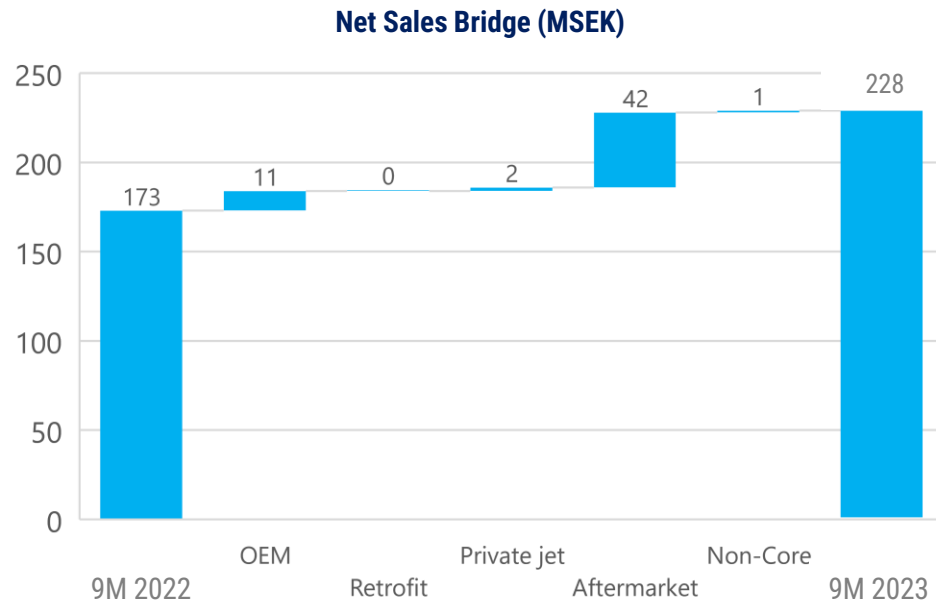
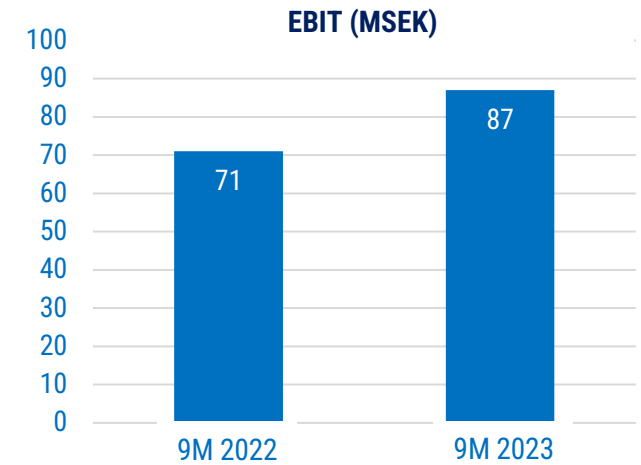
- Net debt amounting to -44 MSEK compared +5 MSEK in Q3 last year
- Cash 89 MSEK and in addition available credit facilities amounting to 52 MSEK
- Solidity 73% (71%) and Net Debt / (R12 EBITDA) -0.4 (0.1)



# 9M 2023

## Financials in short

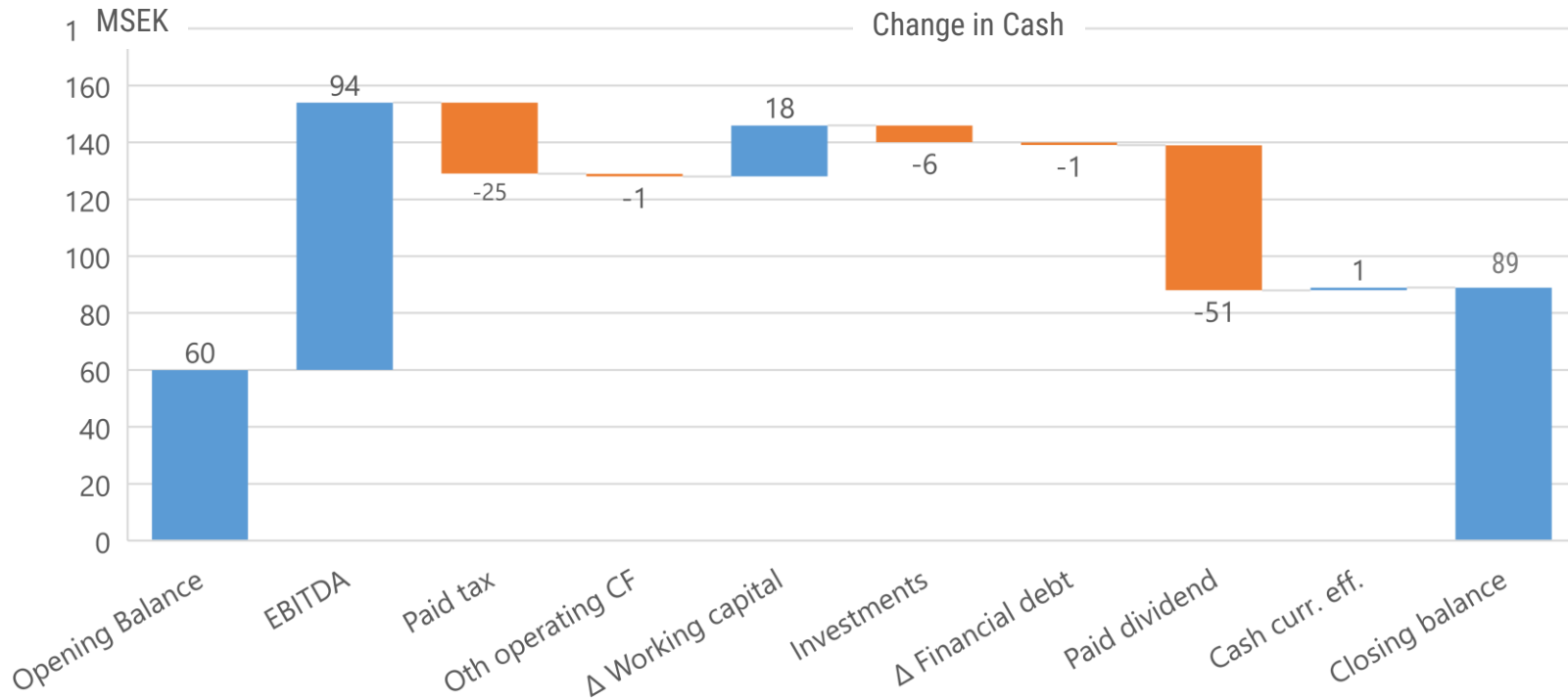
- Net Sales increased 32 % to 228 MSEK (173), driven by Aftermarket and OEM
- Sales mix dominated by Aftermarket (77%)
- EBIT increased 22 % to MSEK 87 (71)
- EPS increased 40 % to 5.43 SEK (3.87)



9M 2023

# Cash Flow

- Operating cash flow 86 MSEK (43), 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

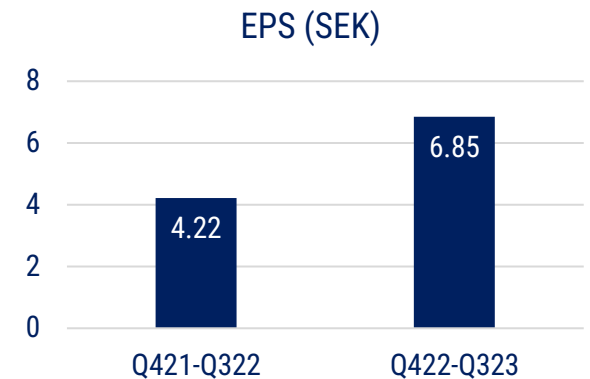
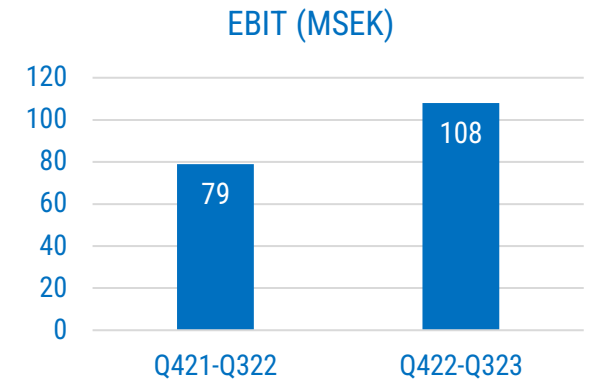
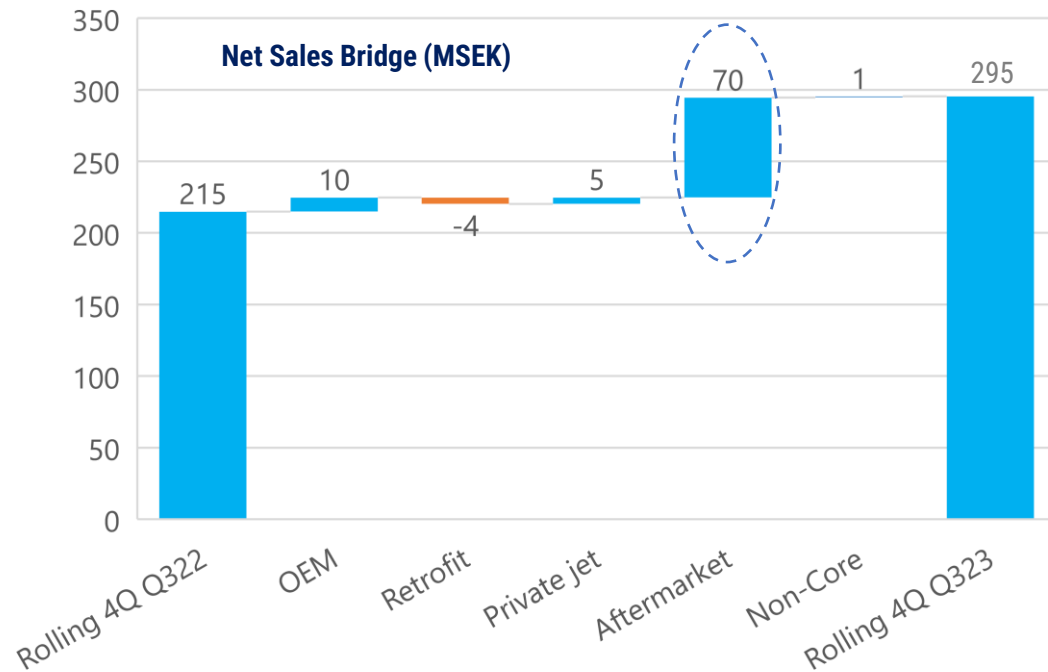


In addition:  
Available credit  
facilities of 52  
MSEK (not utilized)

## Rolling 4Q

# Financials in short

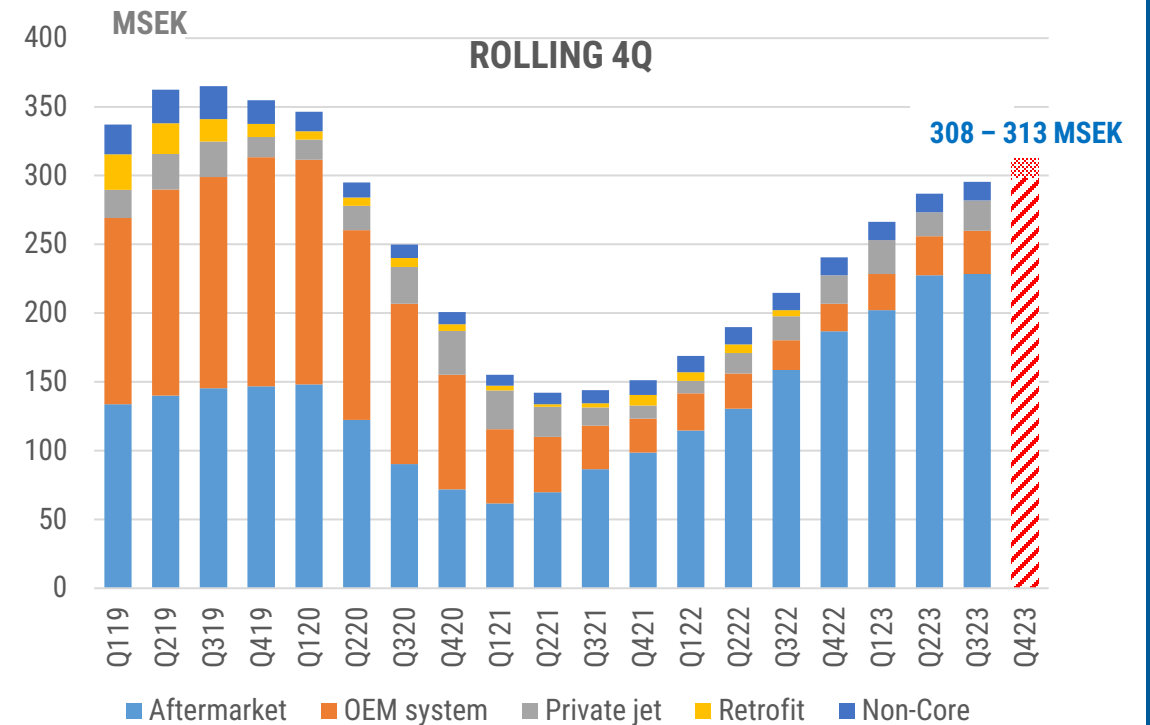
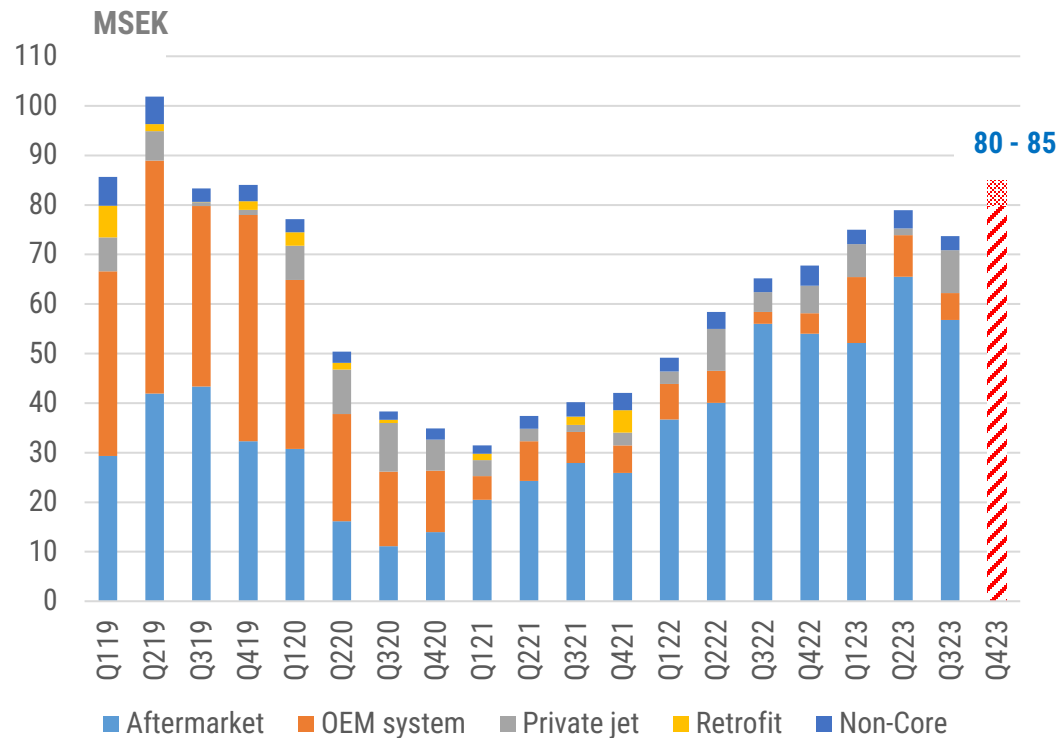
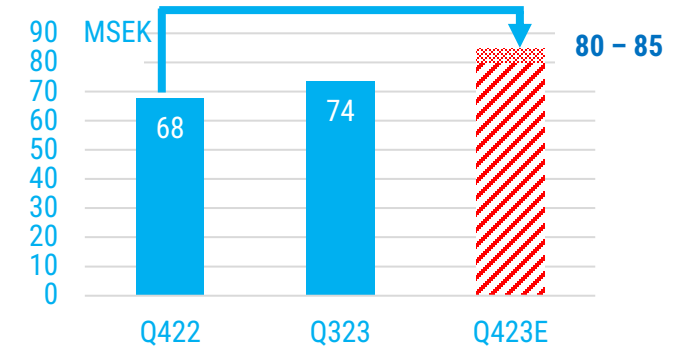
- Net Sales for the period Q422 – Q323 were 295 MSEK (215), up 37%
- Operating Profit (EBIT) increased 36% to 108 MSEK (79)
- EBIT Margin 37% (36)
- EPS 6.85 SEK (4.22), increased 62%
- Operating cash flow of 104 MSEK (64)



# OUTLOOK

# Forecast Q4 2023

- Q4 2023 Net Sales Forecast: 80 - 85 MSEK (68) (Y-o-Y-increase of 17 % - 25 %)
- Quarter-to-quarter sales increase in Aftermarket and OEM; offset by decreased in Private jet



# Humidifier Onboard Premium cabins



**HUMIDIFIER  
ONBOARD**

**New Airline spec A350-1000 with**

- 3 premium passenger cabin zones**
- Flight deck**
- Crew rest**
- EIS 2025**

**BREAKING AWARD**

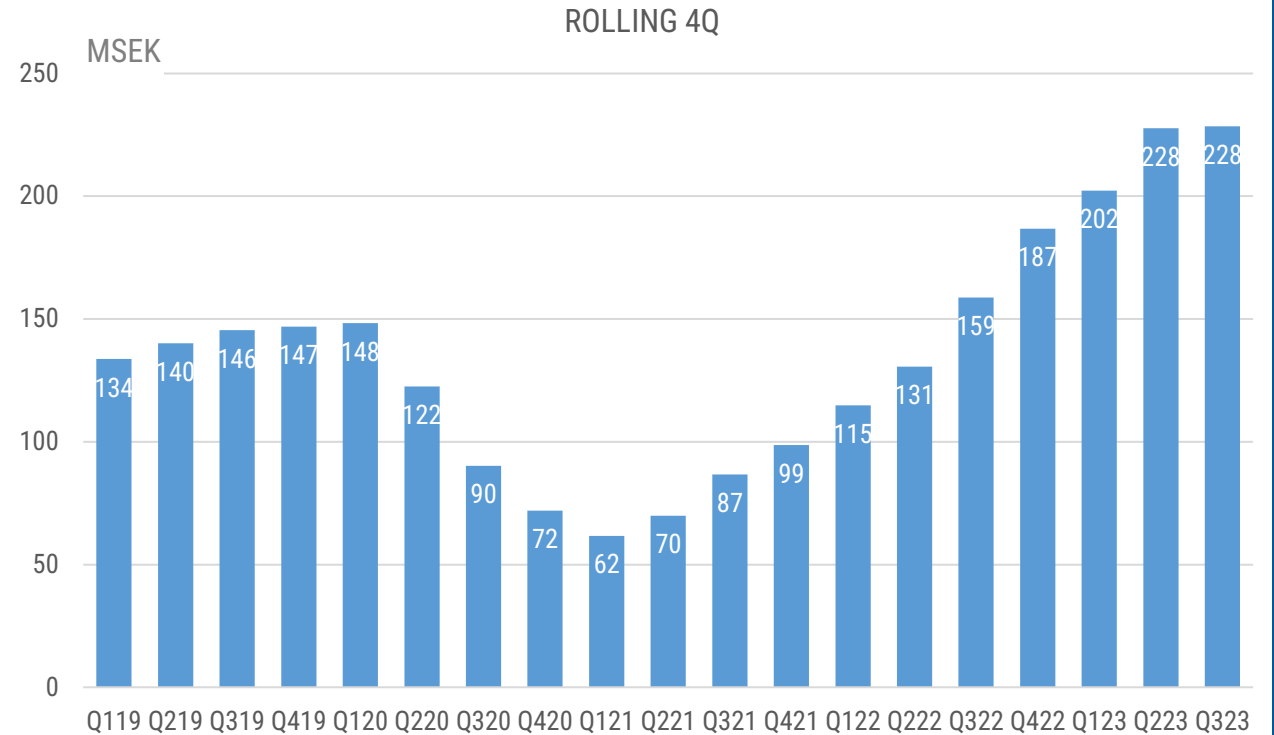
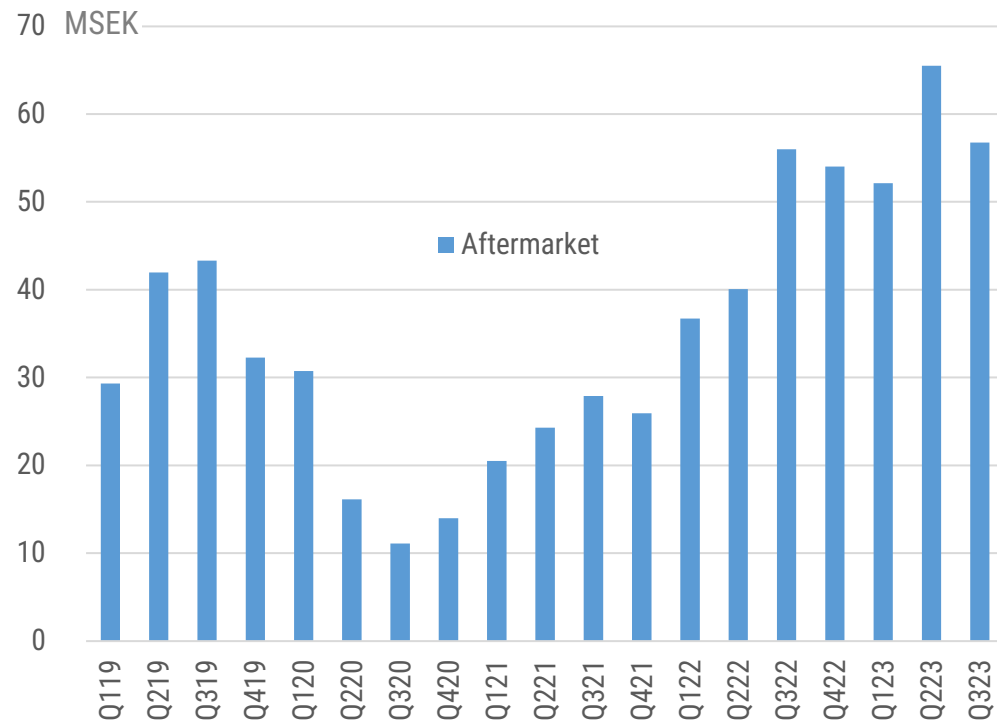
**Airline selects humidification on A350-1000 in all 3-passenger zones plus flight deck and crew rest – Deliveries to commence 2025**

# Aftermarket sales track population growth

Aftermarket expected to grow in Q4 compared to previous quarter (Q3)

Underlying aftermarket demand tracks changes in population size, driven by

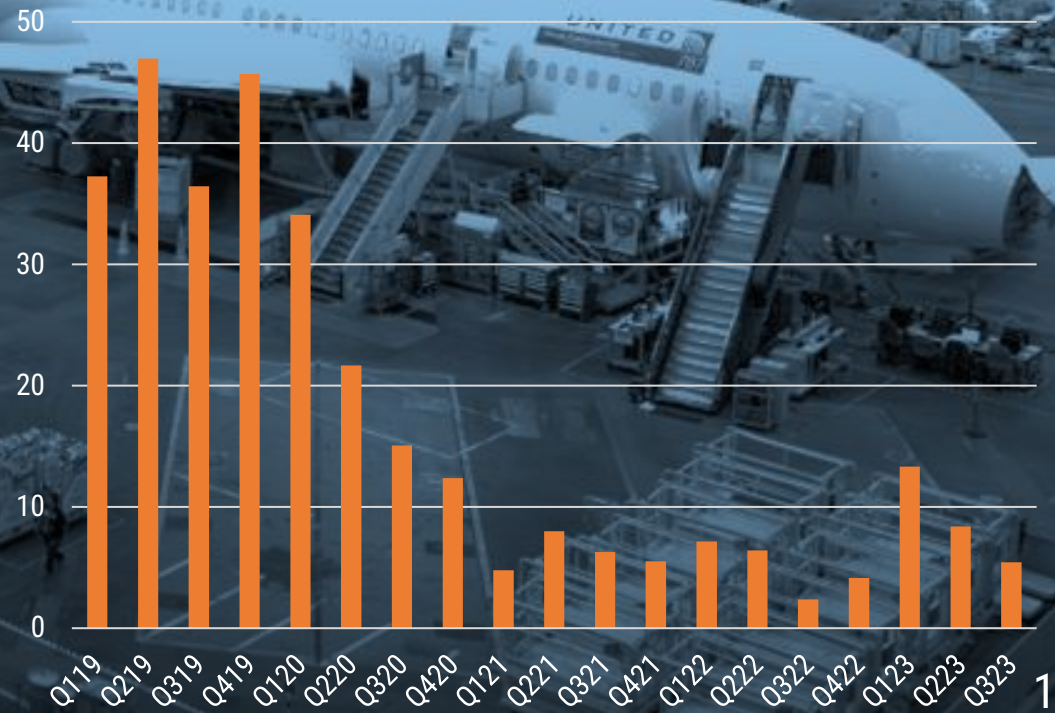
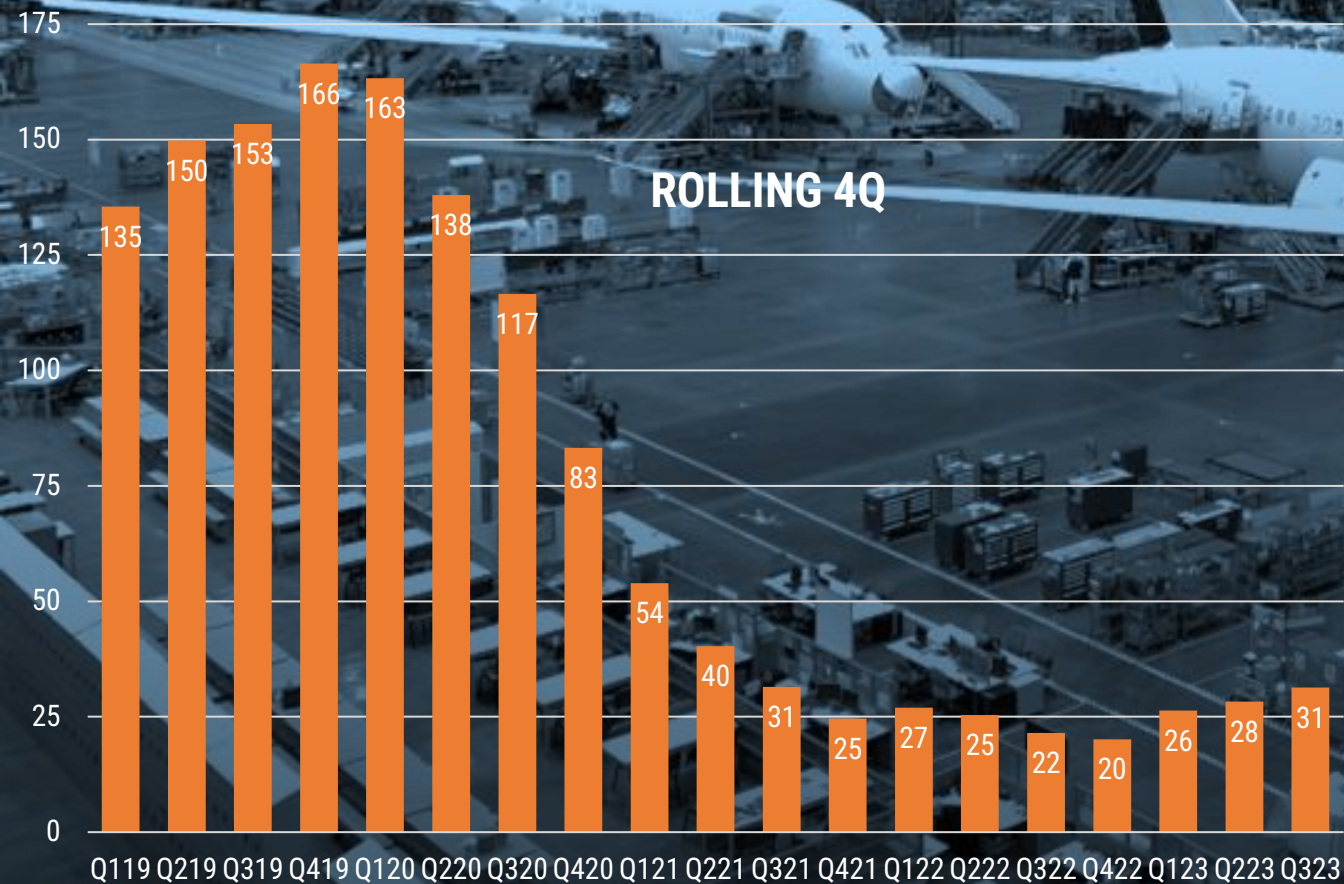
- New systems in-service on Airbus and Boeing and Entry-into-service of 787s on Boeing inventory (already fitted with CTT products)
- Repair growing





# OEM – The growth engine (again)

- 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 – CTT deliveries resumed 2024 / 2025 timeframe



# Q3 Widebody Aircraft Orders / Committ

120 Boeing  
787s

72 Airbus  
A350s

06 September 2023

Commercial Aircraft

## Turkish Airlines places order for ten additional Airbus A350-900

### Qantas orders more aircraft for international fleet

Latest News | Published 24 August 2023

The Qantas Group has today announced the final piece of its jet fleet renewal program with a firm order for 24 aircraft to progressively replace its existing A330s.

The multi-billion dollar order is split between 12 Airbus A350s and 12 Boeing 787s arriving from FY27 into the next decade. The Group has also negotiated additional purchase right options, split evenly between both manufacturers, to give flexibility for future growth and ultimately replace its 10 A380s with A350s from around FY32 onwards.



25

December  
2023

The Air France-KLM Group will place an order for 50 Airbus A350 family aircraft - with purchase rights for 40 additional aircraft - to accelerate the renewal of its long-haul fleet

Air France-KLM to become the world's largest operator of the Airbus A350 family aircraft.

Group Fleet

## Qantas nearly doubles Boeing 787 Dreamliner fleet with order for 12 widebody jets

- Australian carrier orders four 787-9 and eight 787-10 jets

- Fuel-efficient, widebody Boeing jets support Qantas' growth strategy to operate one of world's most sustainable fleets

f i n t p s

SEATTLE, Aug. 23, 2023 /PRNewswire/ -- Boeing (NYSE: BA) and the Qantas Group announced today the carrier has selected the 787 Dreamliner family to modernize its widebody fleet with an order for four 787-9 and eight 787-10 airplanes. With enhanced fuel efficiency and environmental performance, the 787 Dreamliner is pivotal to Qantas' global growth strategy to reduce its carbon emissions over the next decade and beyond.

## United Airlines Orders 50 More Boeing 787 Dreamliners

- United positioned to become the world's largest 787 operator, new deal increases firm orders to 150 airplanes

- Ultra-efficient, passenger-pleasing Dreamliner provides U.S. carrier flexibility with long-term fleet planning

f i n t p s

SEATTLE, Oct. 3, 2023 /PRNewswire/ -- Boeing (NYSE: BA) and United Airlines announced today the carrier is expanding its 787 Dreamliner fleet, exercising options to order 50 787-9 airplanes and securing an additional 50 options. The new Dreamliner order provides United additional flexibility as the airline modernizes its global fleet over the next decade.

## Air Canada to fly every model in 787 Dreamliner family, orders 18 Boeing 787-10s

- Canada's largest airline chooses 787-10, with its market-leading environmental performance to replace older, less efficient widebody aircraft

- The only complete widebody family, the 787 Dreamliner maximizes network coverage with outstanding range, flexibility and commonality

- Fuel-efficient Dreamliner reduces CO2 by up to 25%, supporting Air Canada's commitment to a sustainable future

f i n t p s

SEATTLE, Sept. 25, 2023 /PRNewswire/ -- Boeing (NYSE: BA) and Air Canada announced today the carrier is selecting the 787 Dreamliner to further modernize and grow its fleet with an order for 18 787-10 widebody jets, with the option to purchase 12 more. The flag carrier of the country, Air Canada will deploy the new fuel-efficient airplanes as part of its broader strategy to reduce carbon emissions while expanding its global route network.



# On-top of strong 1H 2023

□ 115 Boeing  
787s

□ 64 Airbus  
A350s

## SAUDIA to Grow Long-Haul Fleet with up to 49 Boeing 787 Dreamliners

- Saudi Arabian flag-carrier to order 39 fuel-efficient 787-9 and 787-10 airplanes
- Announcement including options for 10 additional jets is part of Saudi Arabia's broader investment to become a global aviation hub

✉ f in t p a d

RIYADH, Saudi Arabia, March 14, 2023 /PRNewswire/ -- Boeing (NYSE: BA) and Saudi Arabian Airlines (SAUDIA) today announced the national flag-carrier will grow its long-haul fleet with the selection of up to 49 787 Dreamliners. SAUDIA is set to purchase 39 787s, with a further 10 options, utilizing the outstanding efficiency, range and flexibility of the Dreamliner to sustainably grow its global operation. The agreement will include both 787-9 and 787-10 models.

02 March 2023

Commercial Aircraft

## Lufthansa orders 10 Airbus A350-1000 and 5 more A350-900 aircraft

## New Saudi Arabian Carrier Riyadh Air to Launch with All-Boeing Fleet of up to 72 787-9 Dreamliners

- Riyadh-based, PIF-owned airline to order 39 Dreamliners, with options for 33 more jets, enabling tourism and sustainable growth
- Passenger-pleasing, fuel-efficient 787s will support Saudi Arabia's goal of welcoming 100 million visitors per year by 2030

✉ f in t p a d

RIYADH, Saudi Arabia, March 14, 2023 /PRNewswire/ -- Boeing (NYSE: BA) and Riyadh Air announced today that the new Saudi Arabian carrier has chosen the 787 Dreamliner to power its global launch and support its goal of operating one of the most efficient and sustainable fleets in the world.

20 June 2023

Commercial Aircraft

## Philippine Airlines finalises order for nine A350-1000s

## Air India Finalizes Order for Up to 290 Boeing Single-Aisle and Widebody Jets

- Boeing's largest order in South Asia includes 190 737 MAXs, 20 787 Dreamliners and 10 777X jets; options for additional 50 737 MAX jets and 20 787 Dreamliners

✉ f in t p a d

LE BOURGET, France, June 20, 2023 /PRNewswire/ -- Boeing (NYSE:BA) and Air India today announced they have finalized an order for up to 290 new Boeing jets and expanded services. At the 2023 Paris Air Show, the companies held a signing ceremony to celebrate the historic purchase of Boeing's market-leading single-aisle and widebody jets to renew and expand Air India's fleet.

The order, which includes 190 737 MAXs, 20 787 Dreamliners and 10 777X jets with options for 50 737 MAXs and 20 787 Dreamliners, is Boeing's largest order in South Asia and highlights its 90-year partnership with Air India. A **comprehensive set of aviation services** will also enable Air India to sustainably expand its operations in South Asia's rapidly growing aviation market. Over the next 20 years, South Asia is expected to more than triple its in-service fleet from 700 to 2,300 airplanes to meet passenger demand.

## China Airlines Announces Order for Eight 787 Dreamliners at Paris Air Show

- Airline exercises options for eight 787-9s to add flexibility to their regional route network
- Super-efficient Dreamliner reduces fuel use, emissions by 20% compared to previous-generation jets

✉ f in t p a d

LE BOURGET, France, June 20, 2023 /PRNewswire/ -- Boeing (NYSE: BA) and China Airlines today finalized an order for eight 787-9 Dreamliners at the 2023 Paris Air Show. This firm order, which was previously posted to Boeing's Orders and Deliveries website as unidentified, follows the airline's first-ever order for 16 787-9s announced last year.

China Airlines also becomes the newest 787-10 customer as it converts six 787-9s to the 787-10, the largest member of the 787 family, to add flexibility and capacity on its regional network as passenger demand continues to rise above pre-pandemic levels.

With this order, the carrier will introduce 24 super-efficient 787s over the next several years, strengthening the airline's existing global network. The 787 enables



# In-Service: Humidifier Onboard Business class

In addition, 4 New Airline Customers with EIS 2025 / 2026 &  
Humidifier Onboard A350 -1000 / Boeing 777X



- Humidifier Onboard Business Class in 10 A350-900s
- In-service since 2019



- Humidifier Onboard Business Class in 6 A350-900s
- 4 already in-service

# 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; driven by competition and harmonize new aircraft interior

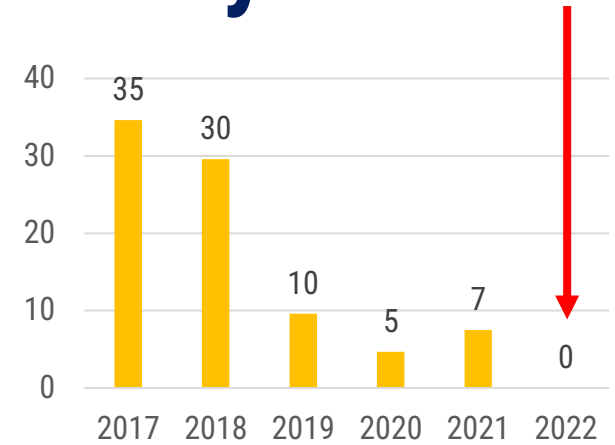
- ❑ Retrofit opportunity: 1,000 Boeing 787 aircraft
- ❑ Humidification system for the business class at a cost <50% of the cost to retrofit 1 new business class suite





# The 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-

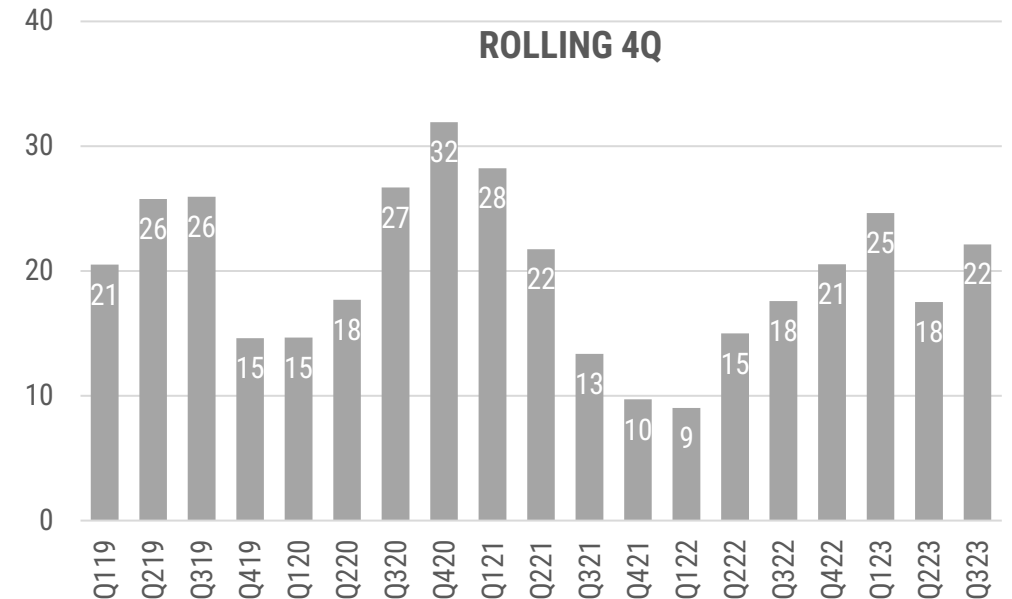
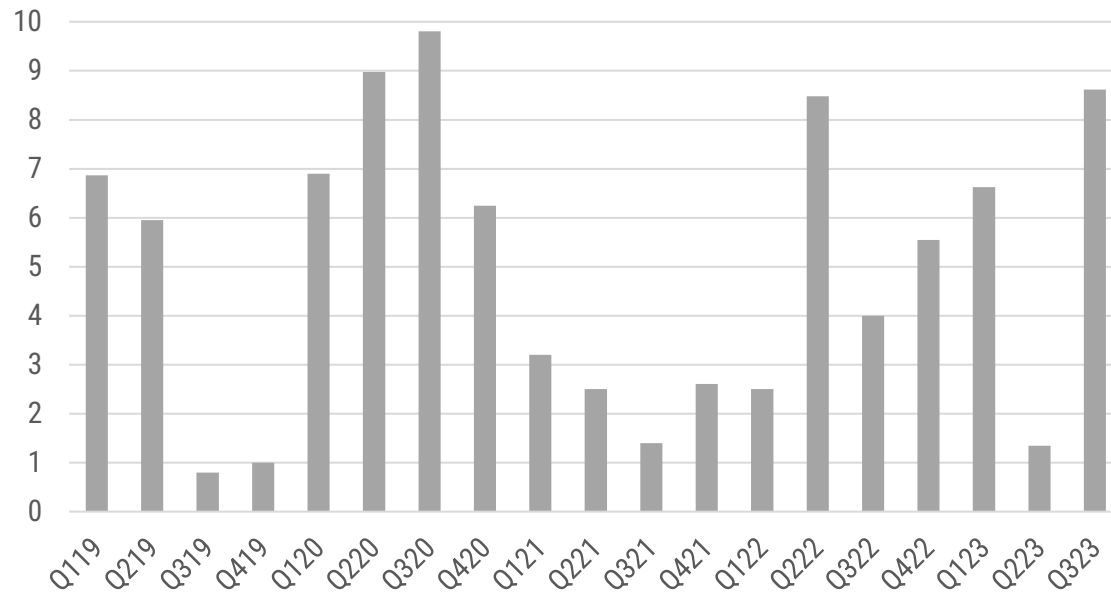


- ❑ 100 A320 Family aircraft on order to be delivered 2023-

# Private jet growth on-hold

## 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
- ❑ Deliveries in next few quarters lower than previously anticipated due to delays in completion projects – putting growth on hold for a few quarters





# Update: ACJ TwoTwenty

- Airbus Corporate Jets promotes humidification
- De-facto standard on sold aircraft (from a/c no2)
- Slow completion ramp-up
- Weak sales of aircraft (<10 aircraft)
- Underperforming vs CTT's expectations





# Opportunity: Large-cabin bizjets

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

- Long-range business jets (10+ hours)
- Equipped for best comfort
- Humidification system required to obtain matching climate
- No OEM contract yet - Availability at OEMs vital for volumes

## Gulfstream G700 / G800

- New model G700 is scheduled for first delivery / EIS 2023

## Bombardier Global 7500 / 8000

World's first humidification system:

- 1 a/c in-service at charter operator since 2021
- No2 entered service in 2023





RESPECT YOUR PREVIOUS  
LANGUAGE

English  
Arabic  
Spanish  
French  
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Italian  
Portuguese  
Russian  
Chinese  
Japanese  
Korean  
Hindi  
Bengali  
Tamil  
Telugu  
Malayalam  
Urdu  
Punjabi  
Sinhala  
Thai  
Vietnamese  
Indonesian  
Malay  
Tagalog  
Filipino  
Cebuano  
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Waray  
Bisaya

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HEALTHY LEVEL





# Q&A

WE MAKE  
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SUSTAINABLE

