

February 6, 2024

# EARNINGS CALL Q4 2023

# CTT

S Y S T E M S





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CEO



**MARKUS BERG**  
CFO

Q4 2023

# Business highlights

## ❑ 3<sup>rd</sup> Airline with Humidifier Onboard Business class



- ❑ New owner – Premium brand - Expansion
- ❑ Air India's firm orders for 250 new aircraft with Airbus include additional 34 A350s.

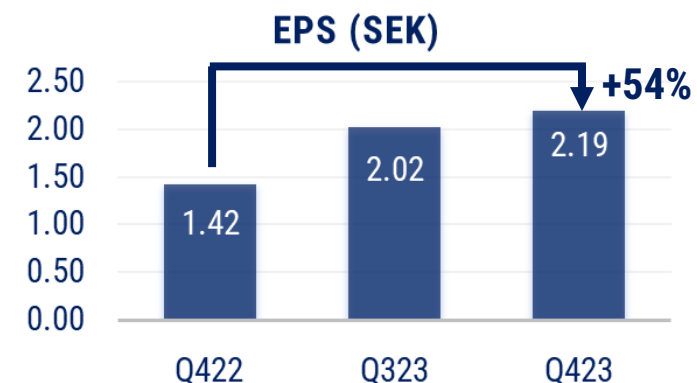
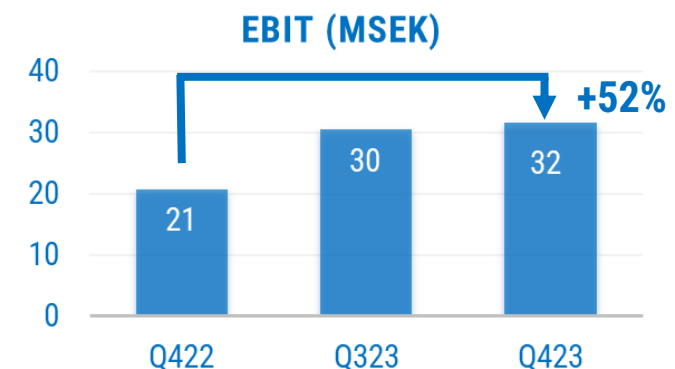
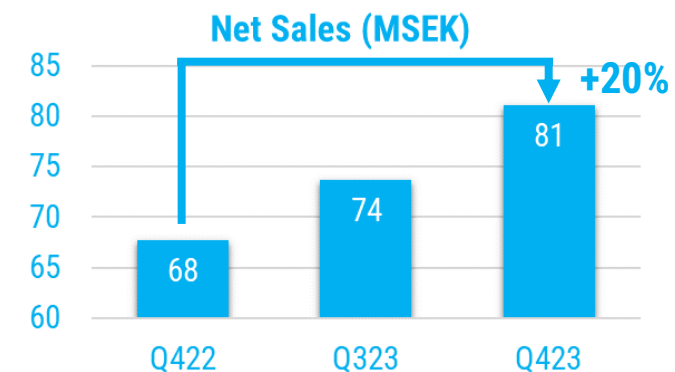
- ❑ Total 6 A350-900s
- ❑ Destinated for Aeroflot
- ❑ 2 premium passenger cabin zones
- ❑ The aircraft is the first A350-900 aircraft, with five more scheduled for deliveries through March 2024.



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# Financials in short

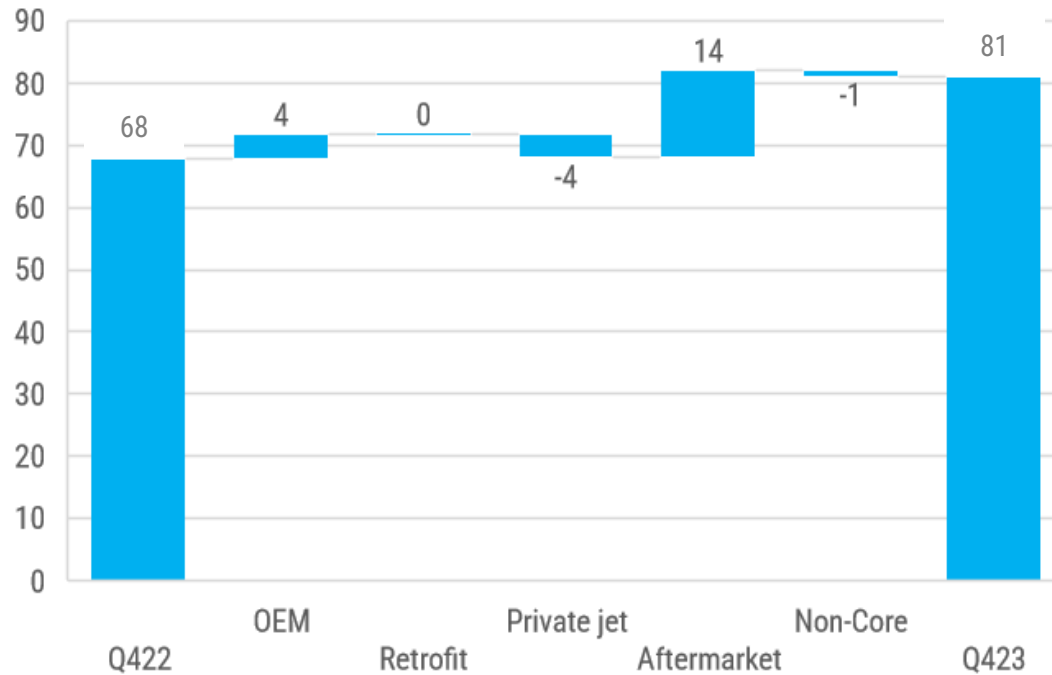
- ❑ Net Sales of 81 MSEK (68) – increased 20% - currency adjusted 21% - in forecasted range MSEK 80 - 85
- ❑ EBIT 32 MSEK (21) - EBIT margin 39% (31)
- ❑ Net Profit 27 MSEK (18) – Profit margin 43% (33)
- ❑ EPS 2.19 SEK (1.42)
- ❑ Operating cash flow of 30 MSEK (18)



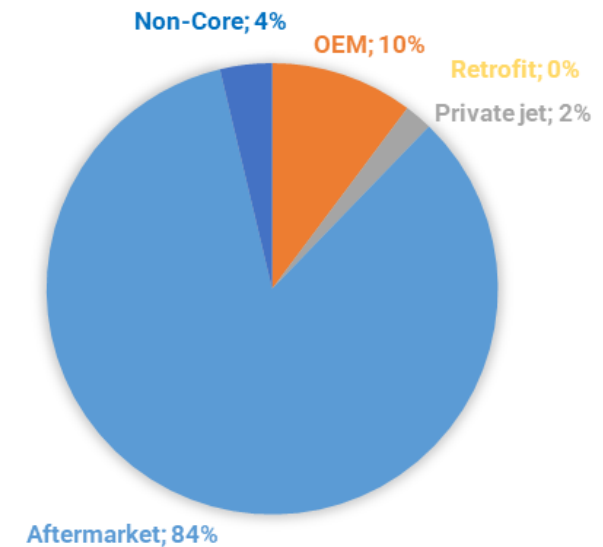
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# Net Sales Bridge and Mix

Net Sales Bridge (MSEK)



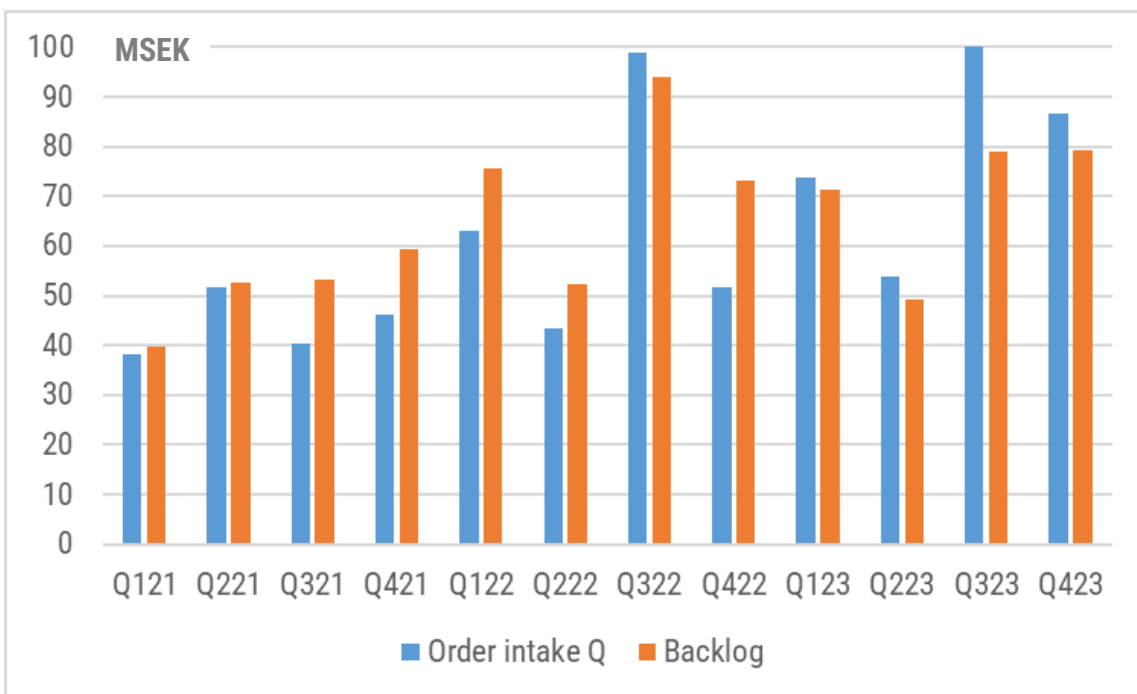
Sales Mix, %



Q4 2023

# Order Intake & Backlog

- Order intake: 87 MSEK vs 52 MSEK in Q4 2022
  - We could see higher intake of OEM-orders in the quarter (with longer lead-times than aftermarket products)
- Order backlog at 79 MSEK (73)

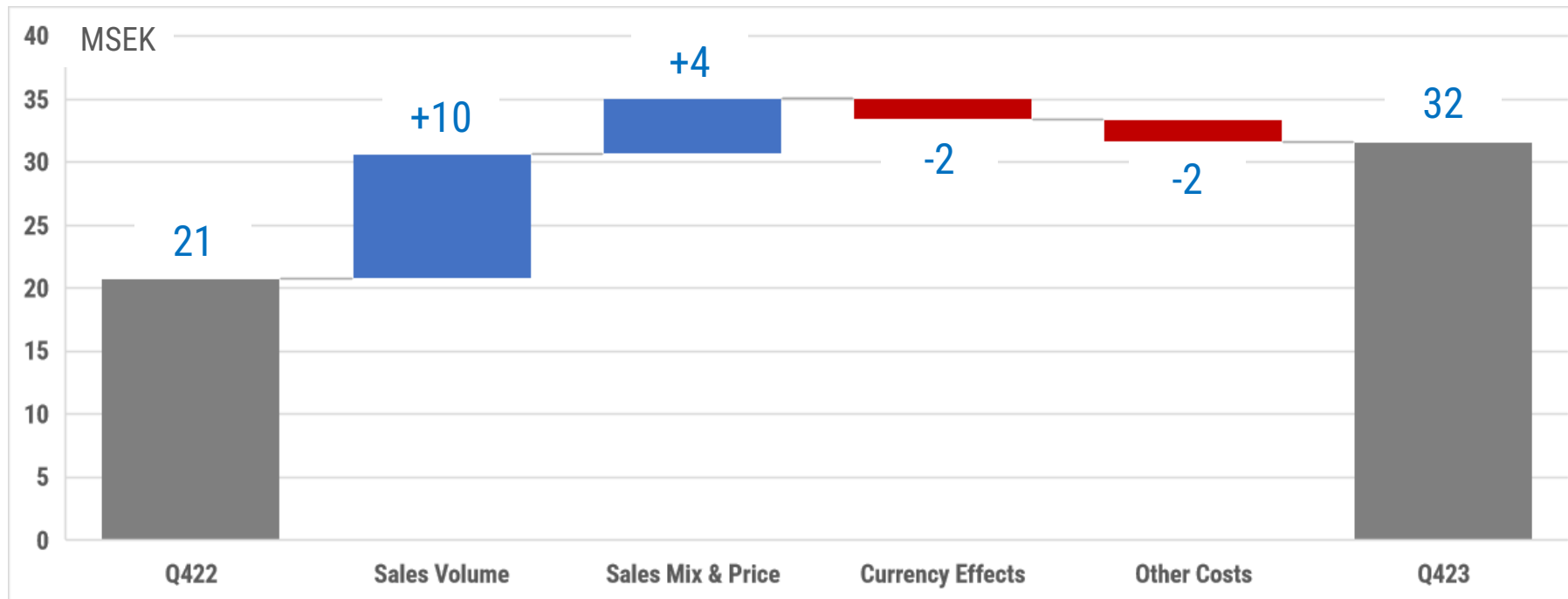


MSEK	Q422	Q423
Order intake	52	87
Backlog	73	79
USD/SEK	10.55	10.04

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# EBIT Bridge

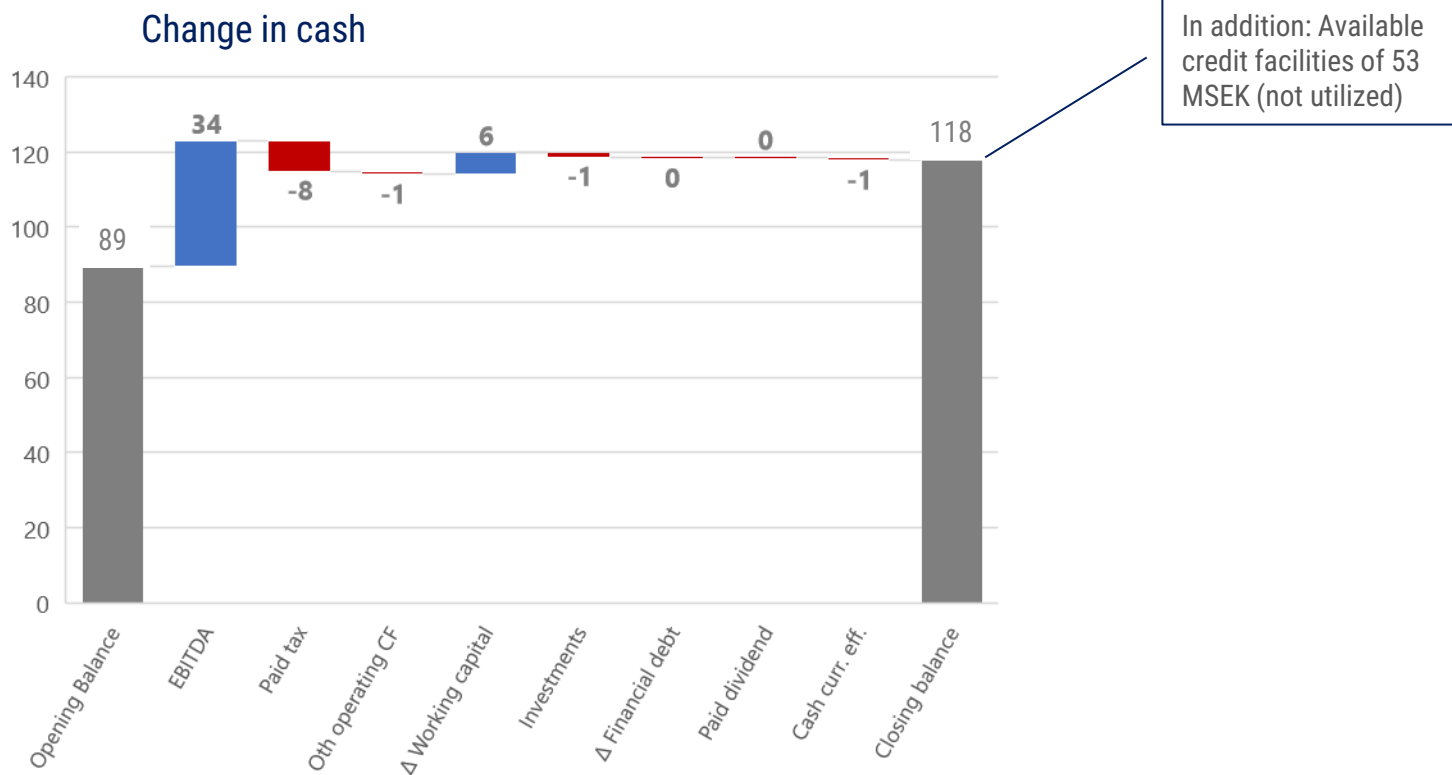
- Performance improvements - driven by sales volume added MSEK 10 to EBIT compared with Q422
- Positive mix added MSEK 4 due to higher aftermarket share - 84% compared to 80% last year
- Currency effects offset EBIT with MSEK 2



Q4 2023

# Cash Flow

- Operating cash flow amounted to MSEK 30 (18), driven by financial performance (EBITDA) of 34 MSEK and positive working capital change of MSEK 6

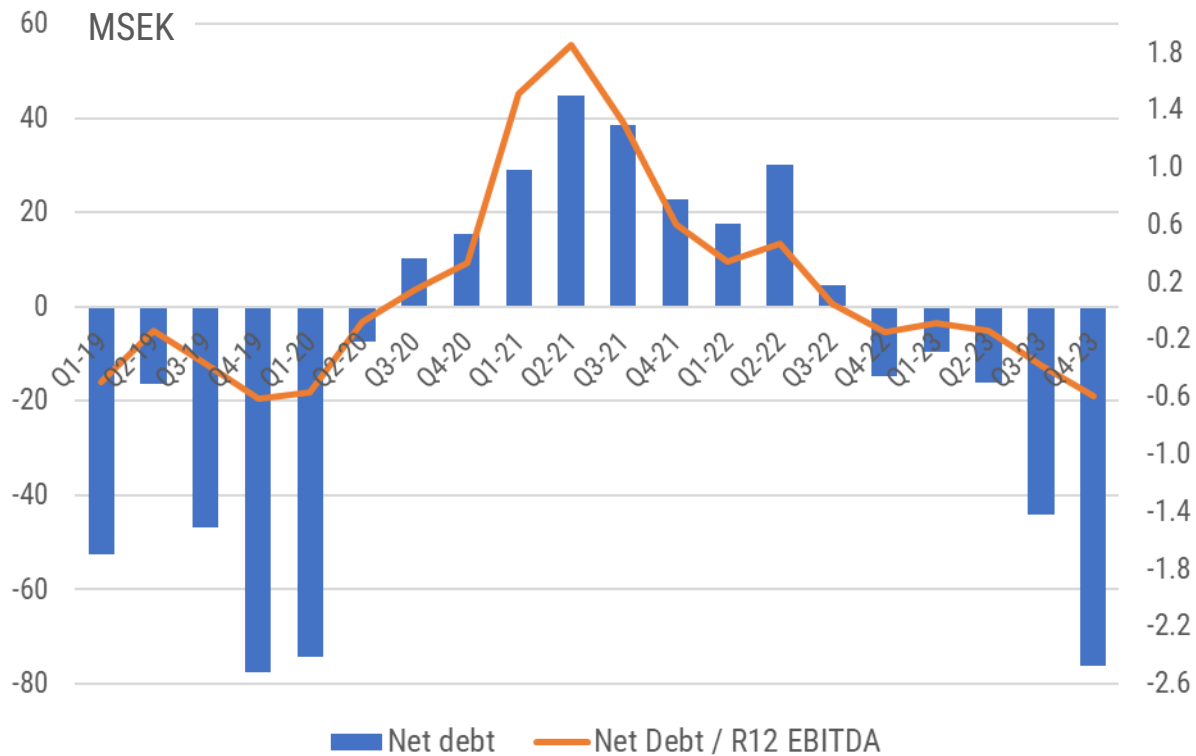




Q4 2023

# Net Debt

- Net debt amounting to -76 MSEK compared -15 MSEK in Q4 last year
- Cash 118 MSEK and in addition available credit facilities amounting to 53 MSEK
- Equity ratio 75% (71%) and Net Debt / (R12 EBITDA) -0.6 (-0.1)

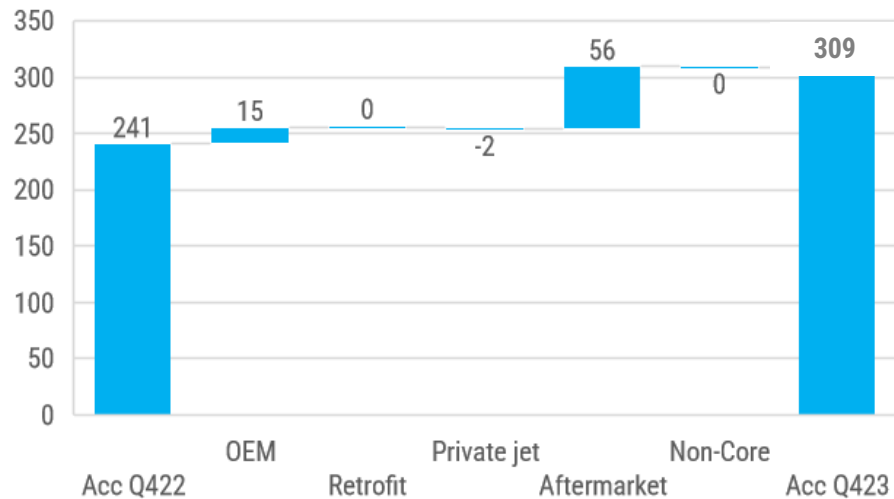


# FY 2023

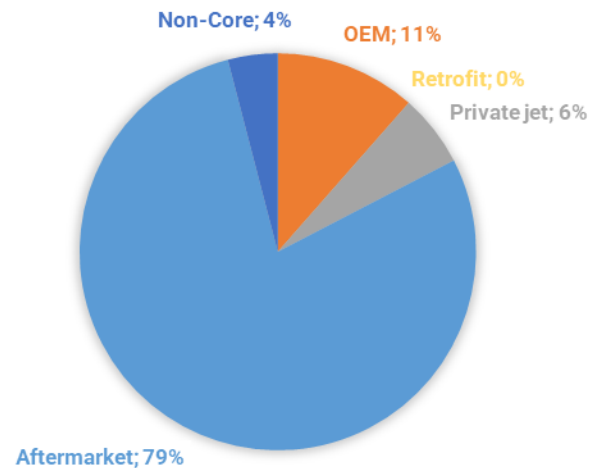
## Financials in short

- Net Sales increased 28 % to 309 MSEK (241), driven by Aftermarket and OEM
- Sales mix dominated by Aftermarket (79%)
- EBIT increased 29 % to MSEK 118 (92)
- EBIT margin 38% (38)
- EPS increased 44 % to 7.62 SEK (5.29)

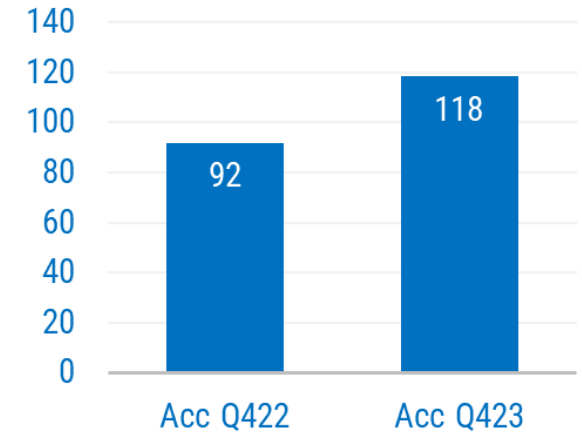
Net Sales Bridge (MSEK)



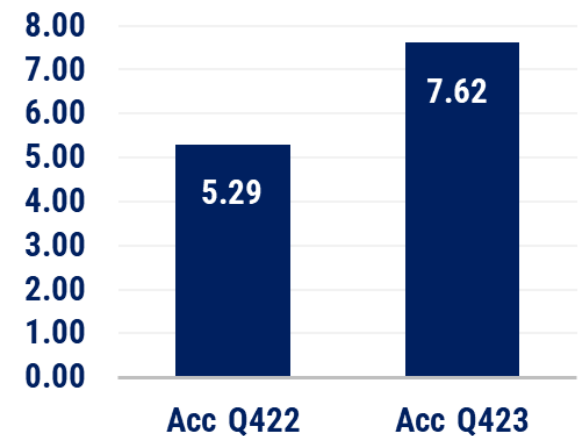
Sales Mix, %



EBIT (MSEK)



EPS (SEK)

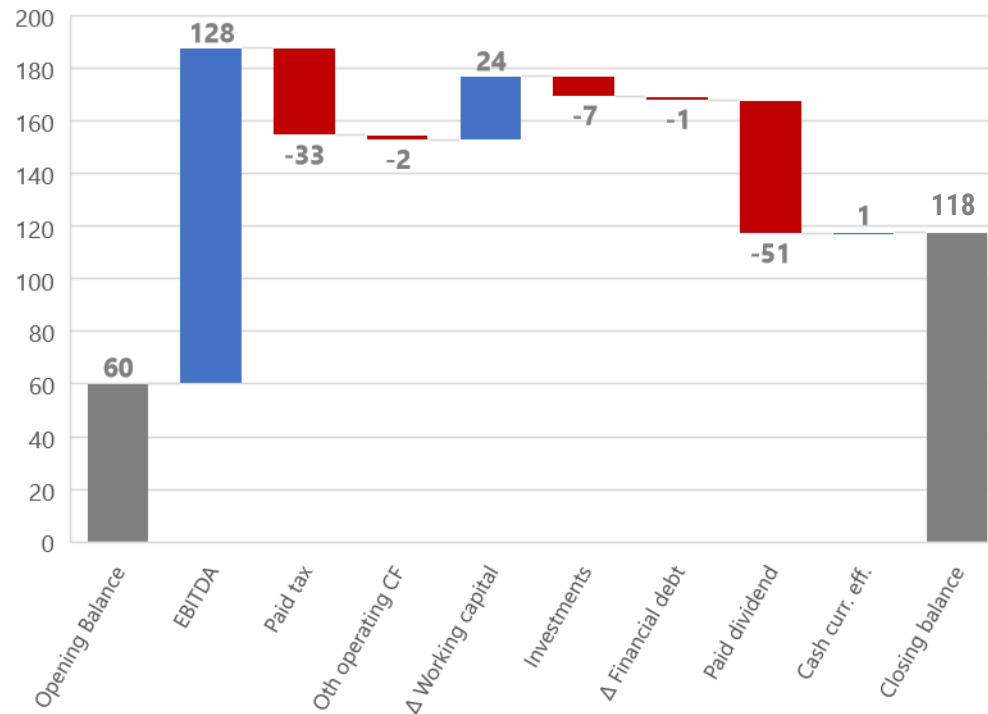


FY 2023

# Cash Flow

- ❑ Operating cash flow 117 MSEK (61), 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
- ❑ Dividend of 51 MSEK paid in Q2

Cash flow bridge 2022 to 2023 (MSEK)

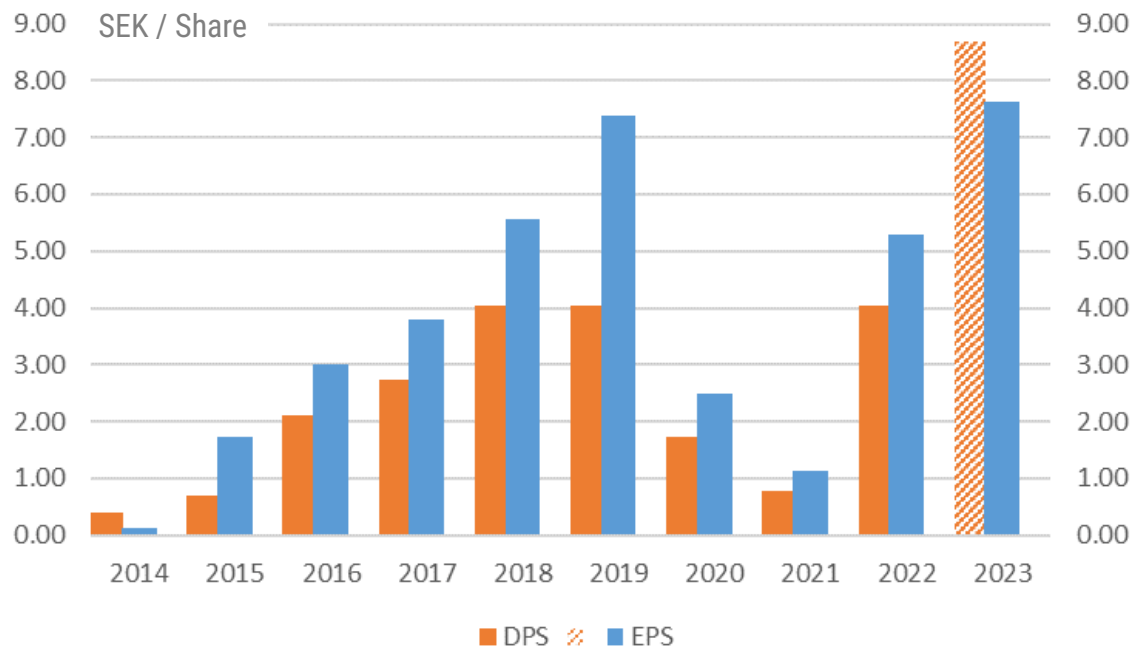


In addition:  
Available credit  
facilities of 53  
MSEK (not utilized)

FY 2023

# Proposed Dividend AGM 2024

- ❑ Proposed dividend: Ordinary 5.35 SEK / share (4.05) = 70 % of EPS and extra 3.35 SEK / share (0) – in total 8.70
- ❑ Total proposed dividend 109 MSEK (51)



### Strong financial position:

Cash & available credit facilities: 171 MSEK  
Solvency: 75 % (71)  
Net debt: -76 MSEK

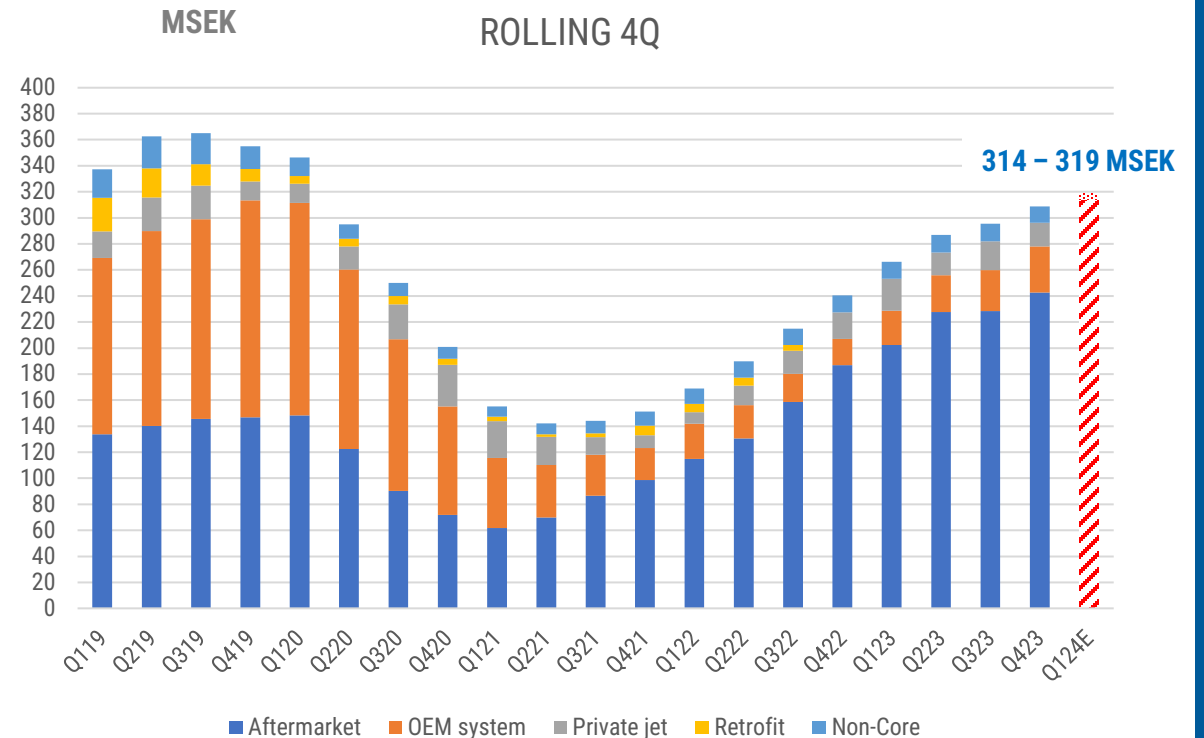
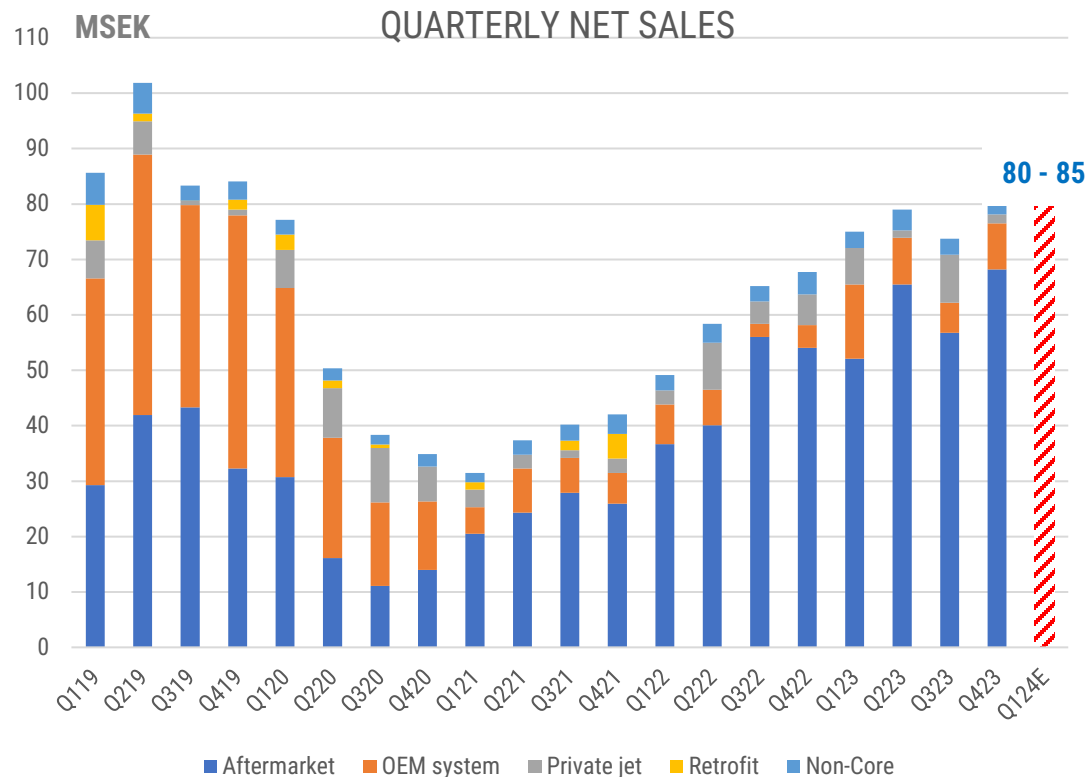
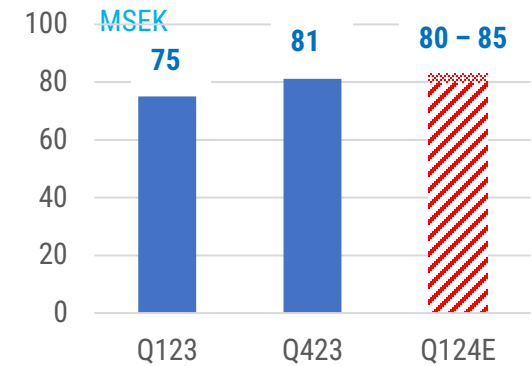
### Dividend policy:

At least 70 % of EPS, if Solvency  $\geq$  40 %

# OUTLOOK

# Forecast Q4 2023

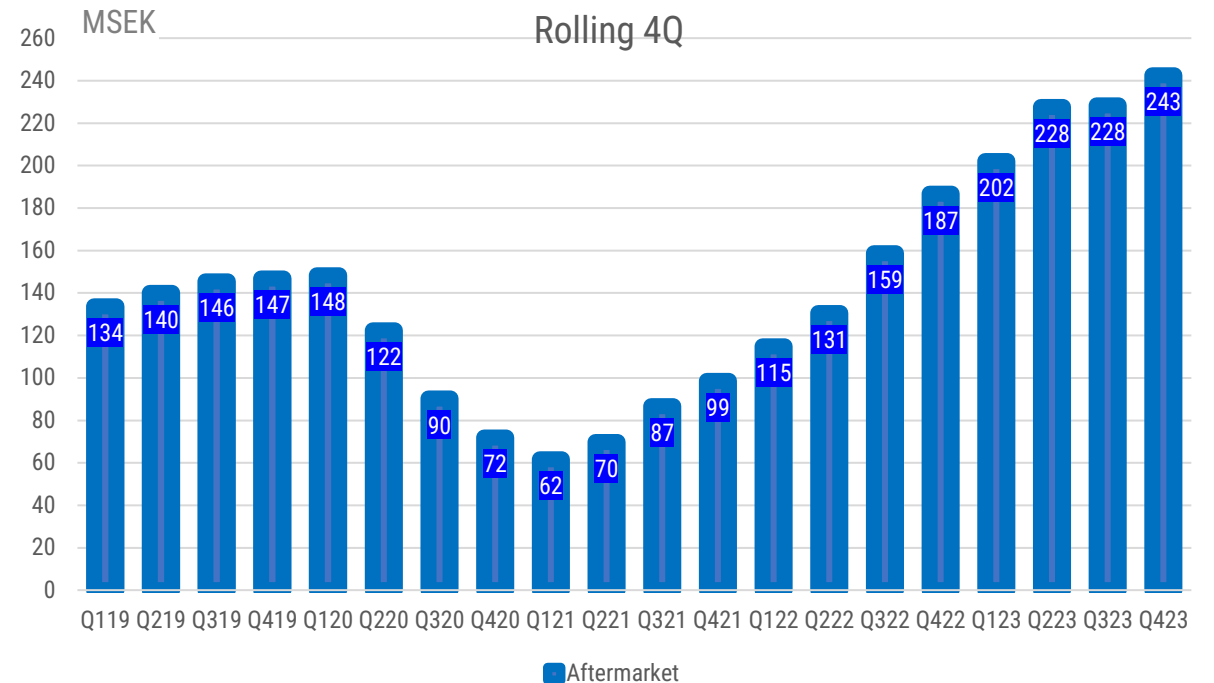
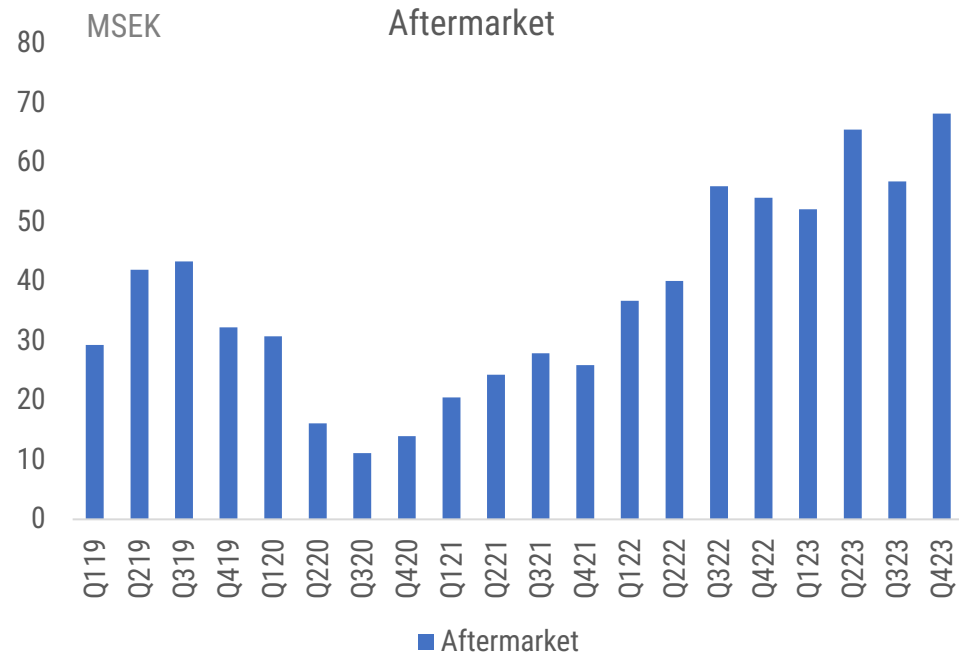
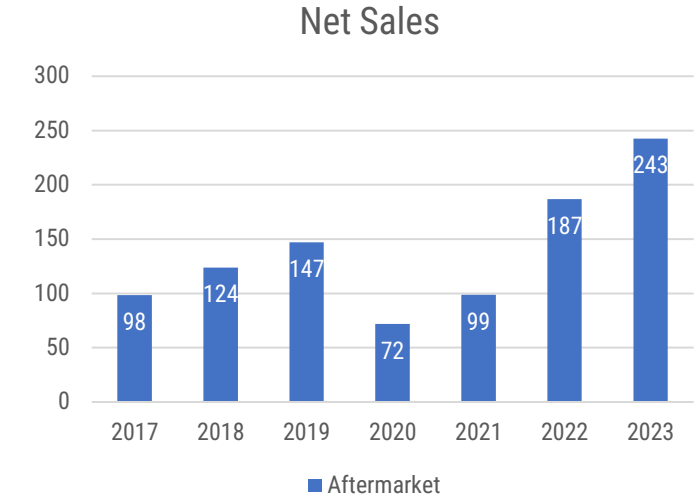
- Q1 2024 Net Sales Forecast: 80 - 85 MSEK (75) (Y-o-Y-increase of 7 % - 13 %)
- Quarter-to-quarter sales increase in OEM; offset by decrease in Aftermarket



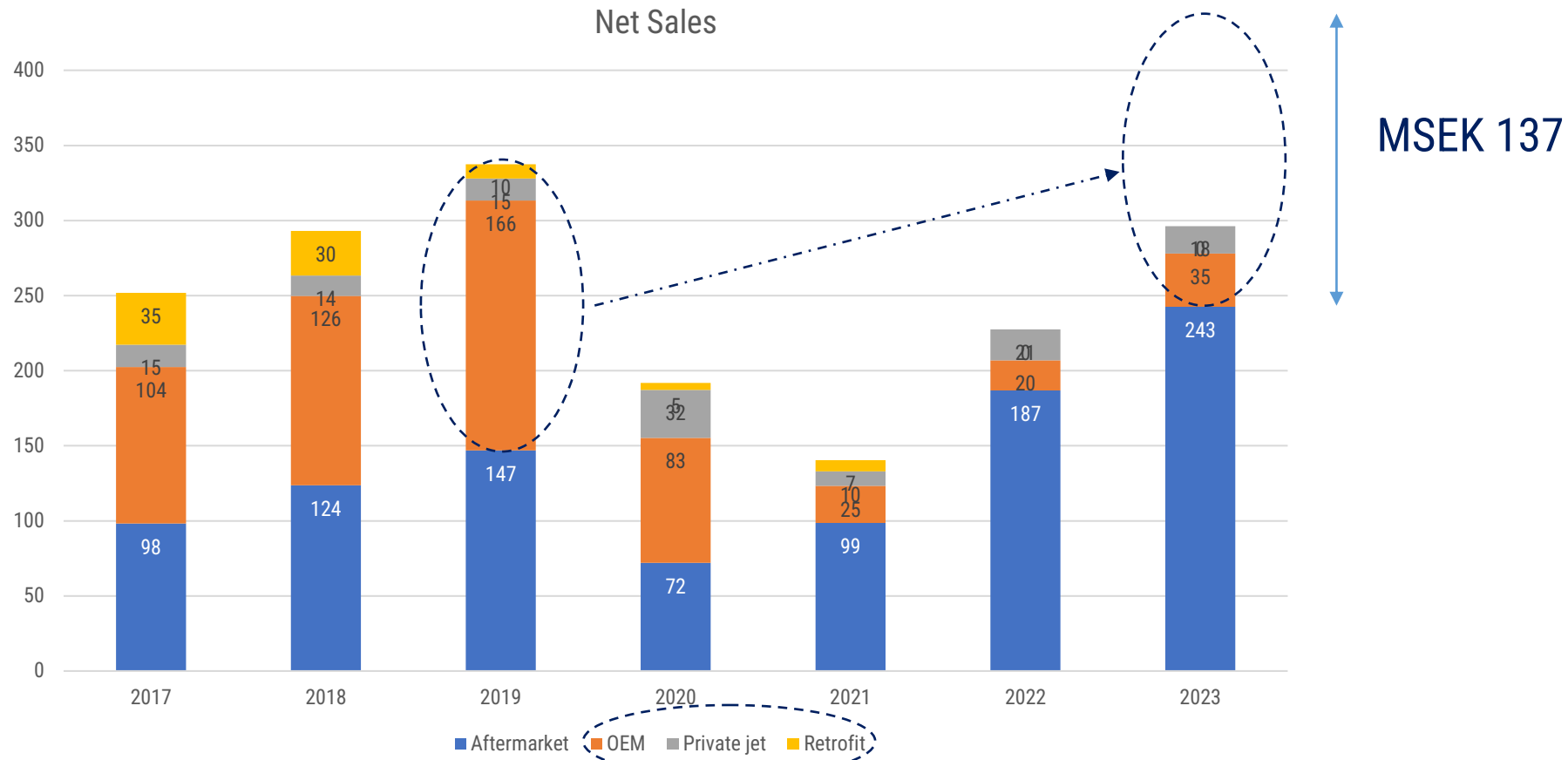
# Aftermarket demand normalized

Underlying aftermarket demand tracks changes in population size, driven by

- Growth from more systems in-service on Airbus and Boeing
- Repair growth driven by more systems out of warranty and ageing population



# Shift in growth driver – Next phase

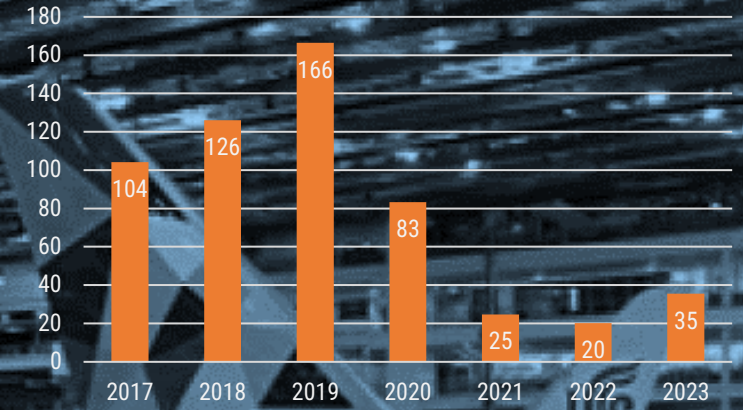




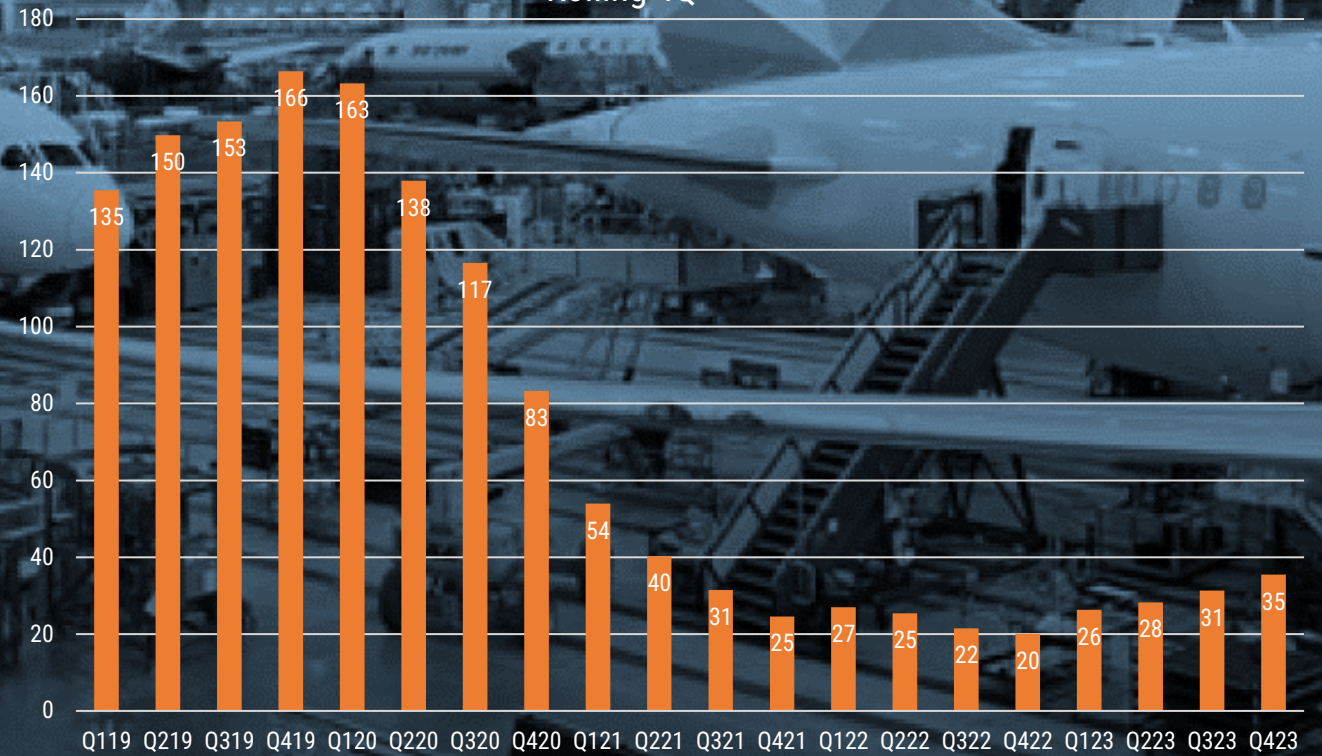
# OEM – The growth engine (again)

- Boeing 787 build-rate currently at 5 per month - targeting 10 by 2025 / 2026 timeframe
- Airbus A350 build-rate at 6 - targeting 10 in 2026
- First 777X aircraft delivery to airline expected in end-2025 – CTT deliveries resumed 2024 / 2025 timeframe

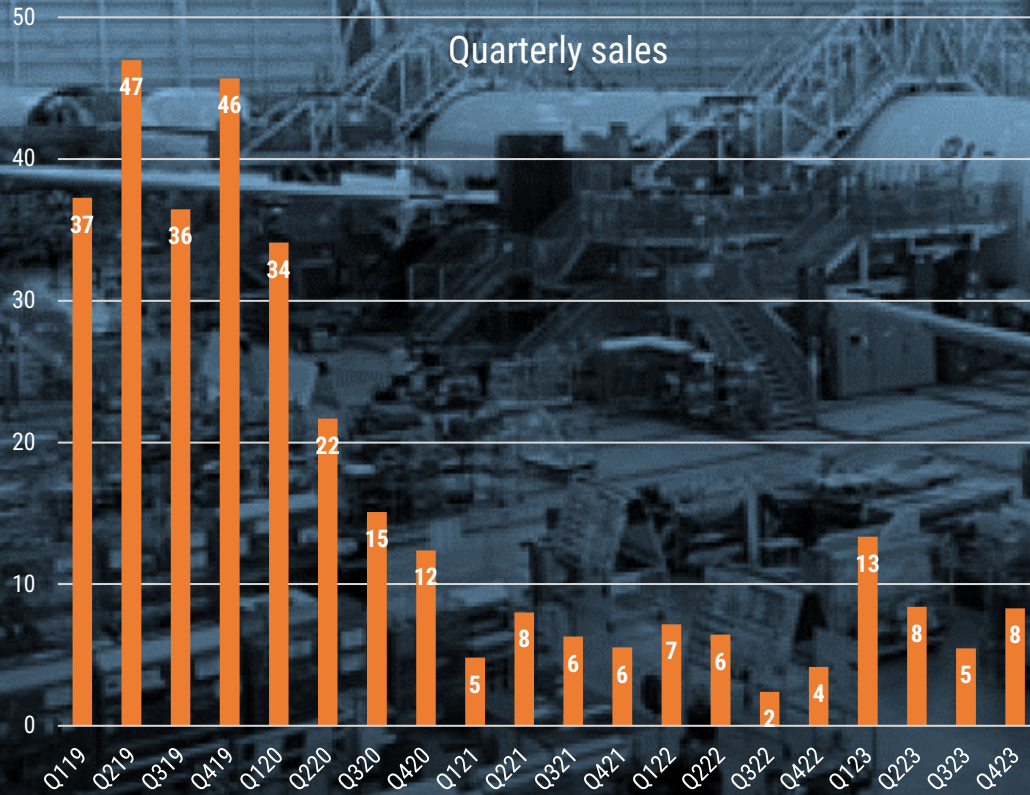
Net Sales



Rolling 4Q



Quarterly sales



# In-Service: Humidifier Onboard Business class

Plus: Humidifier Onboard A350 -1000 / Boeing 777X:  
4 Airline Awards with EIS 2025 / 2026



- 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

- ❑ Growing airline interest in cabin air quality / humidity / wellness
- ❑ Better market conditions
- ❑ Many airlines are in the planning of next-gen business class; driven by competition and harmonize new aircraft interior

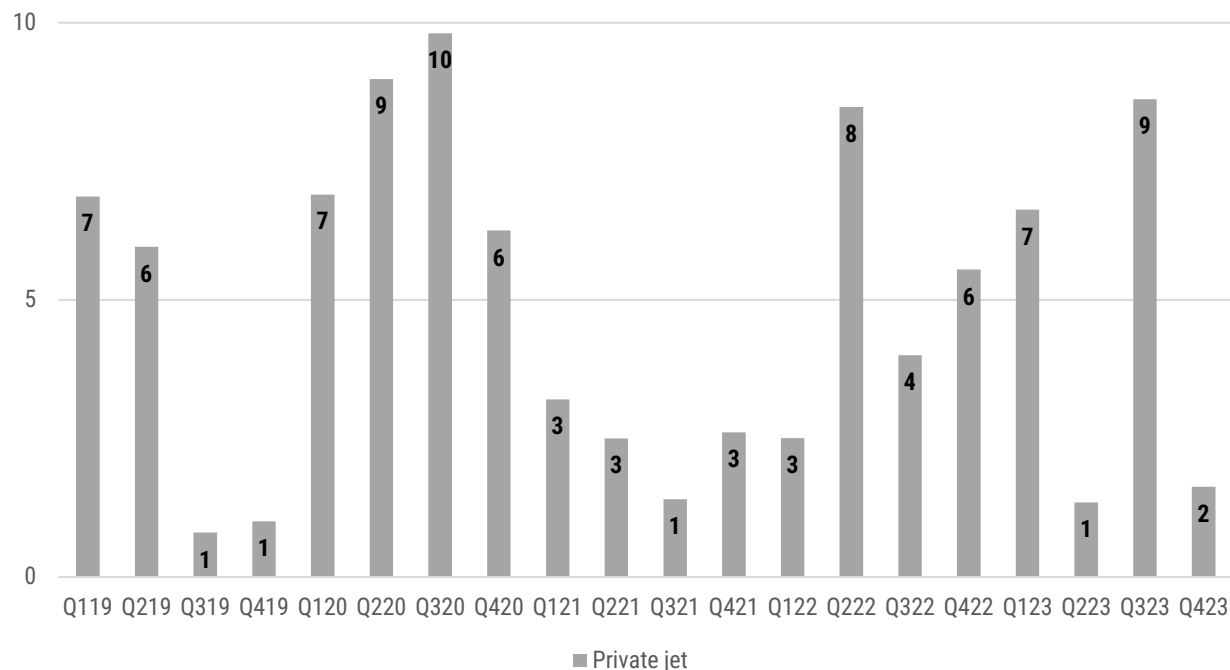
- ❑ Retrofit opportunity: 1,000 Boeing 787 aircraft
- ❑ Humidification system for the business class at a cost <50% of the cost to retrofit 1 new business class suite



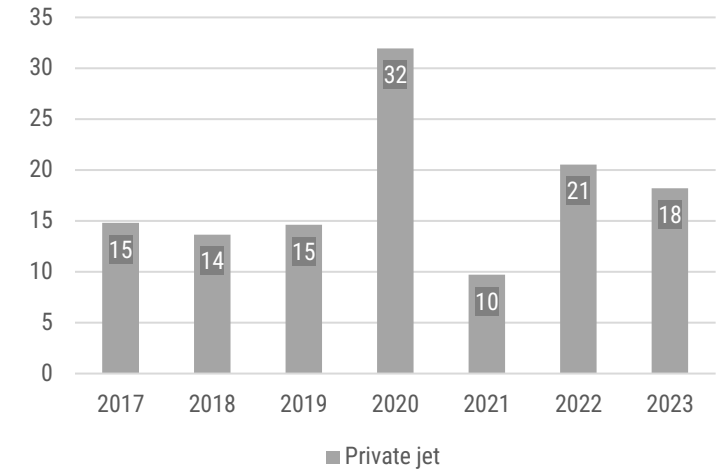
# Private jet growth on-hold

- 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 low activity with few new projects

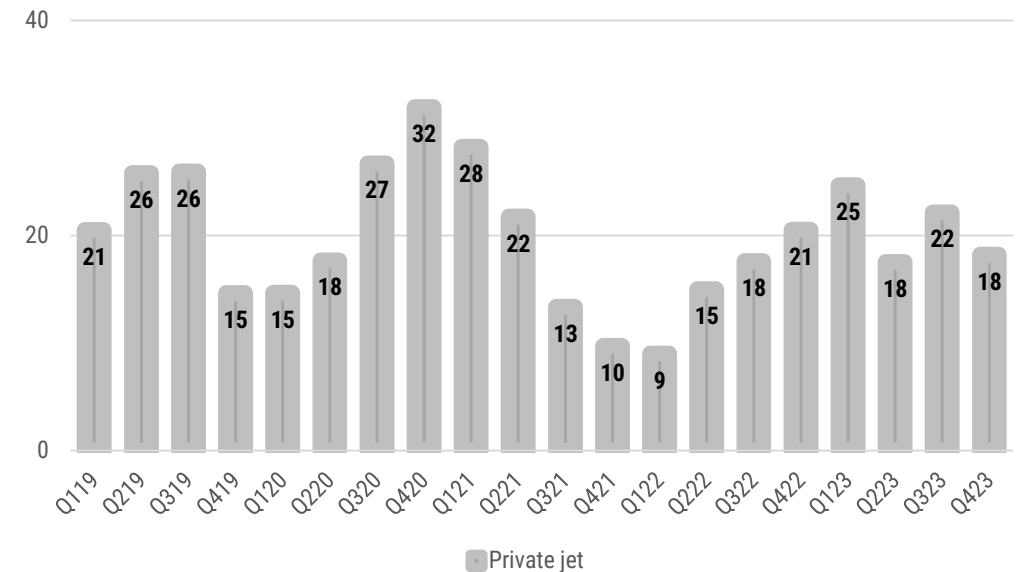
Quarterly sales



Net Sales



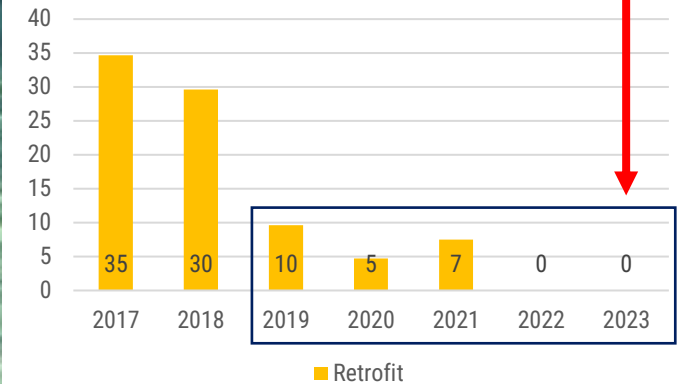
Rolling 4Q



# Anti-Condensation retrofit to drive OEM

- No OEM Availability – A requirement for scalable growth
- 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

Net Sales



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-



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# WE MAKE FLYING A LITTLE BETTER

THRIVE WITH HUMIDITY AT HEALTHY LEVEL



# Q&A

WE MAKE  
FLYING  
A LITTLE  
MORE  
SUSTAINABLE

