

Cicor proves resilience and grows profitably

Ad hoc announcement pursuant to Art. 53 LR

Bronschhofen, March 10, 2022 - Cicor Group (SIX Swiss Exchange: CICN) sales recovered in 2021 despite the ongoing COVID-19 pandemic and further increasing supply shortages of electronic components, growing by 11.2 percent year-on-year to CHF 239.0 million (2020: CHF 214.9 million). In local currencies, sales growth amounted to 11.5 percent. Order intake reached an all-time high of CHF 286.6 million (2020: CHF 216.0 million) and exceeded the previous year by 32.7 %, resulting in a book-to-bill ratio of 1.20. The acquisition of Axis Electronics Ltd. as of 30 November 2021 contributed with CHF 3 million to revenue growth. On a pro-forma basis, which includes the consolidation of Axis Electronics Ltd. already as of January 1, 2021, the approximate pro-forma revenue and pro-forma EBITDA of Cicor in 2021 would have amounted to CHF 277 million and CHF 31 million respectively (unaudited).

The operating margin at EBITDA level reached 9.7 % (2020: 9.0 %), almost at the pre-crisis level (2019: 9.8 %). The EBITDA generated thus amounted to CHF 23.1 million, 19.4 % above the previous year's figure of CHF 19.4 million. Depreciation and amortization of non-current assets decreased slightly, which contributed to the 46.5% increase in EBIT before acquisition-related amortization of intangible assets presented for the first time in this annual report to CHF 13.0 million (2020: CHF 8.9 million), corresponding to a margin of 5.4% (2020: 4.1 %). Due to an improved financial result as well as the reduced tax rate, the Cicor Group achieved a 79.3 % year-on-year increase in net income to CHF 7.5 million (2020: CHF 4.2 million), corresponding to 3.1% of sales. The acceleration of sales growth at the end of the year and the significant increase in inventories to ensure delivery capability led to a free cash flow from operating activities – thus before the purchase price payment for Axis Electronics Ltd. – of CHF 1.2 million (2020: CHF 7.2 million). Taking into account the purchase price payment for Axis, free cash flow resulted in negative CHF 43.8 million.

ACQUISITION OF AXIS ELECTRONICS STRENGTHENS CICOR GROUP

As of 30 November 2021, Cicor Technologies Ltd. acquired all shares in Axis Electronics Ltd. domiciled in Bedford, UK. Axis Electronics is a high-growth and sustainably highly profitable provider of EMS services in particular for leading aerospace and defence manufacturers in the UK. The acquisition of Axis Electronics Ltd. as of 30 November 2021 contributed with CHF 3 million to revenue growth. On a pro-forma basis, which includes the consolidation of Axis Electronics Ltd. already as of January 1, 2021, the approximate pro-forma revenue and pro-forma EBITDA of Cicor in 2021 would have amounted to CHF 277 million and CHF 31 million respectively (unaudited). With the acquisition of Axis Electronics, the Cicor Group significantly strengthens its presence in the European aerospace and defence electronics manufacturing market, already reaching a top five position. This, together with Cicor's entry into the UK market for EMS services, lays a solid foundation for further profitable growth of Axis Electronics as an ES Division company. The Cicor Group has thus taken a step further in its strategic goal of becoming one of the leading European electronics manufacturers in the strategic target markets of medical technology, industrial electronics, and aerospace and defence.

AMS DIVISION ACHIEVES PROFITABILITY ABOVE PRE-CRISIS LEVEL

The Advanced Microelectronics and Substrates (AMS) Division recovered significantly from the pandemic-related decline in demand in 2020, with sales increasing by 11.7 % to CHF 58.7 million (2020: CHF 52.5 million). Even stronger growth was prevented by the fact that certain target markets, such as civil aviation, only began to recover in the course of the year. With an EBITDA margin of 17.5 %, not only was the previous year's result of 14.0 % significantly exceeded, the margin also exceeded the pre-crisis level. This was due to the continued excellent performance of the thin-film activities in Ulm, Germany, and Wangs, Switzerland, as well as significant improvements in the operational excellence of the printed circuit board production in Boudry, Switzerland. At CHF 10.3 million, the EBITDA generated was 39.6 % higher than the previous year's figure of CHF 7.4 million. In the year under review, orders with a total volume of CHF 69.6 million were booked, 37.3 % more than in 2020 (CHF 50.7 million). The book-to-bill ratio thus reached a value of 1.19. The order backlog therefore increased significantly, enabling the AMS Division to start the year 2022 with strong momentum.

ES DIVISION STRATEGICALLY STRENGTHENED AND WITH RECORD ORDER BACKLOG

The Electronic Solutions (ES) Division also recovered in the year under review from the pandemic-related decline in business in 2020, despite the fierce headwinds of supply restrictions on semiconductor parts and other components, interrupted transport routes, and a plant closure in Vietnam lasting several months, which was ordered by the authorities as part of a general lockdown due to the spread of the SARS-CoV-2 virus. The division's sales reached CHF 181.2 million in the year under review, an increase of 11.1 % compared to the previous year's figure of CHF 163.1 million. The result of the ES Division includes the contribution of the newly acquired Axis Electronics Ltd. for the month of December 2021. The division's operating result at EBITDA level reached CHF 15.8 million in the year under review, 15.9 % above the previous year's figure of CHF 13.6 million. At 8.7 % of sales, profitability did not only exceed the level of 2020 at 8.4 %, it also means a continuation of the trend to higher operating margins seen since 2016, with the units in Europe and Asia contributing equally. A highlight was the record order intake of CHF 217.9 million, the result of longer-term orders from customers and an extremely strong pipeline of new business. This exceeded the previous year's figure of CHF 166.4 million by 30.9 % and resulted in a book-to-bill ratio of 1.20. The order backlog thus exceeded the division's annual sales for the first time.

CICOR ADAPTS DIVISIONAL STRUCTURE TO BUSINESS MODEL

Cicor's divisional structure was last adjusted in 2014 by reducing from four to two divisions. In 2016, Cicor abolished the divisional management level in order to strengthen cooperation within the Group, increase speed and flexibility, and reduce fixed costs. The related targets were achieved. Since the acquisition of RHe Microsystems (RHe) in Radeberg, Germany, the business with thick-film manufactured circuits has been significantly reduced due to technological change, although these still represent an essential preliminary product for the electronic assemblies produced in Radeberg. Today, RHe is predominantly a provider of manufacturing services for sophisticated electronic assemblies in the microelectronics sector, which is why it makes sense to reorganize RHe. As of 1 January 2022, Cicor has therefore changed the divisional structure: Instead of the previous divisions Advanced Microelectronics and Substrates (AMS) and Electronic Solutions (ES), the Cicor Group now reports the divisions Advanced Substrates (AS) and Electronic Manufacturing Services (EMS). The EMS Division's share of total Cicor Group sales is expected to increase to 80–85 % in 2022 as a result of the organizational adjustment and the integration of Axis Electronics Ltd.

SIGNIFICANT BALANCE SHEET EXPANSION WITH STRENGTHENED FINANCIAL FLEXIBILITY

At the end of the year under review, Cicor Group's total assets amounted to CHF 321.9 million, which was significantly higher than at the end of the previous year (31.12.2020: CHF 182.1 million). This was mainly due to the growth-related increase in net working capital, which was necessary to ensure the ability to deliver, and the integration of Axis Electronics Ltd. At the same time, available liquidity increased to CHF 68.8 million (31.12.2020: CHF 43.1 million). On 18 June 2021, Cicor signed a credit agreement for a new revolving credit facility of CHF 80 million as well as for an additional optional acquisition credit line of CHF 75 million. Thus, the previous syndicated loan of CHF 75 million was repaid and increased at an early stage at attractive conditions. Cicor's net debt increased to CHF 61.1 million as of 31 December 2021, 2.6 times EBITDA (31.12.2020: 0.7 times EBITDA), which is still considered solid by the Board of Directors and the Management. Cicor Group's equity increased significantly to CHF 88.9 million at the end of the reporting year (31.12.2020: CHF 76.3 million). The equity ratio, however, fell to 27.6 percent from 41.9 percent at the end of the previous year due to the higher total assets. On 22 December 2021, Cicor announced the details of the planned issuance of a mandatory convertible bond in an amount of up to CHF 60 million, fully guaranteed by the anchor shareholder One Equity Partners (OEP). For this purpose, the shareholders of Cicor Technologies Ltd. had approved the creation of conditional capital at an Extraordinary General Meeting on 16 December 2021. On 14 January 2022, Cicor announced the successful closing with an initial issue volume of CHF 20 million. Thereby a lot of existing shareholders have made use of their right to a pro rata stake. Further, Cicor has the option to re-open the issuance of the mandatory convertible notes up to a total issuance amount of CHF 60 million within the next twelve months, depending on the financing needs of the company. This will strengthen Cicor's balance sheet and significantly increase its flexibility to finance any further acquisitions.

WAIVER OF PROFIT DISTRIBUTION

The Board of Directors of Cicor Technologies Ltd. recommends to the Annual General Meeting 2022 to waive the payment of a dividend. This is intended to focus the company's resources on the implementation of the inorganic growth strategy, to reduce net debt and to strengthen the balance sheet.

CHANGES IN SHAREHOLDERS, BOARD OF DIRECTORS AND EXECUTIVE BOARD

The long-time anchor shareholder HEB Swiss Investment AG (HEB), Zurich, announced in March 2021 the sale of its stake of approximately 29.35 % in Cicor Technologies Ltd. in a commitment transaction to an investment company of OEP. The Board of Directors was informed in July 2021 that this transaction was completed after the regulatory requirements were met. OEP, as largest shareholder, intends to support Cicor becoming a leading European high-tech electronics service provider, for the benefit of all stakeholders. The Annual General Meeting on 15 April 2021 elected Mr. Daniel Frutig as Chairman of the Board of Directors and Dr. Rüdiger Merz as a new member of the Board of Directors representing HEB.

In an Extraordinary General Meeting on 16 July 2021, Ms. Norma Corio and Mr. Konstantin Ryzhkov were elected as members of the Board of Directors representing OEP. Dr. Rüdiger Merz resigned from the Board of Directors in connection with the sale of the share package of HEB. The company thanks Dr. Rüdiger Merz for his valuable contributions during the important transition period in 2021. Furthermore, Cicor announced in June 2021 that the current CFO Patric Schoch will leave the Group at his own request at the end of June 2022 to take up a new challenge outside the company. The Board of Directors and the Executive Board would like to thank Patric Schoch for his many years of successful service to Cicor. His successor Peter Neumann (46) joined the company in November 2021 and assumed the position of CFO and member of the Executive Board as of 1 January 2022.

SUSTAINABLE CORPORATE DEVELOPMENT

With its business activities, the Cicor Group is contributing to a sustainable future in many ways. The company is making progress in sustainable development at all its sites. CO₂-saving programs and renewable energy initiatives on a site level paved the way for a greener future. For Cicor, social sustainability is just as important as environmental sustainability. Thus, the company not only fosters social responsibility towards its employees, but also towards partners in the supply chain. Because of the ongoing pandemic, in 2021, Cicor's primary focus was to keep its employees safe. Cicor operates according to good governance and fair business practices. With its first-time sustainability report, Cicor is reporting comprehensively on minimizing its environmental impact, incentivizing its employees and productivity, and creating value beyond its business while implementing the standards of the Global Reporting Initiative (GRI).

SIGNIFICANT GROWTH EXPECTED FOR 2022

Cicor has full order books and is progressing well with the integration of Axis Electronics Ltd. Cicor is therefore budgeting a significant growth despite the ongoing COVID 19 pandemic, the existing shortages and price increases in the supply of materials and an uncertain geopolitical situation. We currently refrain from providing a quantitative outlook due to the mentioned factors. Cicor will continue to work on the implementation of its growth strategy, for which up to CHF 60 million of additional equity is available through the mandatory convertible bond. Cicor will continue to acquire in a disciplined manner those companies that operate in Cicor's core markets, are excellently managed and have good profitability. The intended acquisition of SMT Elektronik GmbH in Dresden, Germany, is expected to be another milestone in this regard, as there is significant synergy potential between SMT Elektronik and the nearby RHe Microsystems GmbH.

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The Annual Report 2021 can be downloaded from the website at <https://annualreport.cicor.com>

Media and analysts' conference regarding the 2021 financial year

March 10, 2022 at 2 p.m. by Webcast

Registration via the website at <https://www.cicor.com/investors/financial-information/agenda>

General Assembly 2022

April 12, 2022 at Cicor Technologies Ltd. in Boudry NE

Interim report 2022

August 11, 2022

Key Figures

<small>in CHF 1 000 unless otherwise specified</small>	2021	in %	2020	in %
Net sales	239'044	100.0	214'891	100.0
Change compared to previous year (%)	11.2		-15.4	
EBITDA	23'122	9.7	19'362	9.0
Change compared to previous year (%)	19.4		-21.9	
Operating profit (EBIT) before amortization goodwill and intangibles out of business combinations ¹⁾	12'963	5.4	8'851	4.1
Amortization on goodwill and intangibles out of business combinations	-759	-0.3	–	0.0
Operating profit (EBIT)	12'204	5.1	8'851	4.1
Earnings before taxes (EBT)	10'210	4.3	6'396	3.0
Income taxes	-2'728	-1.1	-2'224	-1.1
Net profit	7'482	3.1	4'172	1.9
Earnings per share (in CHF)	2.57		1.44	
Non-current assets	121'258	37.7	52'710	29.0
Current assets	200'631	62.3	129'340	71.0
Total assets	321'889	100.0	182'050	100.0
Equity	88'887	27.6	76'334	41.9
Number of employees (FTEs at end of period)	2'181		1'901	

Segment results

AMS Division				
– Net sales	58'678	100.0	52'521	100.0
– EBITDA	10'263	17.5	7'352	14.0
ES Division				
– Net sales	181'203	100.0	163'055	100.0
– EBITDA	15'780	8.7	13'621	8.4

¹⁾ Operating profit (EBIT) before amortization goodwill and intangibles out of business combination: operating profit (EBIT) adjusted by depreciation on acquired goodwill (TCHF 420) and acquired intangible assets (TCHF 339)

The Cicor Group is a globally active provider of full-cycle electronic solutions from research and development to manufacturing and supply chain management. Cicor's approximately 2,200 employees at eleven locations in Europe and Asia are serving leaders from the medical, industrial and aerospace & defence industries. Cicor creates value to its customers through the combination of customer-specific development solutions, high-tech components, as well as electronic device manufacturing. The shares of Cicor Technologies Ltd. are traded at the SIX Swiss Exchange (CICN). For further information please visit the website www.cicor.com.