



# **Cicor Technologies Ltd.**

## **Investora 2024**

September 18, 2024

Alexander Hagemann, CEO  
Peter Neumann, CFO



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Alexander Hagemann, CEO

# **The Cicor Group**



The Cicor Group

# Fastest growing manufacturer of advanced electronics in Europe

2024 Sales guidance

**CHF 470-510 million**

Organic growth ahead of Electronic Manufacturing market

2024 EBITDA guidance

**CHF 50-60 million**

Mid-Term 10-13% margin. Top profitability vs peer group

HY 2024 Earnings per share

**CHF 2.69**

Fully diluted after MCB conversion, + CHF 0.95 to HY 2023

HY 2024 Free Cash Flow

**CHF 21.1 million**

Before acquisitions, + 303% to HY 2023

**25% Sales CAGR**

HY 2021 to 2024 as result of organic growth and 7 acquisitions

**3,250**

Employees worldwide, of which 10% with engineering degree (May 2024)



Electronification of everything

# Turning ideas into advanced electronic solutions



## Medical



**24%** of sales in HY 2024

**Cicor helps improve global healthcare** by the development and manufacture of applications such as hearing aids, surgical robots or smart drug delivery systems



## Industrial



**33%** of sales in HY 2024

**Cicor is at the forefront of technology**, driving miniaturization and automation in areas such as robotics, sensors, control systems and semi-conductor equipment



## Aerospace & Defence (A&D)



**24%** of sales in HY 2024

**Cicor ensures safety, reliability and communication** in aircrafts, satellites and defense systems at land, sea, in the skies and beyond



Sticky customer relationships

# Strategic and long-lasting partnerships across whole life cycle



Building of leading platforms in attractive markets

# Advancing healthcare through technology



- Development and manufacturing partner for medical devices supporting people to live healthier lives
- True one-stop shop from device engineering to critical component development/manufacturing and assembly
- Enabling advanced healthcare through miniaturization, bio-compatibility, printed electronics
- Serving high-growth verticals such as smart drug delivery, robot surgery, neurostimulation

CAGR 2021-2023

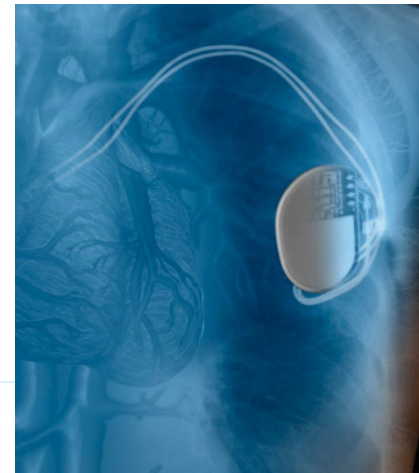
**31%**

Share of sales H1/2024

**24%**

Market position Europe

**4**



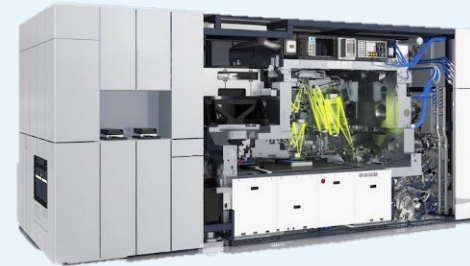


Building of leading platforms in attractive markets



# Driving automation and miniaturisation in industry

- Development and manufacturing partner for high-tech industrial electronic solutions
- Serving high-growth verticals such as equipment for semiconductor manufacturing, smart building technologies, sensors and test/measurement solutions
- Focus on serving regional customers in DACH region and UK – striving for regional market leadership



CAGR 2021-2023

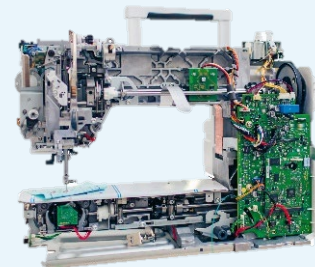
**22%**

Share of sales H1/2024

**33%**

Market position Europe

**ca. 10**





Building of leading platforms in attractive markets

# European market leader for A&D EMS



- Long-standing supplier of design and manufacturing services to 30 leading A&D integrators in Europe
- True one-stop shop from systems engineering, critical components, assembly, on-site support and training
- Acquisition of Axis Electronics (completed 11/2021), STS Defence (01/2024) and TT Electronics' IoT division (03/2024) turned Cicor into the European leader for A&D electronics

CAGR 2021-2023

**66%**

Share of sales H1/2024

**24%**

Market position Europe

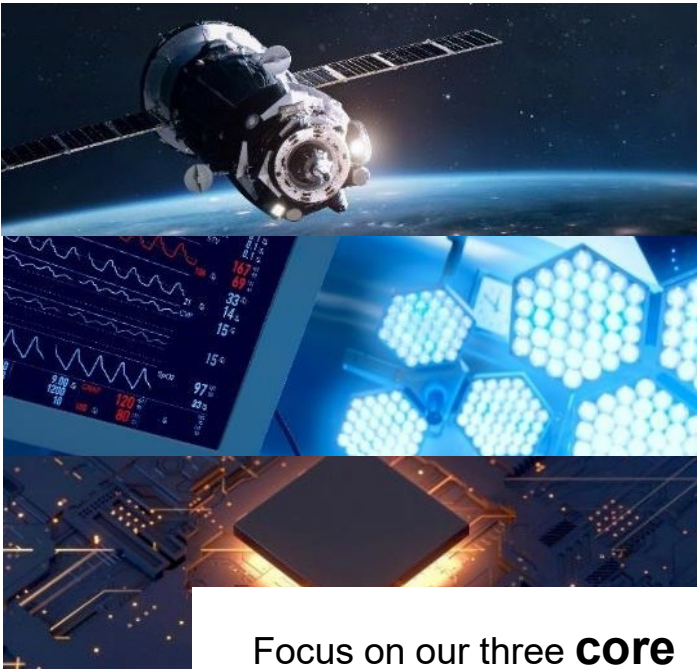
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Alexander Hagemann, CEO

# Strategy Update

# A strong platform for organic growth and industry consolidation



Focus on our three **core markets** with highly profitable high-mix/low-volume businesses



**Strategic customer relationships** through excellent solution finding, differentiated technology portfolio and flawless execution



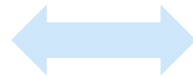
Active consolidation through **M&A**



# Cicor is well positioned to benefit from megatrends

## Capacity to 'own the trend'

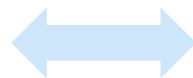
Megatrends accelerate EMS market growth to CAGR of 6.8%



Cicor manufacturing infrastructure supports organic growth to CHF 700 million

## On the safe side of the economic cycle

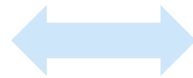
Industrial recession and inventory reduction in 2024



Cicor avoids CCC (consumer, computer, communication) and automotive markets

## Global decoupling – Cicor already there

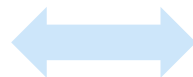
Manufacturing partially moves out of China and closer to end markets



Strong in Southeast Asia, Romania, emerging in Tunisia as new nearshoring location

## Automation everywhere

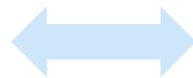
Labor shortage in Europe and parts of Asia due to demographic shift



Cicor invests into automation and digitization. New engineering centers in Romania and Vietnam

## Dry powder

Industry consolidation has just begun, driven by customer requirements, succession, outsourcing strategies



Cicor is a driver of industry consolidation

# The EMS market is a highly fragmented and growing market, pre-destined for consolidation

## Fragmented market



### 1,700 EMS

In Europe, consolidation has just begun:  
Succession, carve-outs

### Cicor #10

Market position (pro-forma 2024)

Source: Weiss Engineering (in4ma), 2024

## Growing market



### € 25 billion

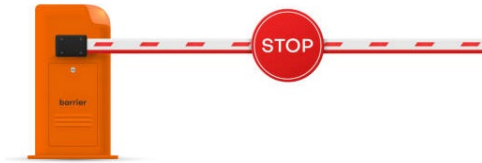
Adressed market (2023),  
44% of total European  
EMS market

### 6.8% ↗

Forecasted market  
CAGR until 2030

Source: Weiss Engineering (in4ma), 2023, 2024

## Customer loyalty



- Strong entry barriers in high-mix low-volume business
- Acquiring customers through M&A, extending share of wallet

## Economies of scale

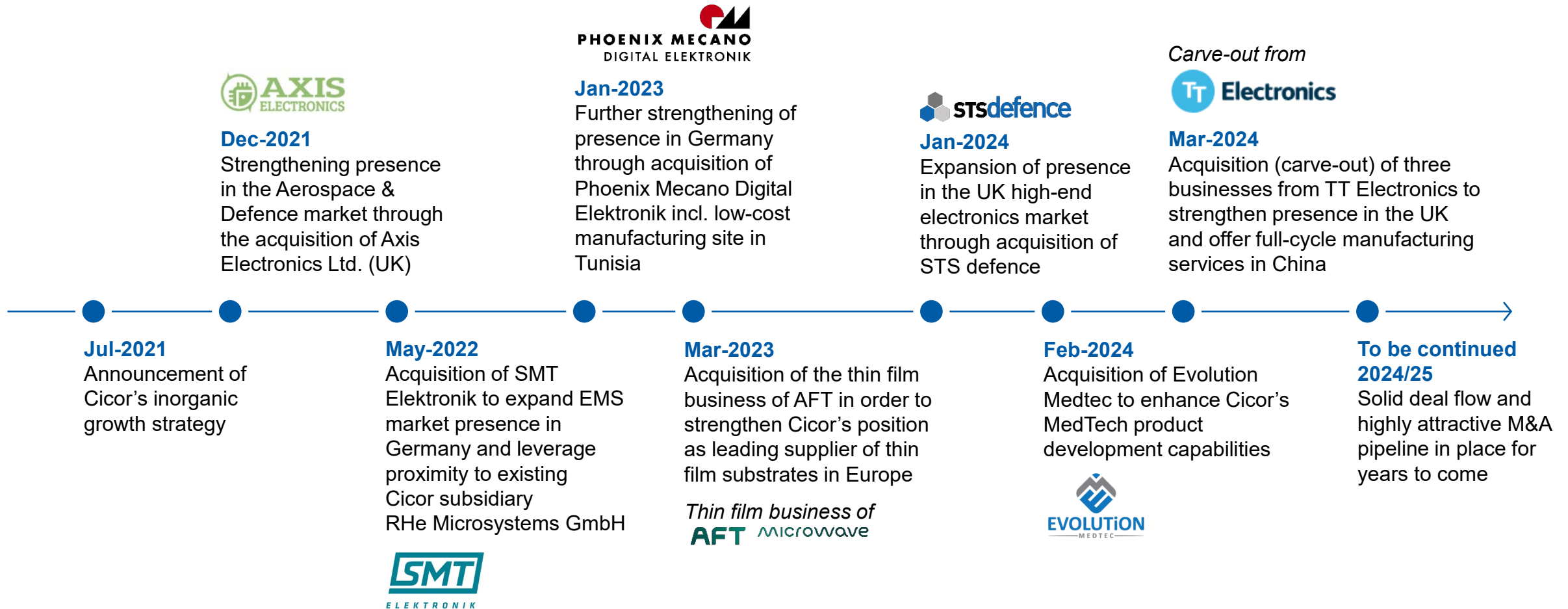


- Global footprint
- Business excellence
- Purchasing power
- Digitization

## Long-term market development

A consolidated market with significantly increased profitability of the leading EMS players

# Cicor follows a value-accretive buy-and-build strategy since 2021



Note: Dates in timeline refer for acquisitions to month as of when companies were/will be included in Cicor consolidation scope



## Proven path to value creation

Highly selective which opportunities are pursued

Cicor often the acquirer of choice

Ability to acquire at moderate multiples

Efficient and trusted M&A process with internal M&A team

Market share gains post-closing

Fast realization of cash and cost synergies

# M&A supports strategy, making Cicor a stronger company



*Tech & engineering provider of sustainment, support and modernization solutions for mission-critical electronics and communications systems*

**Expand Cicor's platform for the UK market** combined with the other announced UK-based acquisitions (i.e., Axis Electronics and two of the three acquired TT Electronics businesses)

Increase Cicor's **capabilities within mission-critical electronics** for the Aerospace and Defence industry



*End-to-end engineering services provider, focused on medical and paramedical applications*

Enhancing Cicor's **product development capabilities and capacity** in the medical technology sector

**Geographic fit:** proximity to Cicor's Arad production site and geographic distribution of customers



Biometric monitor

Class III remote control system and control app

Carve-out from



*PCBA and box builds for IoT solutions and OEMs in highly regulated markets including full life cycle EMS services and substantial testing capabilities*

**Improved business continuity and expanded capacity** with multiple production facilities in the UK

**Platform for Cicor UK** to enter into new strategic sectors (Industrial, Medical)

**Integration of production site** in Dongguan, China, to provide local manufacturing for Cicor customers



Newport (UK)

Hartlepool (UK)

Dongguan (China)

Peter Neumann, CFO

# **Financial Results HY1 2024**



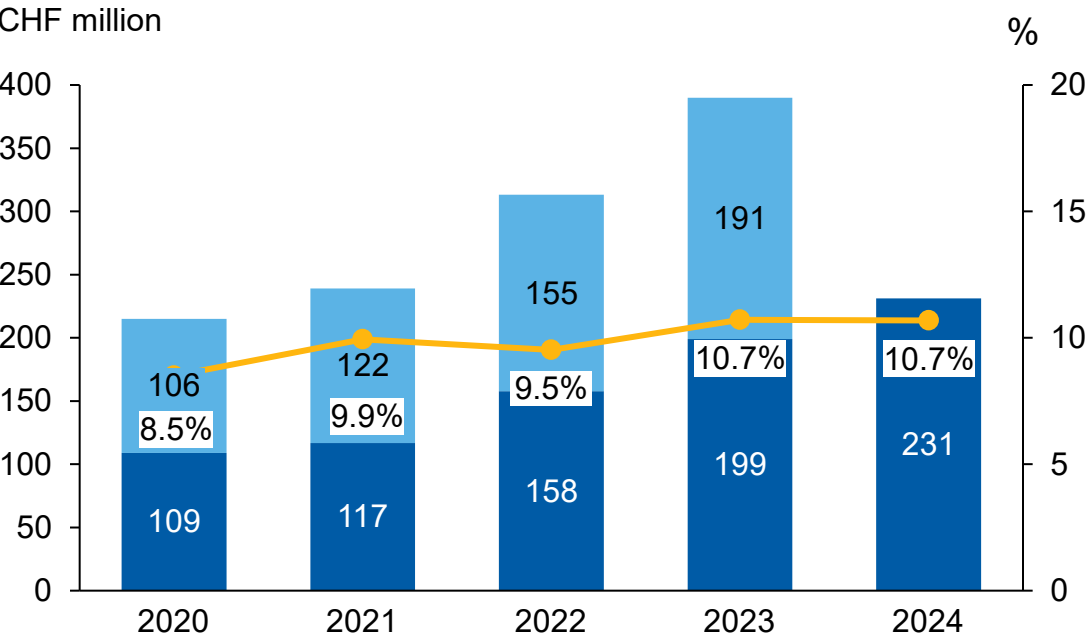
# Change in Accounting Principles – Offset Goodwill in Equity

- Cicor changed its accounting policy that goodwill from acquisitions will be offset directly against shareholders' equity at the time of acquisition
- Previously goodwill was capitalized and amortized over its estimated useful life
- This is common standard under Swiss GAAP FER and allows better comparability with other stock quoted entities
- The prior year financial information was restated
- Core results (excluding the amortization of goodwill and intangible assets from acquisitions) will no longer be reported
- The impact of the restatement is shown in the adjacent table

in CHF million	June 2023 (6 months)			December 2023 (12 months)		
	reported	change	restated	reported	change	restated
Goodwill	20.2	-20.2	0.0	16.6	-16.6	0.0
Other intangible assets	35.7	0.0	35.7	31.9	0.0	31.9
Other assets	348.8	0.0	348.8	312.7	0.0	312.7
<b>Total assets</b>	<b>404.7</b>	<b>-20.2</b>	<b>384.5</b>	<b>361.1</b>	<b>-16.6</b>	<b>344.5</b>
Total liabilities	250.9	0.0	250.9	213.0	0.0	213.0
Total equity	153.8	-20.2	133.6	148.1	-16.6	131.5
<b>Total equity and liabilities</b>	<b>404.7</b>	<b>-20.2</b>	<b>384.5</b>	<b>361.1</b>	<b>-16.6</b>	<b>344.5</b>
Net sales	199.2	0.0	199.2	389.9	0.0	389.9
Operating costs	-177.8	0.0	-177.8	-344.8	0.0	-344.8
<b>EBITDA</b>	<b>21.3</b>	<b>0.0</b>	<b>21.3</b>	<b>45.1</b>	<b>0.0</b>	<b>45.1</b>
Depreciation	-5.8	0.0	-5.8	-11.7	0.0	-11.7
Amortization Goodwill	-2.8	2.8	0.0	-5.7	5.7	0.0
Amortization other intangible assets	-2.2	0.0	-2.2	-4.4	0.0	-4.4
<b>Operating profit (EBIT)</b>	<b>10.5</b>	<b>2.8</b>	<b>13.4</b>	<b>23.4</b>	<b>5.7</b>	<b>29.0</b>
Interest and taxes	-5.6	0.0	-5.6	-17.3	0.0	-17.3
<b>Net profit</b>	<b>4.9</b>	<b>2.8</b>	<b>7.7</b>	<b>6.1</b>	<b>5.7</b>	<b>11.8</b>
EBITDA margin	10.7%	0.0%	10.7%	11.6%	0.0%	11.6%
EBIT margin	5.3%	1.4%	6.7%	6.0%	1.5%	7.4%
Net profit margin	2.5%	1.4%	3.9%	1.6%	1.5%	3.0%
Equity Ratio	38.0%	-3.3%	34.8%	41.0%	-2.8%	38.2%
Net debt	-63.0	0.0	-63.0	-43.5	0.0	-43.5
Earnings per share in CHF <sup>1)</sup>	1.10	0.64	1.74	1.37	1.28	2.66

1) Earnings per share is calculated considering the 1'267'116 conditional shares that will be created upon conversion of the mandatory convertible notes by January 2027.

# Long-term view – Impact of Cicor growth strategy



Group in TCHF	HY 2023	HY 2024	%YoY
Sales	199'152	231'297	16.1%
EBITDA	21'336	24'729	15.9%
EBITDA margin	10.7%	10.7%	+/- 0 bps

■ Sales HY2 ■ Sales HY1 —●— EBITDA margin HY1 in %

- Cicor achieves best half-year results ever in terms of Sales and EBITDA, demonstrating the success of its growth strategy
- Strong sales contribution from newly acquired companies
- Organic sales declined by -4.4% due to weak demand caused by economic conditions in the industrial market
- Strong average sales growth over four years (+21.1%) driven by M&A activity (+15.5%) and organic growth (+7.3%), partly offset by unfavorable currency development (-1.6%)

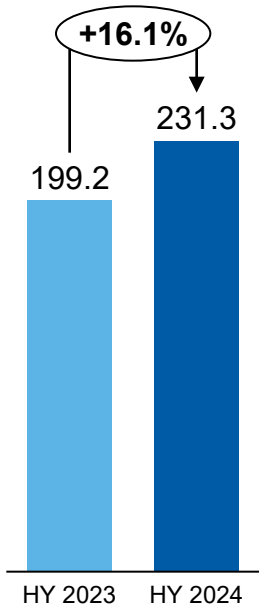
# Financial achievements Half-Year 2024

CHF million

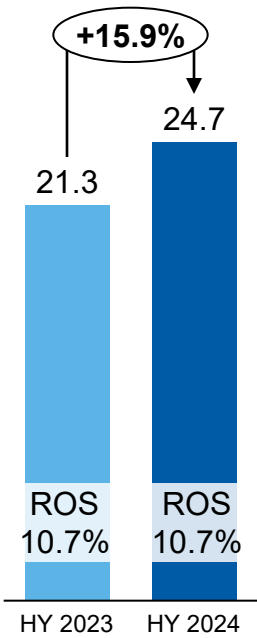
Orders received



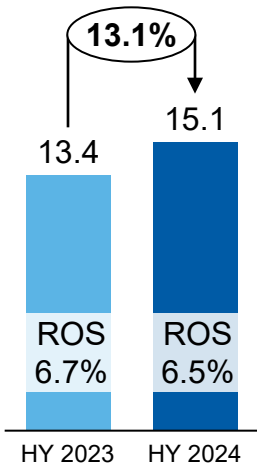
Net sales



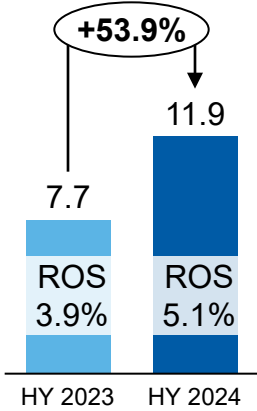
EBITDA



EBIT



Net profit



FCF  
excl. Acquisition





# Consolidated Income Statement

CHF million	HY 2024	in %	HY 2023	in %	%YoY
			<i>restated</i>		
<b>Net sales</b>	<b>231'297</b>	<b>100.0</b>	<b>199'152</b>	<b>100.0</b>	<b>16.1</b>
Material expenses	-119'406	-51.6	-109'443	-55.0	9.1
Operating expenses	-87'162	-37.7	-68'373	-34.3	27.5
<b>EBITDA</b>	<b>24'729</b>	<b>10.7</b>	<b>21'336</b>	<b>10.7</b>	<b>15.9</b>
Depreciation	-6'065	-2.6	-5'765	-2.9	5.2
Amortization	-3'548	-1.5	-2'204	-1.1	61.0
<b>EBIT</b>	<b>15'116</b>	<b>6.5</b>	<b>13'366</b>	<b>6.7</b>	<b>13.1</b>
Financial result	311	0.1	-2'599	-1.3	-112.0
Income taxes	-3'541	-1.5	-3'045	-1.5	16.3
<b>Net profit</b>	<b>11'886</b>	<b>5.1</b>	<b>7'722</b>	<b>3.9</b>	<b>53.9</b>

- Record high in Net sales and EBITDA
- EBITDA margin stable at 10.7% despite negative one-time impacts of CHF 1.7 million (0.8% of Net sales) from PPA step-ups <sup>1)</sup>
- The financial result includes FX impacts of CHF +2.8 million (previous period: CHF -1.0 million) due to the weakening of the CHF.
- Improvement in tax rate to 23% (previous period: 28%)

<sup>1)</sup> accounting standards require that net assets acquired in a business combination be included in the consolidated balance sheet at fair value rather than at book value.

# Consolidated Balance Sheet

CHF million	Jun 24	in %	Dec 2023	in %
			<i>restated</i>	
Current assets	302'705	72.4	251'896	73.1
Non-current assets	115'288	27.6	92'626	26.9
<b>Total Assets</b>	<b>417'993</b>	<b>100.0</b>	<b>344'522</b>	<b>100.0</b>
Current liabilities	162'552	38.9	114'989	33.4
Non-current liabilities	124'385	29.8	98'044	28.5
Equity	131'056	31.4	131'489	38.2
<b>Total Liabilities and Equity</b>	<b>417'993</b>	<b>100.0</b>	<b>344'522</b>	<b>100.0</b>
<b>Net Debt</b>	<b>79'643</b>		<b>43'484</b>	
Net debt / EBITDA LTM proforma <sup>1)</sup>	1.50		0.96	
<b>Equity Ratio</b>	<b>31.4%</b>		<b>38.2%</b>	

- Net debt increased by CHF 36.2 million of which CHF 51.0 million was used for the acquisition of businesses
- Financial leverage of 1.50 in line with strategy and strong FCF generation build a solid foundation for continued in-organic growth
- Solid equity ratio at 31.4%

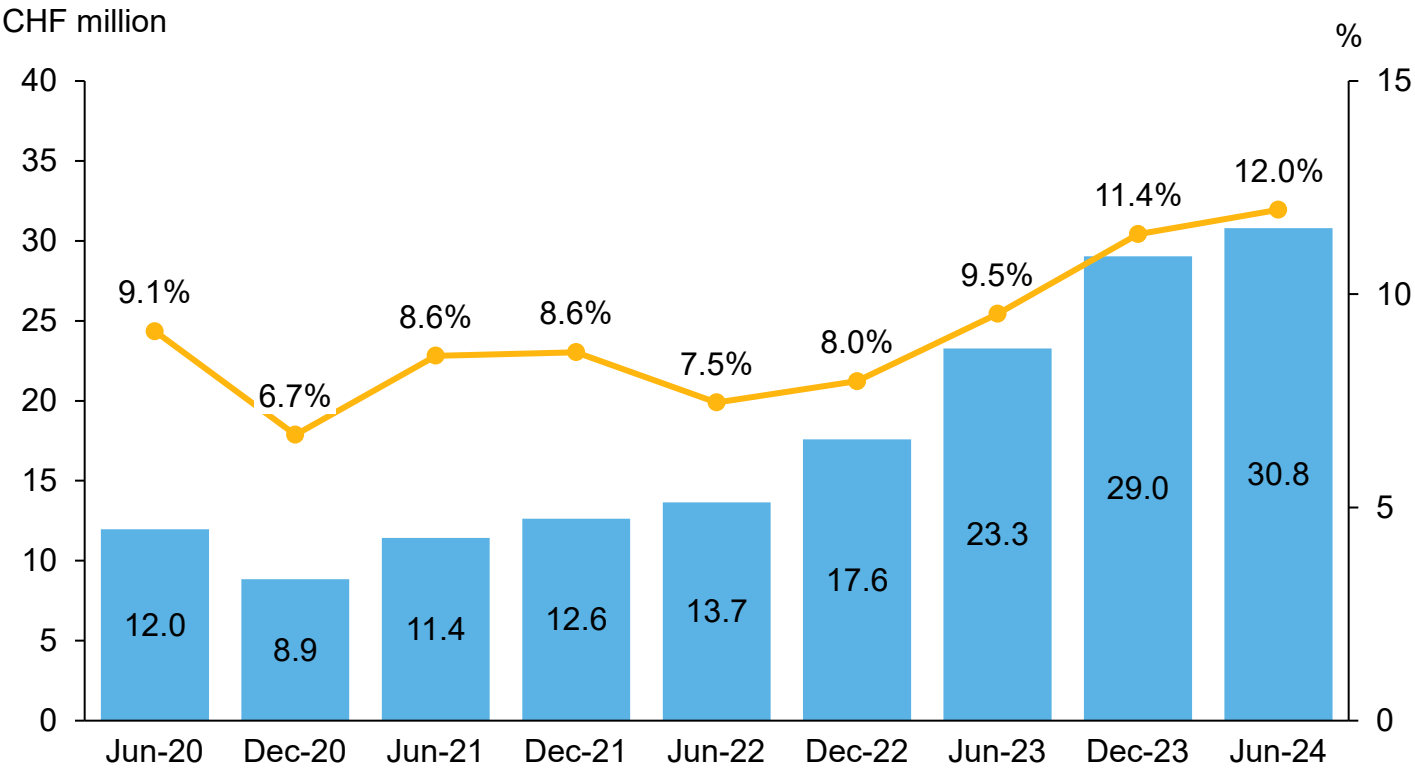
<sup>1)</sup> Acquisitions are included for twelve months pro forma as defined in the covenants agreed with the banking syndicate.

# Consolidated Cash Flow Statement

CHF million	HY 2024	HY 2023
		<i>restated</i>
Net profit	11'886	7'722
Depreciation, amortization and impairment	9'613	7'969
Other non cash items	-1'519	2'597
Changes in working capital	6'549	-7'421
<b>Net cash from operating activities</b>	<b>26'529</b>	<b>10'868</b>
Purchase of Property, plant and equipment (net)	-5'430	-5'433
Purchase of intangible assets	-20	-204
Acquisition of subsidiaries, net of cash acquired	-51'035	-21'985
<b>Net cash used in investing activities</b>	<b>-56'485</b>	<b>-27'622</b>
<b>Free cash flow</b>	<b>-29'956</b>	<b>-16'754</b>
<b>Free cash flow excl. acquisitions</b>	<b>21'079</b>	<b>5'231</b>
Net cash from financing activities	21'358	5'545
Currency translation effects	1'265	-113
<b>Cash flow</b>	<b>-7'333</b>	<b>-11'322</b>

- Strong cash flow from operating activities driven by strong net income performance and proven working capital management
- Moderate level of CAPEX (2.4% of Net sales)
- Acquisitions of subsidiaries partially funded with operating cash flow

# Return on Invested Capital



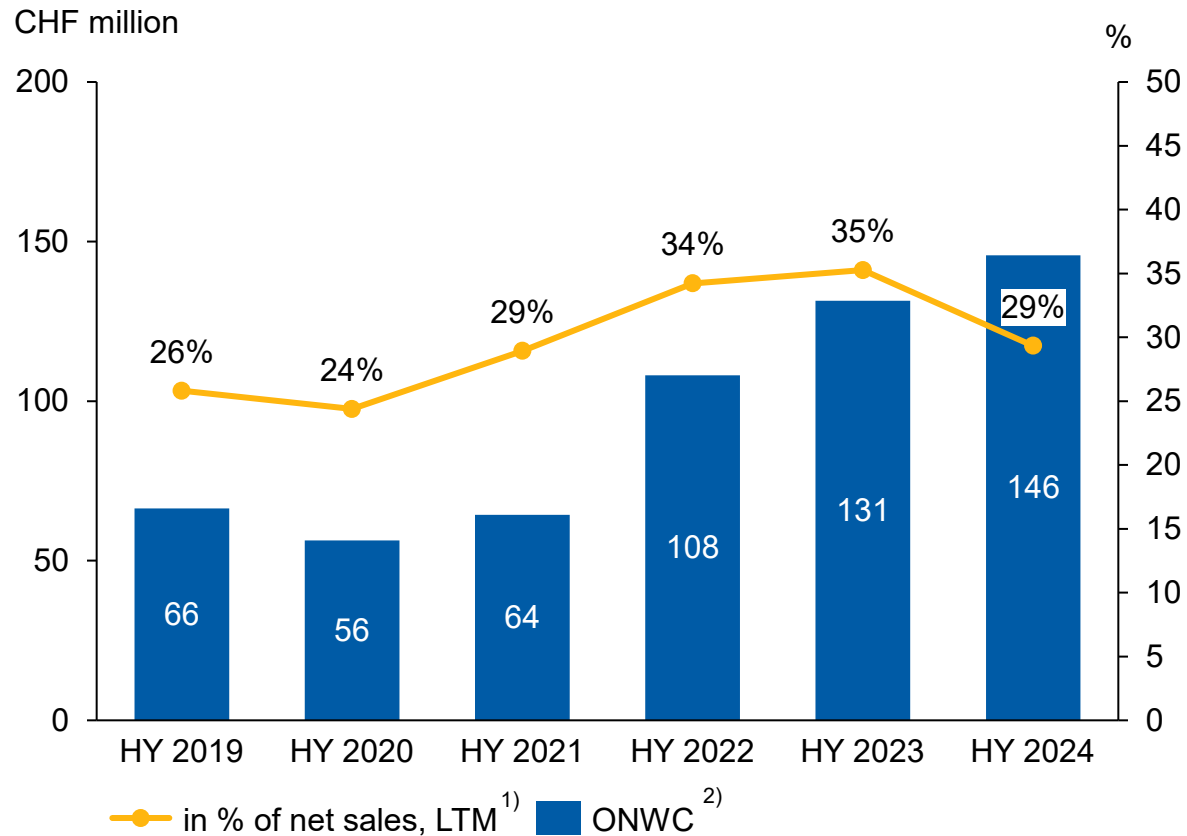
ROIC in % = EBIT / Average Invested Capital (12m rolling)  
Average Net Invested Capital (12m rolling) = Equity plus Financial liabilities

■ 12m rolling EBIT in CHF mio    —●— ROIC in %

- ROIC above Cicor’s cost of capital
- New ROIC definition in line with the change in accounting for goodwill as disclosed in footnote
- Steady increase in ROIC demonstrates successful execution of Cicor's growth strategy
- Increase in ROIC due to strong EBIT contribution in the last twelve months



# Operating Net Working Capital



<sup>1)</sup> Acquisitions are included for full twelve months pro-forma

<sup>2)</sup> Operating NWC (ONWC): Operating inventory + operating accounts receivable – operating trade payables

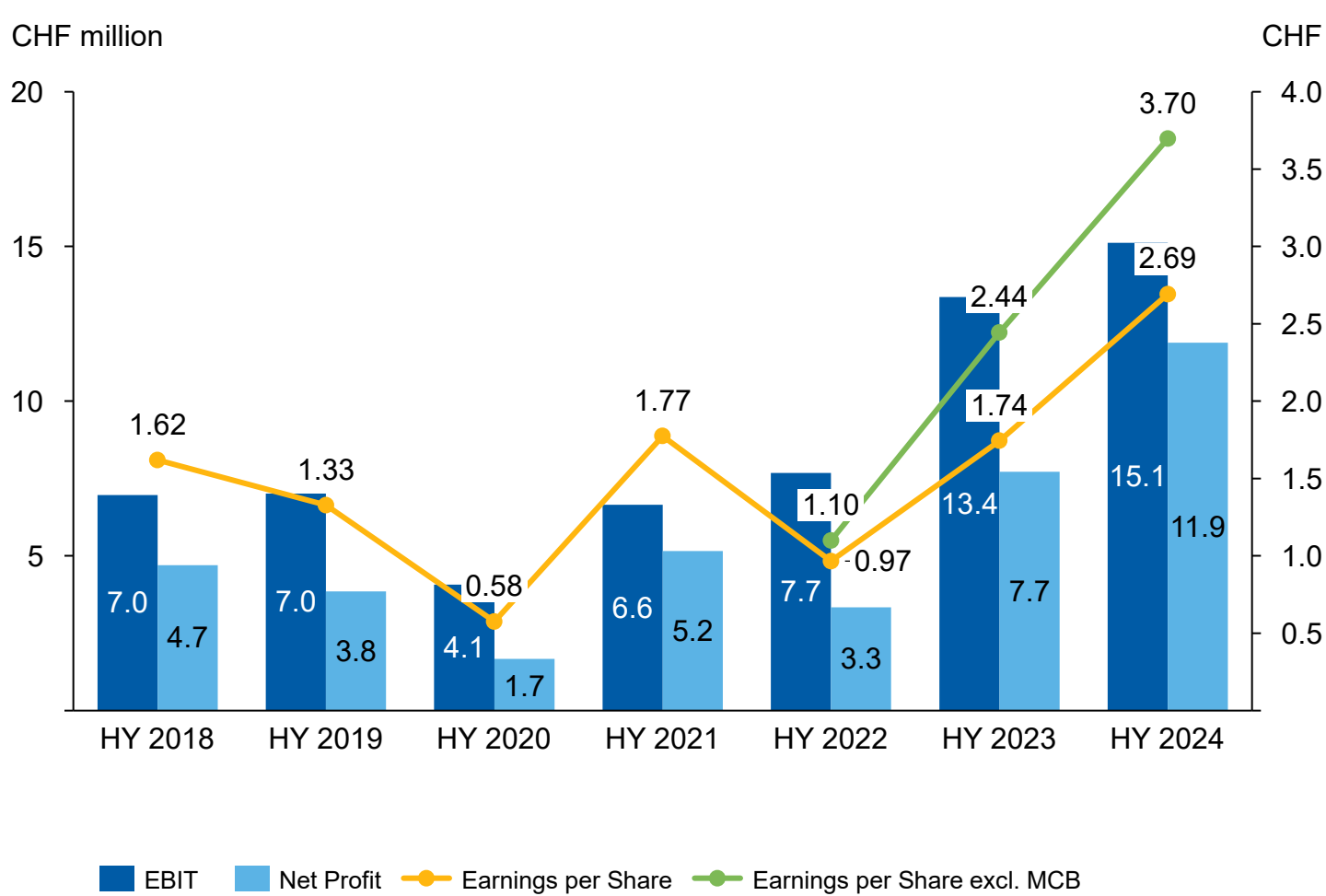
- Absolute increase in ONWC due to acquisitions
- Favorable development in ONWC in % of net sales as a result of improved inventory management (customer funded inventory)

## Key Figures per Share

		HY 2024	HY 2023	%YoY
			<i>restated</i>	
Number of registered shares issued	30.6.	3'478'616	3'411'169	2.0%
Number of Treasury shares	30.6.	-307'929	-251'267	22.6%
<b>Number of outstanding registered shares</b>	<b>30.6.</b>	<b>3'170'687</b>	<b>3'159'902</b>	<b>0.3%</b>
Number of conditional shares for MCN	30.6.	1'199'669	1'267'116	-5.3%
<b>Number of outs. and cond. MCN shares</b>	<b>30.6.</b>	<b>4'370'356</b>	<b>4'427'018</b>	<b>-1.3%</b>
Ø number of outst. and cond. MCN shares	period	4'415'031	4'429'695	-0.3%
Net profit (in CHF thousand)	period	11'886	7'722	53.9%
<b>Earnings per share (in CHF)</b>	<b>period</b>	<b>2.69</b>	<b>1.74</b>	<b>54.4%</b>
Share price (in CHF)	30.6.	52.60	43.00	22.3%
<b>Market capitalization (in CHF thousand)</b>	<b>30.6.</b>	<b>229'881</b>	<b>190'362</b>	<b>20.8%</b>

- Favorable EPS and market capitalization trends demonstrate strong shareholder value creation
- The conversion of the MCN will result in 1'267'116 additional shares until 2027. These shares are considered outstanding for both EPS and market capitalization purposes
- Optional conversion of the MCN started in January 2024 and 67'447 new shares have been created to date with no impact on EPS

# Long-term development of Earnings per Share



- Positive development of EPS as a result of improved Net Profit performance
- Dilution on EPS due to the issuance of the Mandatory Convertible Note

## Three M&A transactions completed in HY 2024

CHF million	HY 2024
Purchase consideration	54'359
Direct costs related to acquisition	2'401
<b>Total purchase considerations</b>	<b>56'759</b>
less: Fair value of net assets acquired	-41'697
<b>Goodwill</b>	<b>15'062</b>
Non-current assets	20'336
Current assets	56'641
Non-current liabilities	-3'139
Current liabilities	-32'141
<b>Total fair value of net assets acquired</b>	<b>41'697</b>
Purchase considerations cash	58'435
less: cash and cash equivalent acquired	-7'400
<b>Cash outflow on acquisition during the year</b>	<b>51'035</b>

### STS Defence

- One operating site in Gosport (UK), specialized in engineering solutions for the UK A&D sector
- Closing of the share deal in January 2024 for a consideration of CHF 30.7 million, resulting in a goodwill of CHF 21.3 million

### Evolution Medtec

- One operating site in Bucharest (Romania), specialized in engineering solutions for the medical sector
- Closing of the share deal in February 2024 for a consideration of CHF 1.9 million, resulting in a goodwill of CHF 1.3 million

### IoT

- Three operating sites in Newport (UK), Hartlepool (UK) and Dongguan (China) serving customers in the A&D and industrial sector
- Closing of the share deal in March 2024 for a consideration of CHF 24.2 million, resulting in negative goodwill of CHF -7.5 million



## Financial summary

- Cicor's growth strategy is delivering a strong financial progression due to successful M&A execution combined with solid organic performance
- Strong ROIC progression
  - Consistent long-term organic revenue growth trend
  - Profitability improvements driven by scale and operational excellence
  - Net working capital normalization after supply chain easing
  - Moderate CAPEX investments to support growth and automation
- Strong balance sheet despite completion of 7 acquisitions in the last 3 years due to an attractive Free Cash Flow profile (excl. M&A investments)

Alexander Hagemann, CEO

# **Outlook 2024**

## Continued growth expected in 2024

- Organic growth in H1 negative but significantly outperforming peers – expect order intake and sales to start recovering in H2
- Very satisfying progress in integrating newly acquired companies
- Unchanged guidance to HY 2024 presentation  
(provided there are no significant changes in the economic, geopolitical and financial environment)
  - Expect 2024 sales of CHF 470-510 million
  - Operating result (EBITDA) forecasted at CHF 50-60 million



## Fast pace to achieve mid-term goals

Organic Growth	Revenue	Profitability	Other
<b>7 - 10% p.A.</b>	<b>&gt;600 million CHF<sup>4)</sup></b>	Core EBIT <b>7 – 10%</b>  EBITDA <b>10 – 13%</b>	Core ROIC <sup>1)</sup> <b>&gt;15%</b>  Net Debt / EBITDA <b>&lt;2.75</b>  Capex <sup>2)</sup> <b>up to 3%</b>

- Cicor is well positioned to face economic headwinds due to its strategic markets being more resilient.
- Acquisitions will continue to play an important role as we see attractive opportunities with high returns.
- Dividends to be considered once Cicor delivering sustainable positive net cash flows.<sup>3)</sup>

1) Core ROIC in % = EBIT before amortization of intangible assets from acquisitions (12m rolling) / Average Net Invested Capital (12m rolling)

Average Net Invested Capital (12m rolling) = Equity plus Financial liabilities minus Intangible assets out of business combinations

2) CAPEX guidance expressed as % of revenue excluding major footprint expansions

3) Positive operating cash flows higher than negative investment cash flows (incl M&A) and financing cash flows (incl repayments) in at least two consecutive years.

4) The current mid-term guidance includes some moderate level of acquisitions.



## Cicor – an asset for your portfolio

- **Market with resilient growth** driven by megatrends of electronification, outsourcing and nearshoring
- **Strategy targeting the most profitable segments of the market:** Industrial, Medical, Aerospace & Defense
- **Value accretive buy and build strategy** with disciplined approach and integration playbook
- **Management with track-record** for successful organic and inorganic growth



# Agenda 2024

October 15	<b>Business Update Q3/2024</b>
September 18	<b>Investora 2024</b>
September 23	<b>Baader Investment Conference 2024 in Munich</b>
November 25 - 27	<b>Deutsches Eigenkapitalforum 2024 in Frankfurt</b>
December 5	<b>Cicor Capital Markets Event 2024 in Zurich</b>





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**Thank You**



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