

The background of the slide is a light blue circuit board pattern with various lines, nodes, and components, creating a technical and digital aesthetic.

# **Cicor Technologies Ltd.**

## **Baader Helvea Swiss Equities Conference 2024**

January 10, 2024

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Alexander Hagemann

# **The Cicor Group**



# High-tech Electronics CDMO\*

Sales growth YTD Q3/2023

**25% to CHF 294.5M**

Organic growth of 10.2%  
Sales 2023E CHF 380-410M

Sales to strategic markets

**84%**

Industrial, Medical,  
Aerospace & Defence

**15**

Production sites, resilient  
setup in Europe and Asia

EBITDA margin H1/2023

**10.7% (+120bp)**

Market position Europe (EMS)

**No 9, goal top 1-3**

In each of Cicor's core markets

**2,500**

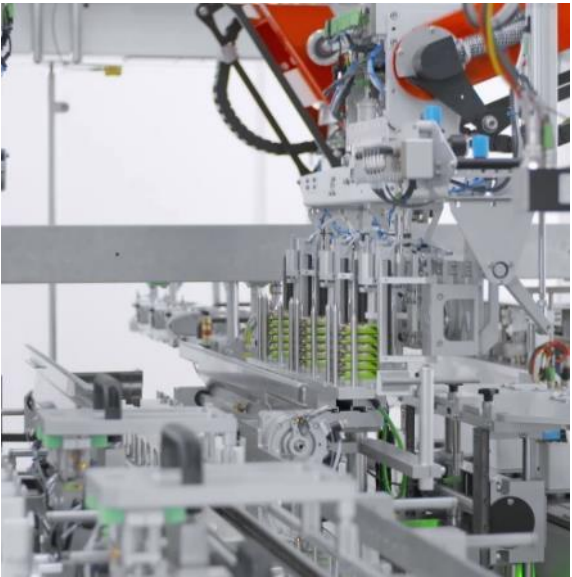
Cicor employees

\*) CDMO: Contract Development and Manufacturing Organization, also referenced as Electronics Manufacturing Services (EMS)

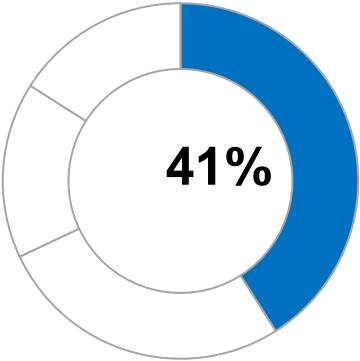


Electronification of everything

# “Cicor inside” in three core markets



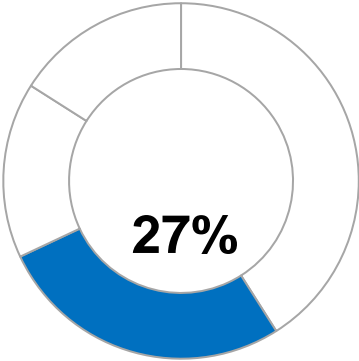
Industrial



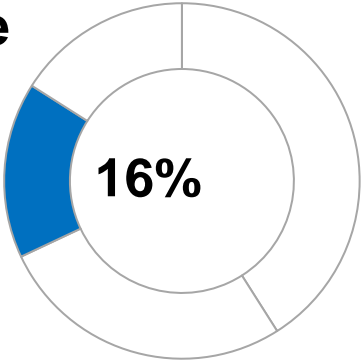
H1/2023 share  
of net sales



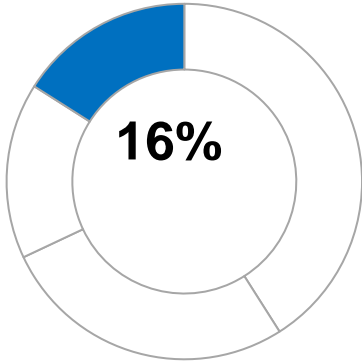
Medical



Aerospace &  
Defense

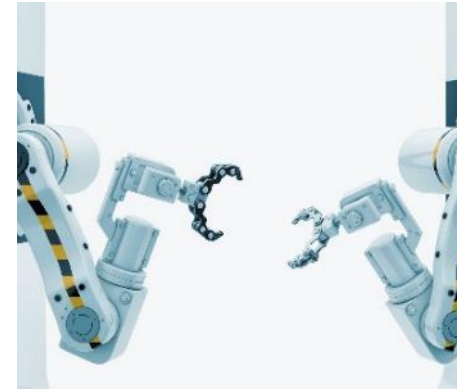
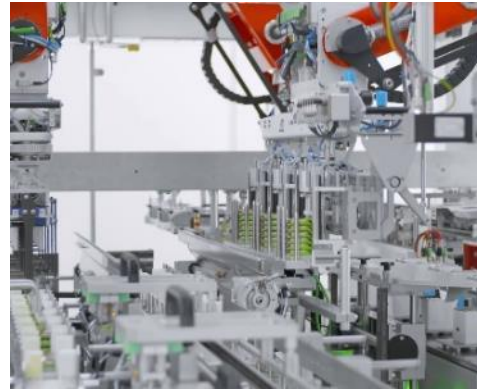
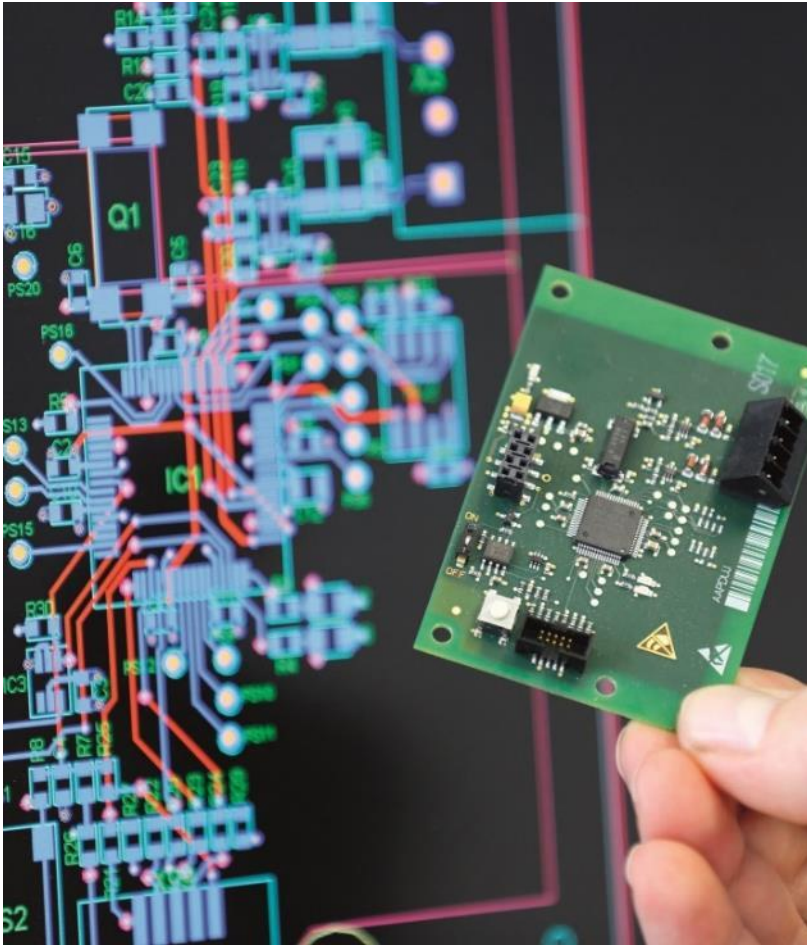


Other





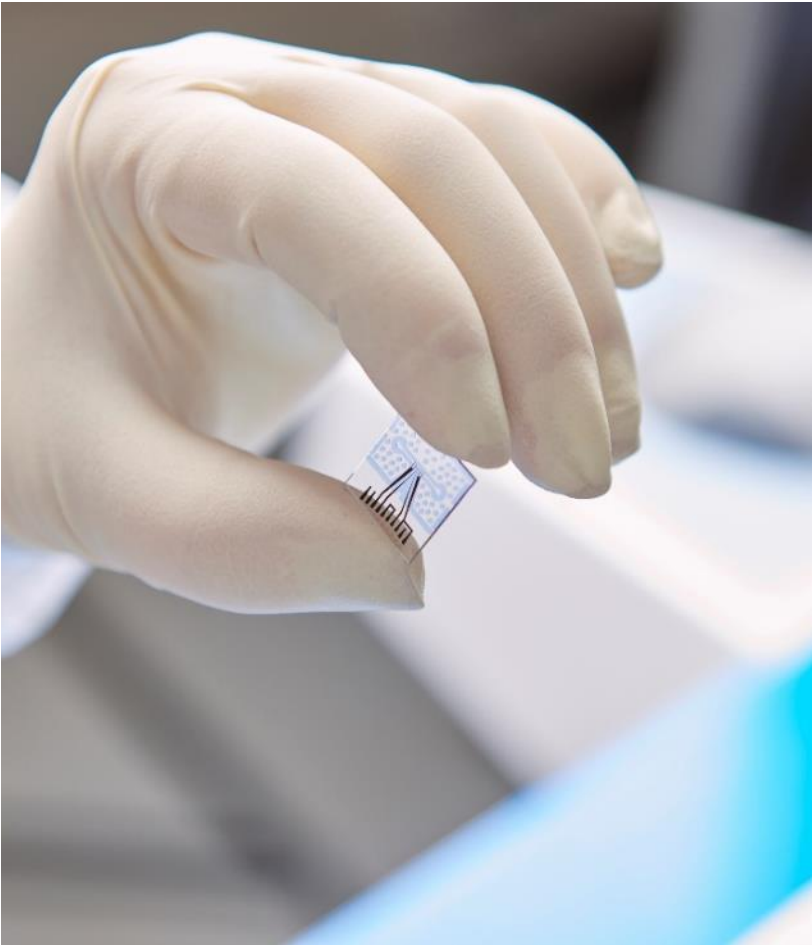
# Industrial – sense, control, automate



## Application examples

- Semiconductor equipment
- Test, measurement, control systems
- Robotics
- Sensors
- Smart building

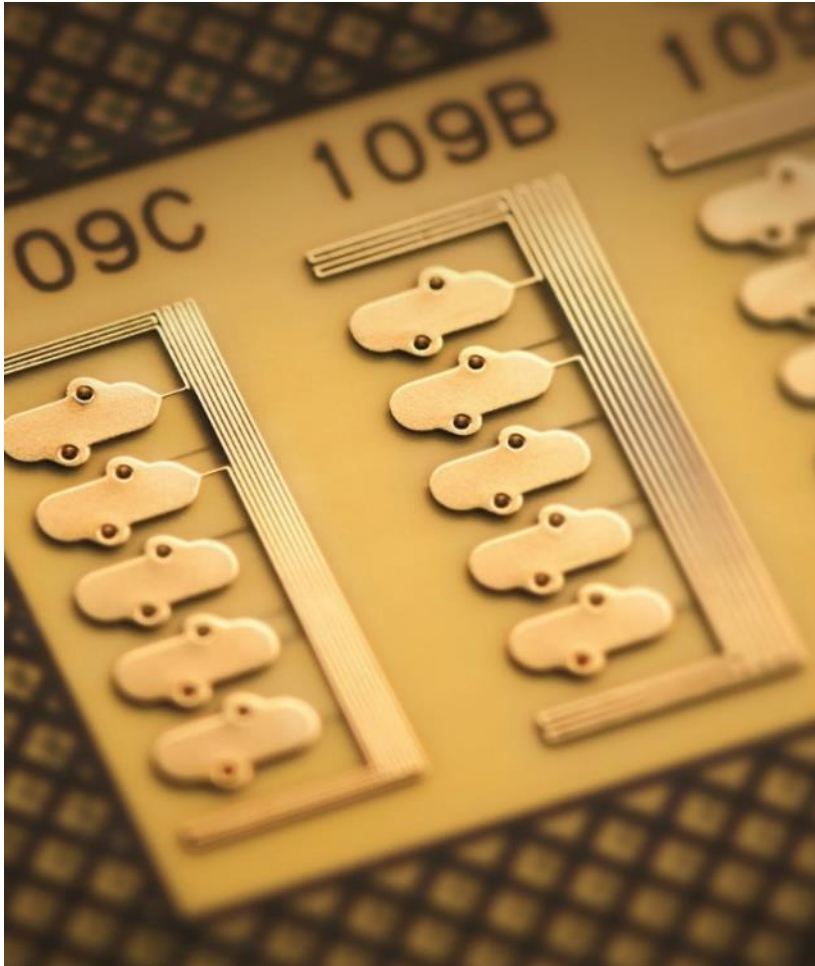
## Medical – Improving global healthcare



### Application examples

- Hearing aids
- Surgery robots
- Pacemakers and defibrillators
- Medical imaging systems
- Smart drug delivery devices
- Neurostimulators

# Aerospace & Defence – The space is Cicor's limit



## Application examples

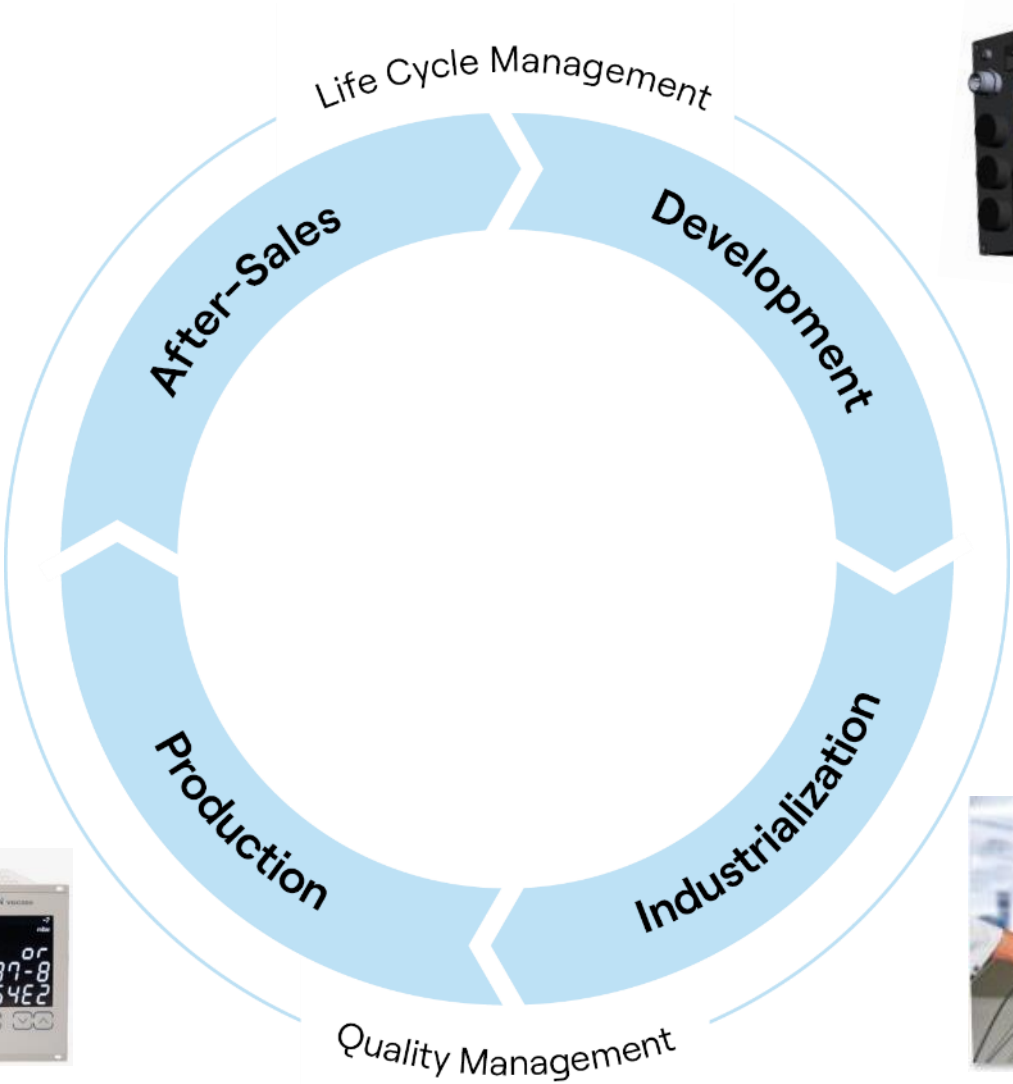
- Communication modules for satellites
- T/R modules for radar systems
- Camera systems for Mars robot
- High-end aerospace electronics
- Passenger aircraft entertainment systems



# One stop shop – from design to finished product

Maintenance  
Modification  
Repair Services  
Refurbishment  
Obsolescence Management

Electronic Manufacturing Services  
Precision Plastics  
Hybrid Circuits  
Printed Circuit Boards  
Printed Electronics

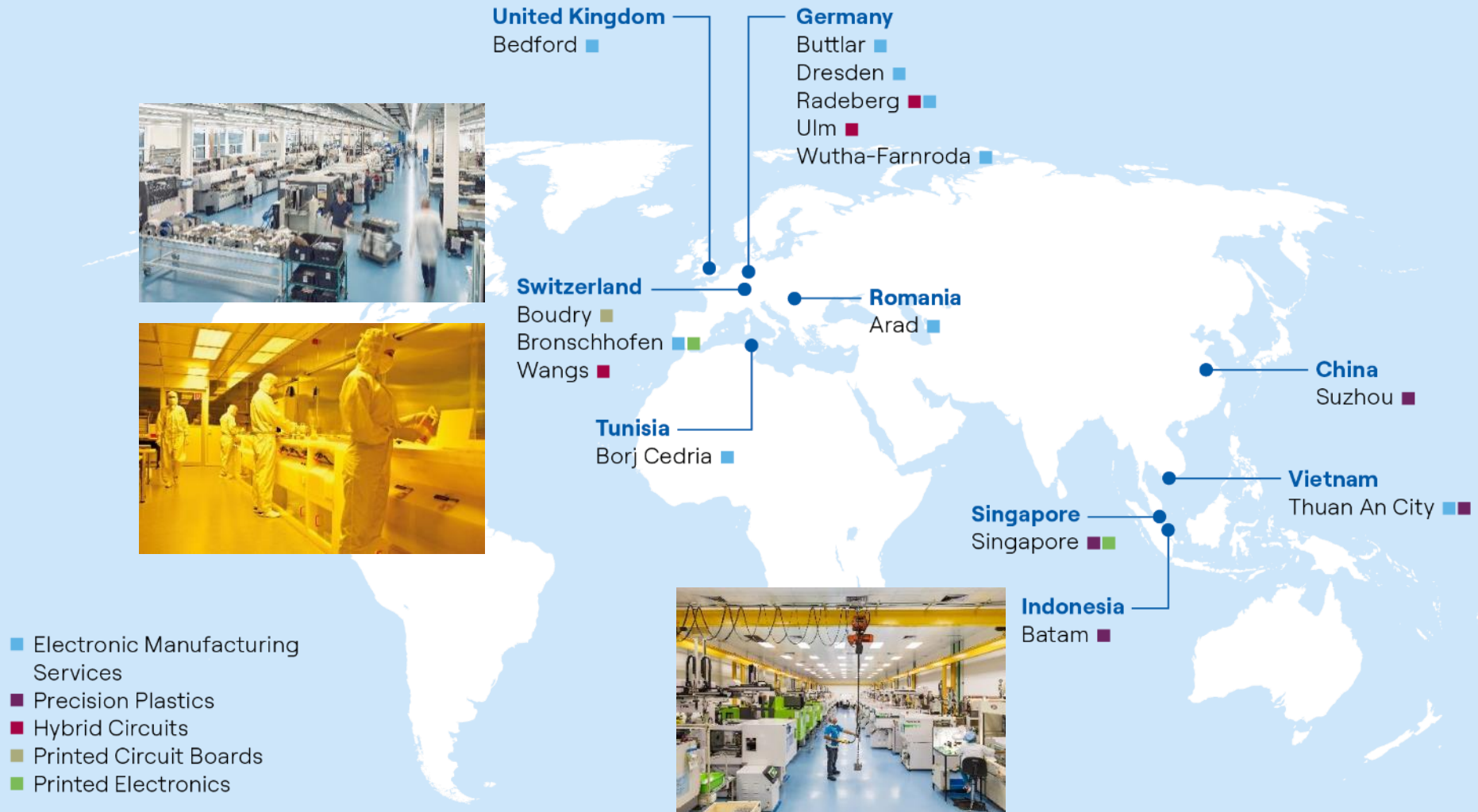


Product Development  
Hard- and Software Engineering  
Mechanical Design  
Test Development  
Redesign

New Product Introduction  
Procurement  
Test Concepts  
Prototyping  
Validation



# Close to customers and competitive - footprint for CHF 500m sales



Alexander Hagemann

# Strategy



# A strong platform for organic growth and industry consolidation



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



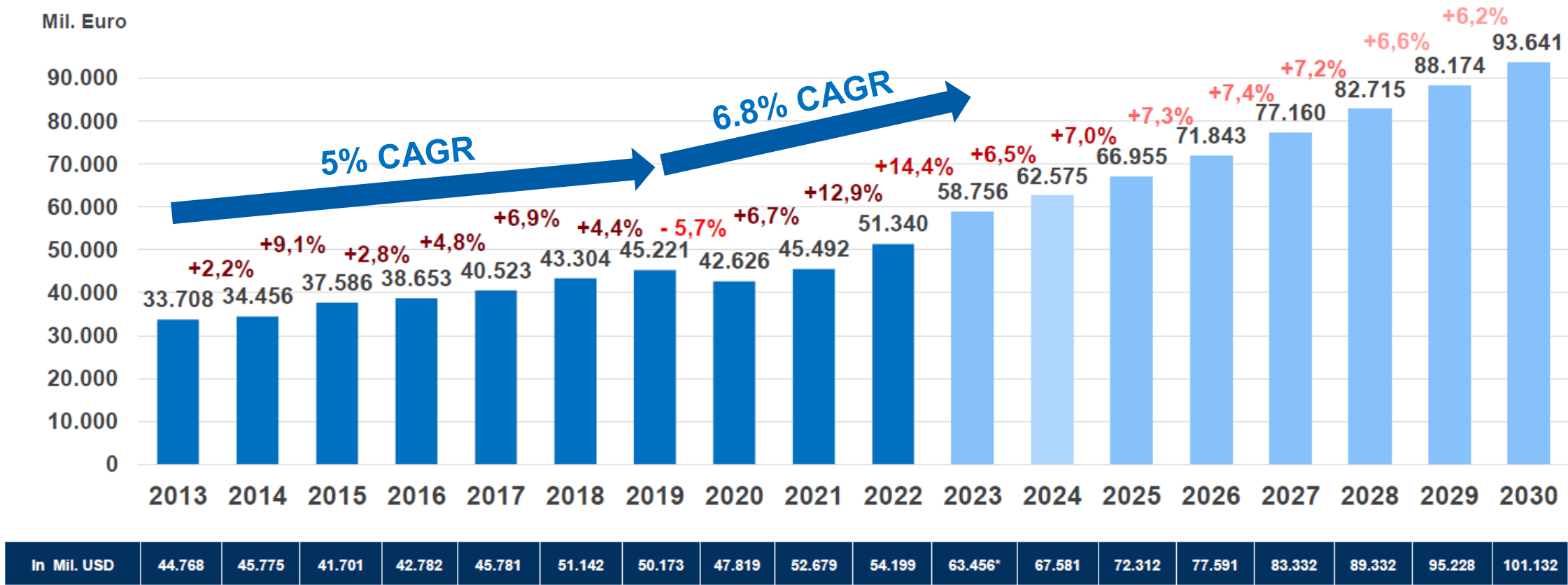
**Strategic customer relationships** through excellent solution finding, differentiated technology portfolio and flawless execution



Active consolidation through **M&A**

# A good market to be in

## European EMS market with inherent structural growth



Source: Weiss Engineering (in4ma) September 8, 2023

## Megatrends drive momentum – 8-10% growth of addressed market

**Electronics market growth** driven by automation, connectivity and electronification\*

~ 5% CAGR

+

OEM focus on core competencies and **outsource development and production\*\***

~ 2% CAGR

+

**Near- / reshoring trend** – Clients looking for alternatives to China

~ 1 - 3% CAGR

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**~ 8 - 10 % CAGR**

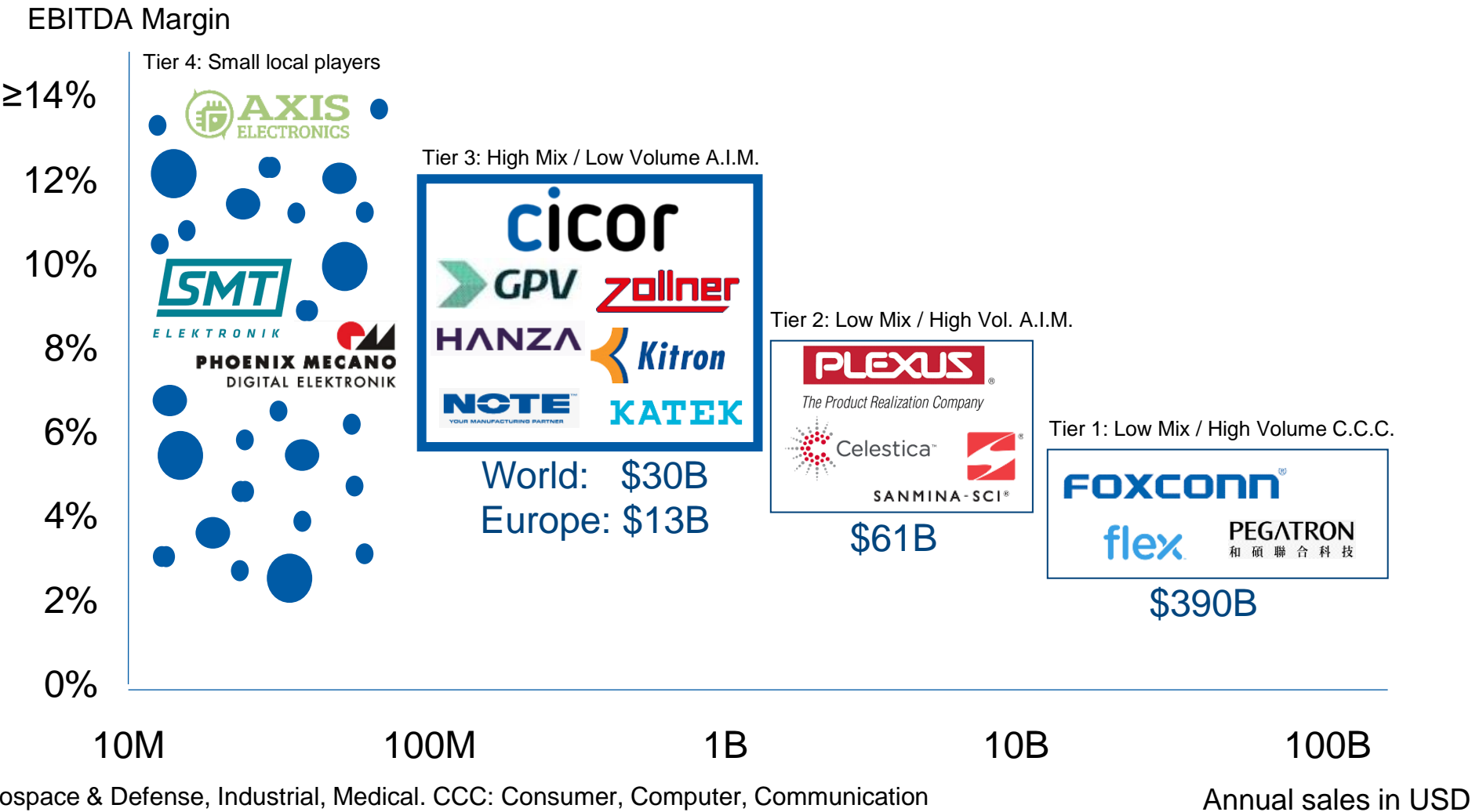
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\*) Volume growth in USD. Source: New Venture Research Corporation, 2023; \*\* Outsourcing expected to rise from 36% to 39% 2021 – 2026 - share of electronics manufactured by EMS. Source: New Venture Research Corp., 2023



Positioned in the most attractive segment of electronics manufacturing

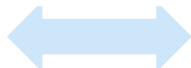
# Cicor operates in the sweet-spot of scale at attractive margins



# Cicor is well positioned to benefit from megatrends

## Capacity to ,own the trend‘

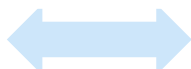
Megatrends accelerate EMS market growth to CAGR of 6.9%



Cicor manufacturing infrastructure supports organic growth to CHF 500 million without further factory expansion

## On the safe side of the economic cycle

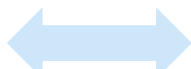
Downturn of cyclical markets in 2022-2023, volatile automotive market



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

## Global decoupling – Cicor already there

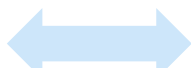
Electronics manufacturing partially moves out of China and closer to end markets



Cicor has strengthened footprint in Southeast Asia, Romania; capacity reserves and Tunisia as new nearshoring location

## Automation everywhere

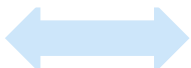
Labor shortage in Europe and parts of Asia due to demographic shift



Cicor invests into automation and the digitization of business processes. New engineering center in Vietnam

## Dry powder

Industry consolidation: customers reduce number of suppliers, require stronger set of capabilities



Cicor as one of the fastest growing and most profitable EMS providers drives consolidation with a focus on core markets

## Making Cicor a European leader one country at a time

- UK market leader with focus on Aerospace & Defense after acquisition of Axis Electronics (11/2021) and STS Defence (signing in 11/2023 with closing expected within coming months)
- Strong position in Germany after acquisition of SMT Elektronik (04/2022) and Phoenix Mecano Digital Electronic (01/2023)
- Significant expansion of addressed market
- Latest acquisition establishes Tunisia as additional best cost country for manufacturing
- AFT Microwave carve-out (03/2023) strengthens business of hybrid substrates





Strategic Partnership

# Cicor & Clayens - a perfect match



**One-Stop CDMO, with unmatched know-how in both plastics and electronics**

Customized and integrated technical solutions, from concept to market

**Global complementary manufacturing capabilities**

7 500 people, 46 plants and 20 cleanrooms

**Accelerated innovation**

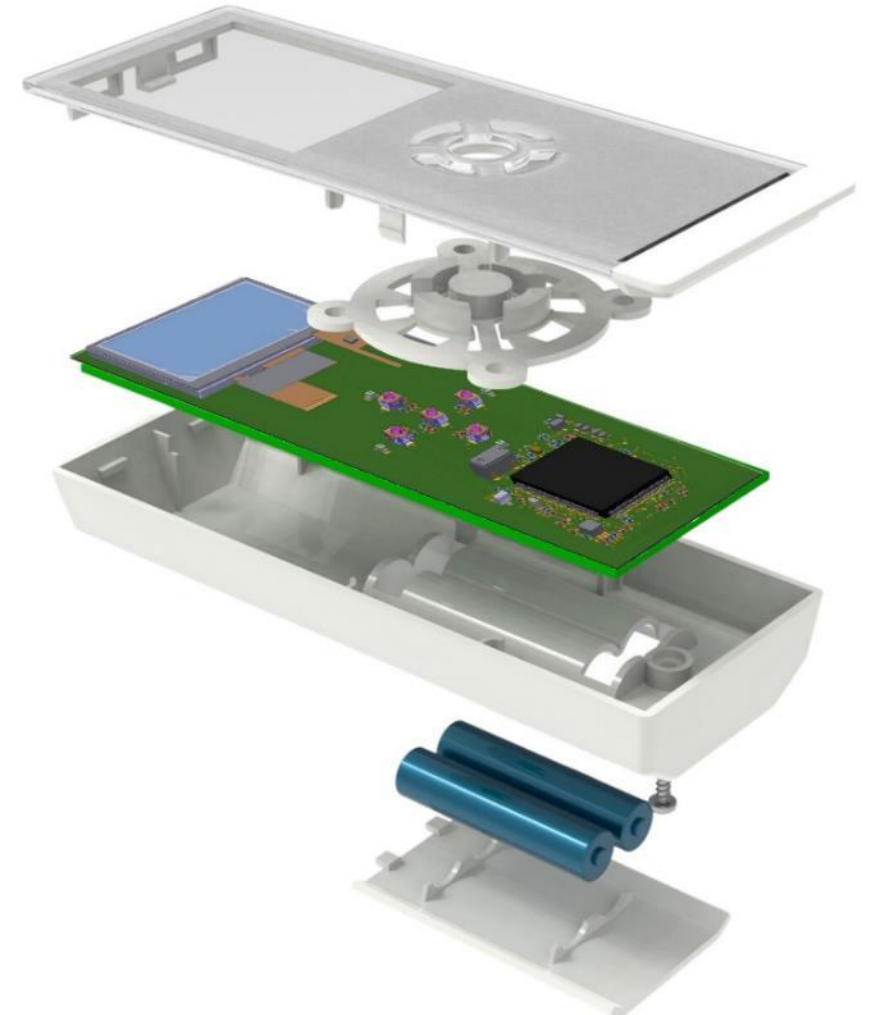
Combining complementary skills and technologies

**Quality assurance & regulatory support**

Compliance with all stringent international standards

**Market expertise**

Know-how in our customer markets expectation



Peter Neumann

# **Financials**

## 25% year-to-date sales growth and positive outlook

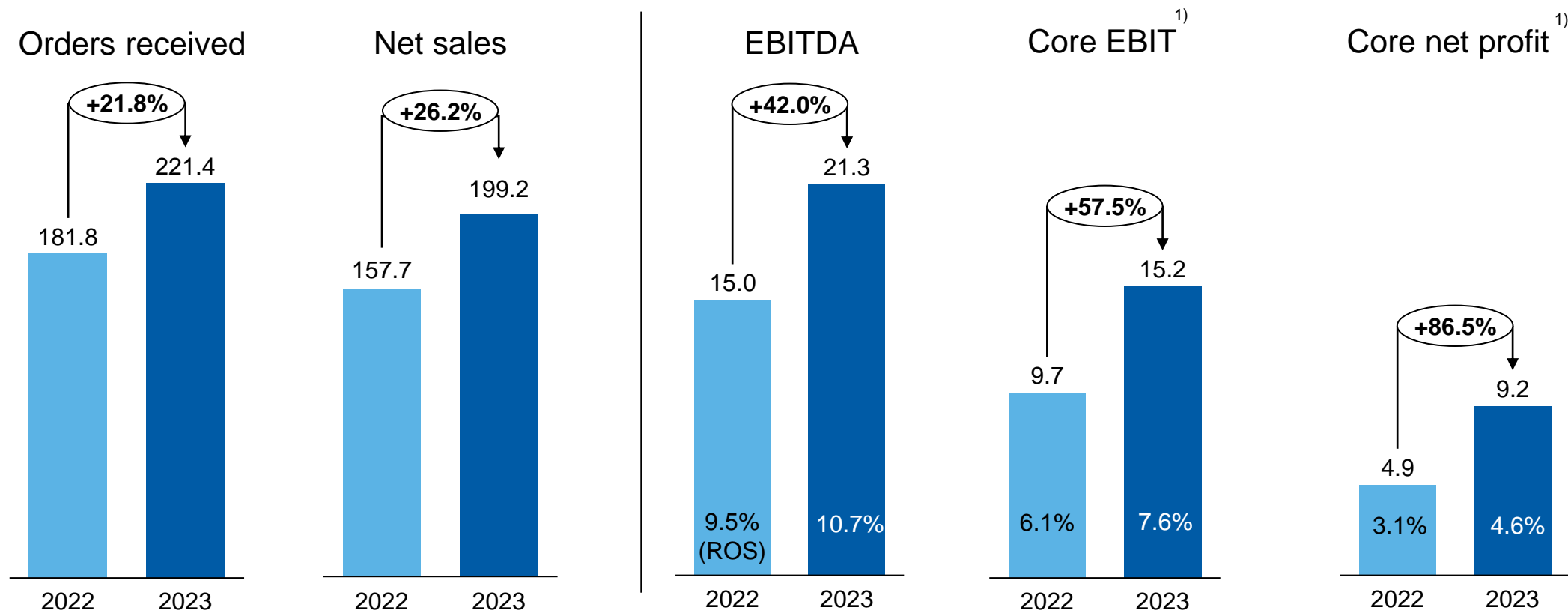
### YTD (9 months) figures:

- Sales of CHF 294.5 million (09/2022: CHF 235.6 million)
- Organic growth of 10.2%
- Order intake of CHF 329.4 million (09/2023: CHF 283.4 million)
- Book-to-bill ratio of 1.12





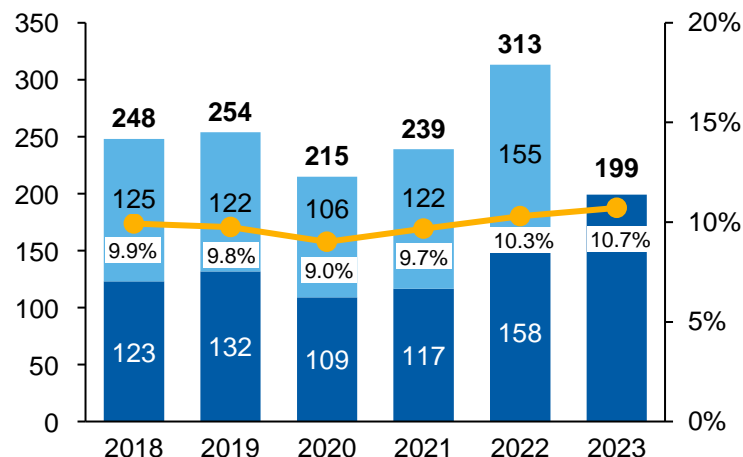
## Record sales and core results from organic growth and acquisitions



1) Before amortization of goodwill and intangible assets from acquisitions TCHF 4 677 (2022: TCHF 4 512). Adjusted for related income tax effects of TCHF -345 (2022: TCHF -376) for Core net profit.

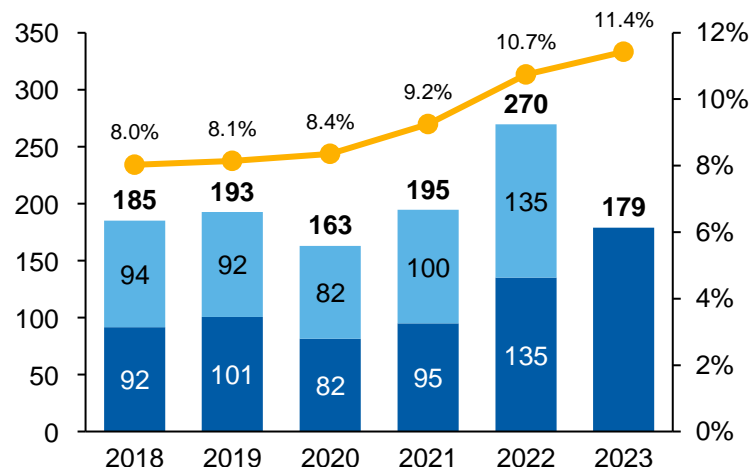
# Performance 2018 – 2023

Cicor Group



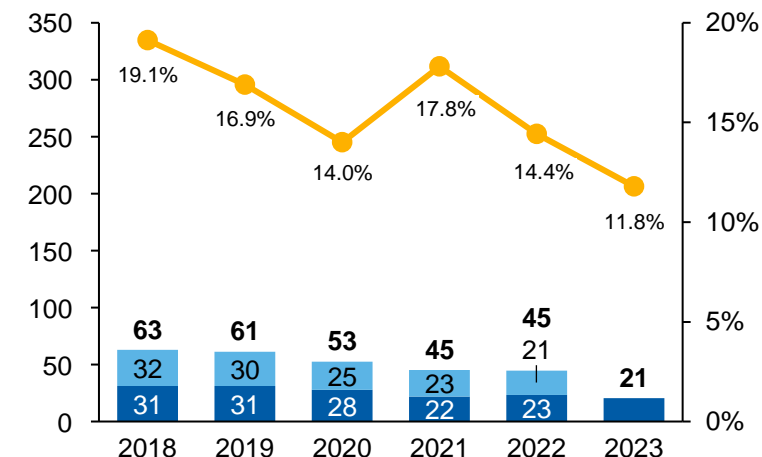
Group in TCHF	HY 22	HY 23	%YoY
Sales	157 747	199 152	26.2%
EBITDA	15 029	21 336	42.0%
ROS%	9.5%	10.7%	+120bps

EMS Division



EMS in TCHF	HY 22	HY 23	%YoY
Sales	135 086	178 997	32.5%
EBITDA	13 814	20 439	48.0%
ROS%	10.2%	11.4%	+120bps

AS Division



AS in TCHF	HY 22	HY 23	%YoY
Sales	23 322	20 638	-11.5%
EBITDA	3 086	2 433	-21.2%
ROS%	13.2%	11.8%	-140bps

■ Sales H2 
 ■ Sales H1 
 —●— EBITDA margin in %

RHe was newly allocated from AS into EMS as from 2021, prior years are not restated.

# Balance sheet supports further growth

	Jun 2023	in %	Dec 2022	in %
Current assets	286'407	70.8	251'422	68.6
Non-current assets	118'286	29.2	115'313	31.4
<b>Total Assets</b>	<b>404'693</b>	<b>100.0</b>	<b>366'735</b>	<b>100.0</b>
Current liabilities	126'267	31.2	102'829	28.0
Non-current liabilities	124'630	30.8	115'015	31.4
Equity	153'796	38.0	148'891	40.6
<b>Total Liabilities and equity</b>	<b>404'693</b>	<b>100.0</b>	<b>366'735</b>	<b>100.0</b>
<b>Net Debt</b>	<b>62'958</b>		<b>44'522</b>	
Gearing ratio (net debt in % of equity)	40.9		29.9	
Net debt / EBITDA LTM	1.63		1.38	
Net debt / EBITDA LTM proforma 1)	1.55		1.36	
<b>Equity Ratio</b>	<b>38.0%</b>		<b>40.6%</b>	

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

- Net debt of CHF 63.0 million increased by CHF 18.4 million, CHF 22.0 million was used for the acquisition of businesses
- Total debt CHF 127.1 million with CHF 15.6 million being short-term
- Net debt/EBITDA 1.55x (Dec. 22: 1.36x)  
Equity ratio 38.0% (Dec. 22: 40.6%)
- All bank covenants are met as of June 2023 (equity ratio > 30.0% and leverage net debt / EBITDA < 2.75 including acquisition pro forma)

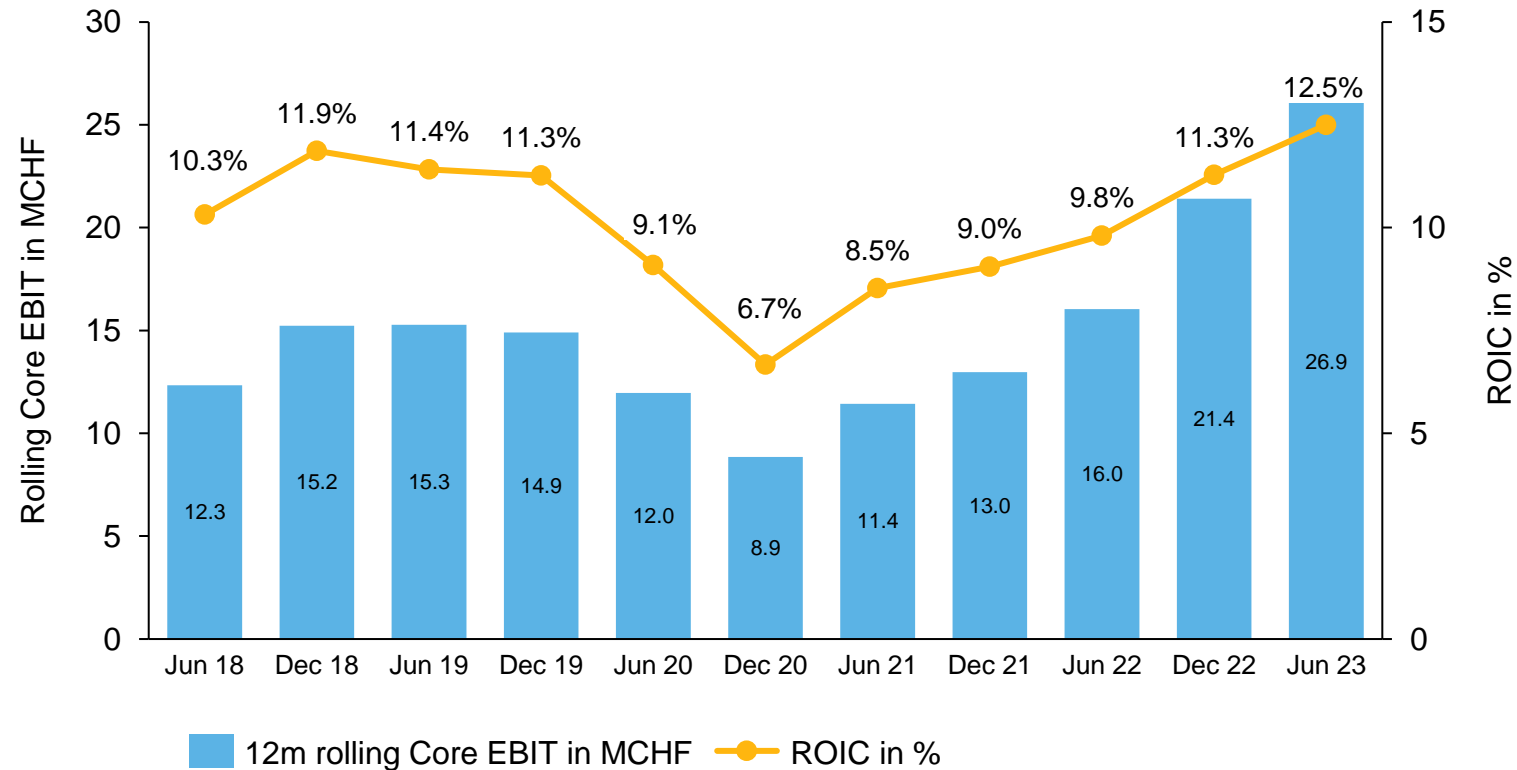
## Positive cash flow from operating activities

	HY 23	HY 22
Net profit	4 894	812
Depreciation, amortization and impairment	10 798	9 878
Other non cash items	2 597	696
Changes in working capital	-7 421	-28 101
<b>Net cash from / (used in) operating activities</b>	<b>10 868</b>	<b>-16 715</b>
Purchase of Property, plant and equipment (net)	-5 433	-4 956
Purchase of intangible assets	- 204	- 133
Acquisition of subsidiaries, net of cash acquired	-21 985	-13 984
<b>Net cash used in investing activities</b>	<b>-27 622</b>	<b>-19 073</b>
<b>Free cash flow</b>	<b>-16 754</b>	<b>-35 788</b>
<b>Free Cash Flow excl. acquisitions</b>	<b>5 231</b>	<b>-21 804</b>
Net cash from financing activities	5 545	5 704
Currency translation effects	- 113	- 550
<b>Cash flow</b>	<b>-11 322</b>	<b>-30 634</b>

- Positive cash flow from operating activities (CHF 10.9 million, 1H22 CHF –16.7 million) driven by strong net income performance and focus on working capital management
- Operating Net Working capital (ONWC) stabilized at a high level (35% of last twelve months of revenue).
- With supply chain normalization, objective is to get back to historic levels of 25-30% mid-term.
- Positive free cash flow before acquisitions (CHF 5.2 million) demonstrates value creation of Cicor's core business



# Return on Invested Capital



ROIC in % = Core EBIT (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

- ROIC in the first half of 2023 well above Cicor's weighted average cost of capital
- Increase in ROIC due to strong Core EBIT contribution in the last twelve months
- Increase in ROIC compared to prior period as adjusted core EBIT increased 68% while average net invested capital increased only 32%

## Core Earnings per share increase thanks to good operating profitability

		HY 23	HY 22	Change %
Number of registered shares issued	30.6.	3 411 169	3 409 542	+0.0%
Number of Treasury shares	30.6.	- 251 267	- 340 073	-26.1%
<b>Number of outstanding registered shares</b>	<b>30.6.</b>	<b>3 159 902</b>	<b>3 069 469</b>	<b>+2.9%</b>
Number of conditional shares for MCN	30.6.	1 267 116	421 052	+200.9%
<b>Number of outs. and cond. MCN shares</b>	<b>30.6.</b>	<b>4 427 018</b>	<b>3 490 521</b>	<b>+26.8%</b>
Average number of outst. and cond. MCN shares	period	4 429 695	3 460 189	+28.0%
Core Net profit (in TCHF)	period	9 226	4 948	+86.5%
<b>Core Earnings per share (in CHF)</b>	<b>period</b>	<b>2.08</b>	<b>1.43</b>	<b>+45.6%</b>
Share price (in CHF)	30.6.	43.00	45.70	-5.9%
<b>Market capitalization (in TCHF)</b>	<b>30.6.</b>	<b>190 362</b>	<b>159 517</b>	<b>+19.3%</b>

- Number of Treasury shares reduced in H2/2022 for settlement of an M+A related earn-out liability
- 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
- Increase in average number of outstanding and conditional MCN shares from the issuance of the second tranche of MCNs in October 2022
- Core Earnings per share increase driven by strong operating profitability

# Cicor's acquisitions deliver excellent results

	Axis Electronics	SMT Elektronik	Phoenix Mecano Digital Elektronik	Thin film business of AFT	STS Defence
Date of completion	Nov 2021	May 2022	Jan 2023	March 2023	expected in 2023
Core geography	UK	Germany	Germany/Tunesia	Germany	UK
Core industry	A&D	Industrial / Medtech	Industrial / Medtech	Industrial / A&D	A&D
Pro forma Sales	GBP 33M in 2021	EUR 20M in 2021	EUR 32M 2022	EUR 2M 2022	GBP 27.5M LTM June 23
Complexity of integration	★☆☆	★★★	★★★	★★☆☆	★★☆☆
Integration status	completed	completed	ongoing	completed	preparation

- Since 2021 Cicor acquired CHF 95.1 million revenue and CHF 14.8 million EBITDA (investment case / pro-forma references excl. STS Defence) with 4-7 EV/EBITDA multiples (not forward looking multiples).
- Acquired businesses perform extremely well and forecasted 2023 CHF revenue +24% and EBITDA +37% vs pro forma values from investment cases despite negative FX.
- Order book on acquired business end October extremely strong (>1.5 times annual 2023 sales).

Alexander Hagemann

# **Outlook & Closing**



## Robust sales and earnings growth

- 5:1 ratio of new customers won vs. customers lost
- YTD book-to-bill ratio of 1.12 – orderbook covering almost one year
- Full year 2023 guidance:
  - Net sales of CHF 380 - 410 million
  - Operating result (EBITDA) of CHF 40 – 45 million



## Continuing on the growth trajectory

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) ROIC in % = Core EBIT (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

March 6	<b>Annual Report &amp; Sustainability Report 2023</b>
April 16	<b>Business Update Q1/2024</b>
April 18	<b>Annual General Meeting (AGM) 2024 in Zurich</b>
July 24	<b>Interim Report 2024</b>
October 15	<b>Business Update Q3/2024</b>

We plan to participate in various conferences and roadshows during 2024 in addition to the official financial publication dates. As soon as the dates are confirmed, we will publish details on our website and in the SIX consolidated corporate calendar.





# Contacts



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