

Cicor Group continues on its growth path and increases operating margin

Ad hoc announcement pursuant to Art. 53 LR

Bronschhofen, July 25, 2023 - Cicor Group (SIX Swiss Exchange: CICN) continued on its growth path in the first half of 2023 and further increased its operating margin. Net sales grew by 26.2% year-on-year to CHF 199.2 million in the first half of 2023 (1st half 2022: CHF 157.7 million). EBITDA increased by 42% to CHF 21.3 million (1st half 2022: CHF 15.0 million), representing a margin of 10.7% (1st half 2022: 9.5%). The outlook for the second half of the year remains positive, supported by an order intake of CHF 221.4 million (1st half 2022: CHF 181.8 million), corresponding to a ratio of new orders to sales of 1.1.

Cicor's strategic focus on the markets of industrial electronics, medical technology and aerospace & defence continues to deliver results. Robust demand from customers supported Cicor's growth in the reporting period. As a result, organic growth in local currencies was 9.5%. Acquisitions contributed with 20.2% to growth, while the continued appreciation of the Swiss franc had a negative impact of -3.4% on sales. Order intake increased significantly thanks to the demand of both existing and newly acquired customers. In the current economic environment, we consider the order growth of 21.8% and the book-to-bill ratio, which remains well above 1, as a clear sign of Cicor's strength in the market for sophisticated development and manufacturing services for high-end electronics.

The increase in the EBITDA margin by 1.2 percentage points year-on-year to 10.7% is also the result of the continued focus on the strategic markets, which contributed 84% to total revenue in the first half of the year (1st half 2022: 80%). The operating margin was also supported by a significant reduction in brokerage costs, which are passed on to customers without a significant mark-up. This impact had still diluted margins in the prior-year period. In line with its strategy, Cicor is growing in businesses with low asset intensity. This has led to a 1.5 percentage point increase in Core EBIT margin to 7.6% and Core EBIT growth of 57.5% to CHF 15.2 million (1st half 2022: CHF 9.7 million, 6.1% margin). Core net profit increased by 86.5% to CHF 9.2 million (1st half 2022: CHF 4.9 million).

The shortage in the supply of materials has partially eased, enabling a reduction in inventories. A key focus of Cicor's management is on reducing net working capital. As a result of the initial successes of these efforts, free cash flow (before acquisitions) improved to CHF 5.2 million in the reporting period (1st half of 2022: CHF -21.8 million).

EMS Division

With a sales growth of 32.5% to CHF 179.0 million (1st half 2022: CHF 135.1 million), Cicor continues to pursue its growth strategy. In addition to organic growth (13.0% adjusted for currency effects), the newly acquired companies in Germany contributed to this result. Both SMT Elektronik (now Cicor Deutschland), which was consolidated for only two months in the same period of 2022, and the EMS operations acquired from Phoenix Mecano (now Cicor Digital Elektronik) on January 1, 2023, performed very satisfactorily. On the other hand, the strong Swiss franc and lower brokerage costs, which were passed on to customers, had a slowing effect. In the previous year, broker costs had been more than CHF 1 million per month. This has fallen by around 60% in this reporting period.

The integration of the new Cicor companies in Germany is progressing as planned. Together with RHe Microsystems, Cicor has now created an EMS business in Germany with locally generated sales of around EUR 100 million annually. This makes Cicor one of the most important EMS providers in Europe's largest electronics market, with a clear focus on core markets.

The division's EBITDA margin reached a new record level of 11.4% (1st half 2022: 10.2%), driven by a further improved product mix, higher production capacity utilization, an underproportional increase in overhead costs and a reduction in the dilutive effect of passed on broker costs. As a result, EBITDA increased by 48% to CHF 20.4 million (1st half 2022: CHF 13.8 million).

In Vietnam, a newly acquired production building was opened in close proximity to the existing site. By doubling the floor space to around 12,000 square meters, adding a clean room for the production of miniaturized electronics and investing in a fourth automated PCB assembly line, Cicor is preparing for further growth. Customer commitments have been received for several important new ramp-ups, including the relocation of production volumes from China to Southeast Asia, which will increase Cicor's market share.

AS Division

The AS Division reported a 11.5% decline in sales to CHF 20.6 million in the first half of the year (1st half 2022: CHF 23.3 million), representing 10.4% of Group sales (1st half 2022: 14.8%). Reduced shipments of printed circuit boards to medical customers and the expiry of a multi-year order for hybrid circuits contributed to the decline in sales. The EBITDA margin decreased to 11.8% (1st half 2022: 13.2%) due to capacity utilization effects.

In the reporting period, Cicor completed the acquisition of the thin-film business of AFT microwave GmbH in Backnang, Germany, as part of an asset deal effective as of March 1, 2023. This acquisition strengthens Cicor's position as a leading supplier of thin-film substrates in the European market.

The AS Division business is expected to develop positively in the second half of the year, as demand for hybrid substrates from a customer in the medical technology sector is forecasted to increase significantly.

Outlook for the second semester and the full year 2023

The continued growth momentum in order intake and sales leads to higher expectations than previously communicated. Provided that there are no significant changes in the economic and geopolitical environment as well as in exchange rates, Cicor expects to achieve annual sales of CHF 380 to 410 million in 2023 (previous guidance: CHF 360 to 400 million) and an operating result at EBITDA level of CHF 40 to 45 million (previous guidance: EBITDA margin comparable with last year's figure of 10.3 percent).

Cicor intends to continue on its growth path. The focus will remain on the European market for sophisticated development and production services for high-end electronics. Supported by long-term market growth and Cicor's track record in integrating acquired companies, above-average growth rates in sales and operating profit should continue to be achieved in the future.

At the same time, Cicor is making significant efforts to achieve its ESG goals, for example by reducing the energy intensity of its business. To this end, Cicor's managers have included ESG objectives in their performance target agreements.

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The full 2023 interim report of the Cicor Group is online available:

<https://report.cicor.com/hy2023>

Webcast for Analysts and Investors

Tuesday, 25 July 2023 from 10.30 am CET

[Link](#) to the webcast

[Register](#) for the Q&A conference call

Key Figures

in CHF 1 000	1.1. - 30.06.2023	in %	1.1. - 30.06.2022	in %
Order entry	221 399	111.2	181 775	115.2
Net sales	199 152	100.0	157 747	100.0
Change to previous year (%)	26.2		35.2	
Organic growth (%) ¹⁾	9.5		17.1	
EBITDA	21 336	10.7	15 029	9.5
Change to previous year (%)	42.0		29.5	
Core EBIT²⁾	15 215	7.6	9 663	6.1
Operating profit (EBIT)	10 538	5.3	5 151	3.3
Core net profit²⁾	9 226	4.6	4 948	3.1
Net profit	4 894	2.5	812	0.5
Core earnings per share (in CHF) ²⁾	2.08		1.43	
Earnings per share (in CHF)	1.10		0.23	
Number of employees (FTEs as per 30 June)	2 530		2 238	
Capex for tangible assets	4 572		4 331	

¹⁾ Change in local currencies, adjusted for acquisitions.

²⁾ Refer to note 2 for the definition of Core results.

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 2,500 employees at 15 locations 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.