



# Cicor Technologies Ltd.

## Investora 2023

September 13, 2023

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September 13, 2023

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Alexander Hagemann

# The Cicor Group

The Cicor Group - Facts and figures

## Hightech Electronics Solution Provider

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**15**

Production sites, resilient setup in Europe and Asia

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Sales to strategic target markets

**84%**

Industrial, Medical, Aerospace & Defence

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EBITDA margin 1HY23

**10.7% (+120bp)**

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**2,500**

Cicor employees

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Sales growth 1HY23

**26% to CHF 199m**

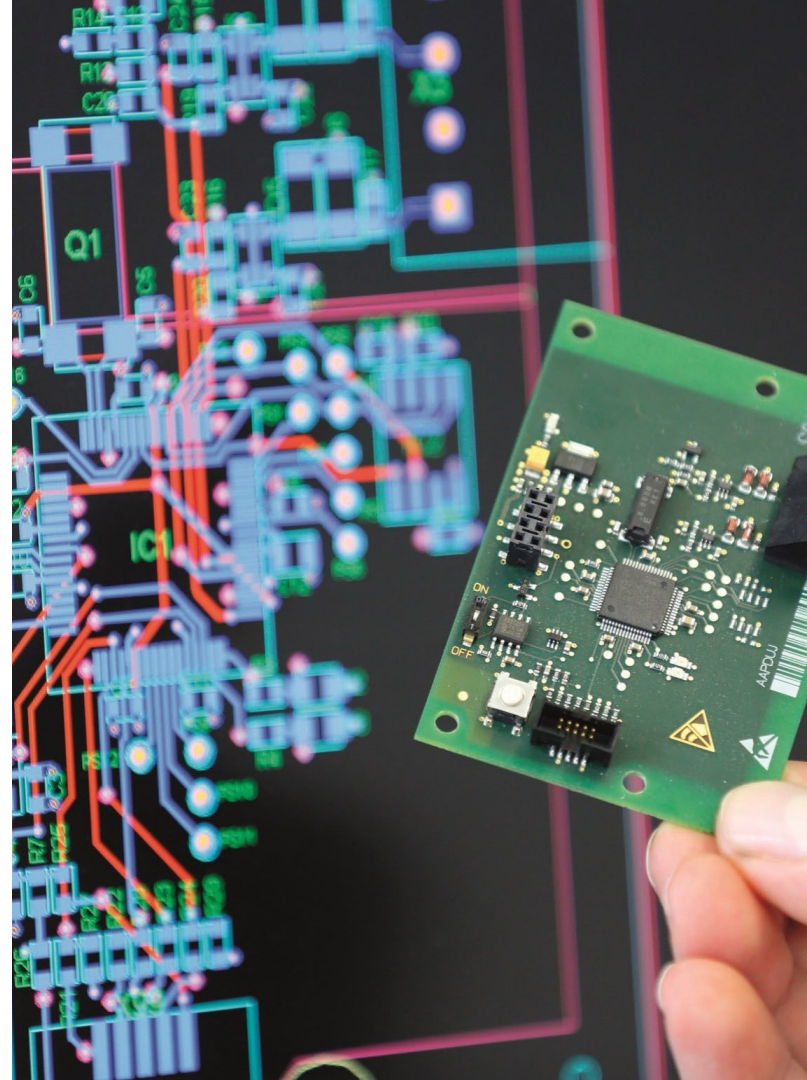
Organic growth of 9.5%  
Sales 2023E CHF 380-410m

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Market position Europe (EMS)

**No 9, goal top 3**

In Cicor's core markets



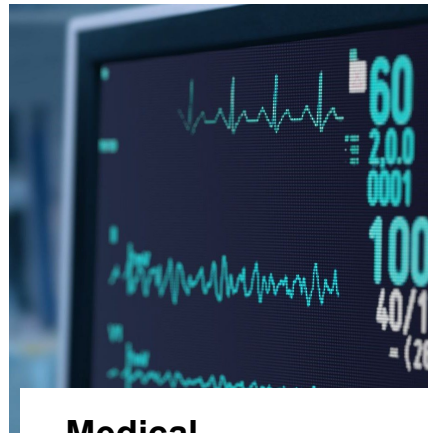
Ubiquitous highend electronic components

## Cicor “inside” in three core markets



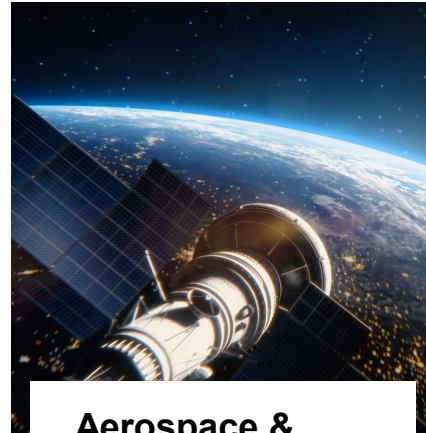
### **Industrial**

Development and production of complex solutions for industrial electronics.



### **Medical**

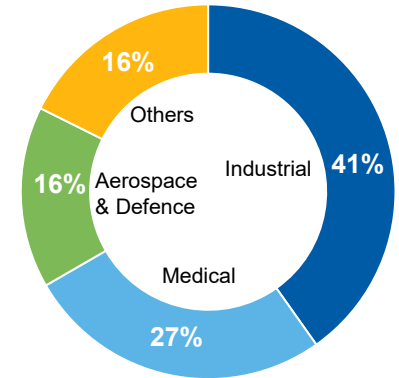
Advanced medical devices combining increasingly sophisticated functions in the smallest possible space.



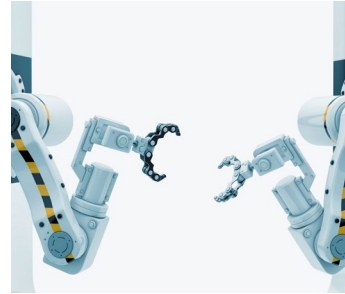
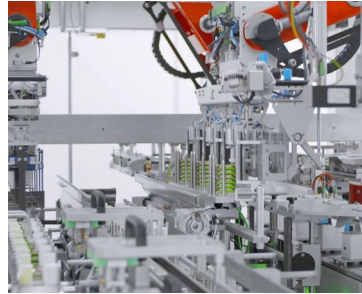
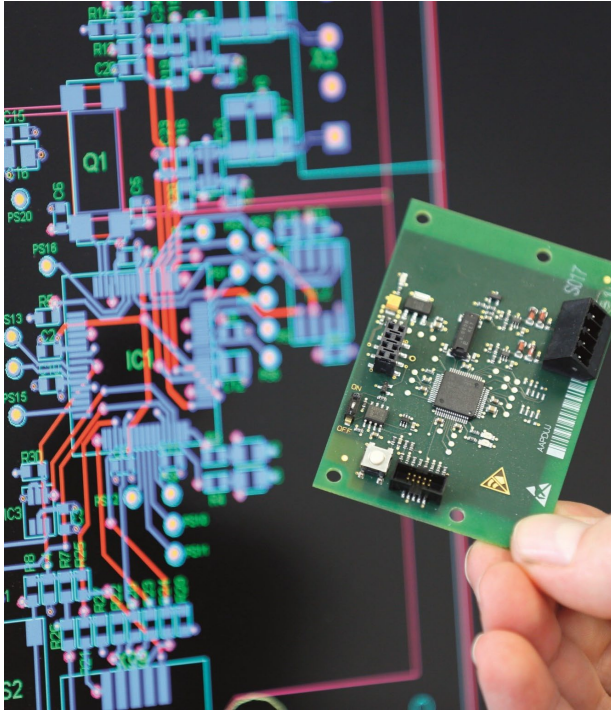
### **Aerospace & Defence**

Highly reliable equipment for mission and life-critical applications.

Revenue split by target market



# Industrial - Tiny things make big things run smoothly



## Important role in improving efficiency of industry

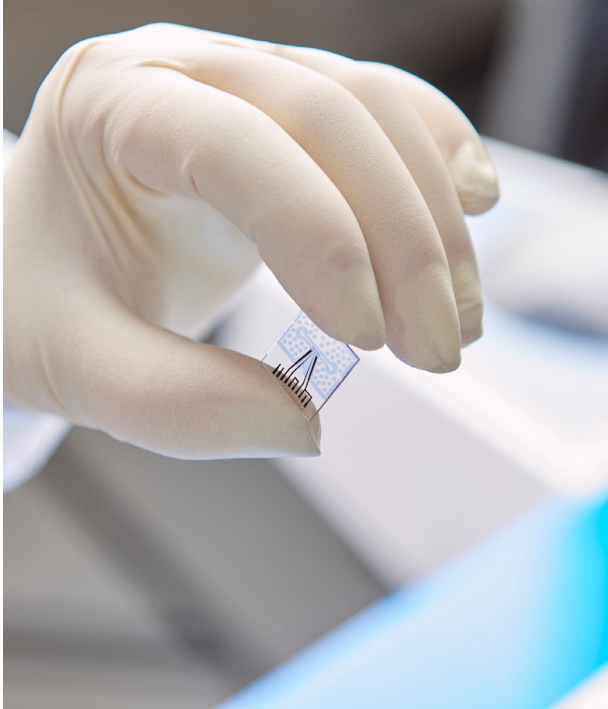
Digital transformation, IoT, increasing automation and smart cities require sensors whose electronic parts are becoming increasingly complex and miniaturized. With the help of electronics in the robots, they can perform even more sophisticated work and tasks.

In the energy sector, electronic control systems ensure an optimal energy supply and maximum safety.

## Application examples

- Temperature control systems
- Control units for energy sector
- Camera sensors
- Control and regulation systems
- Building technologies

# Medical Technology – A focus of our eyes and ears



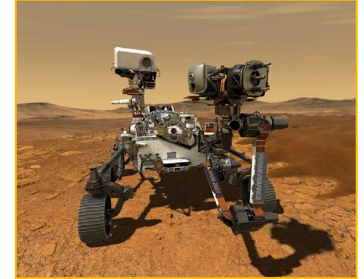
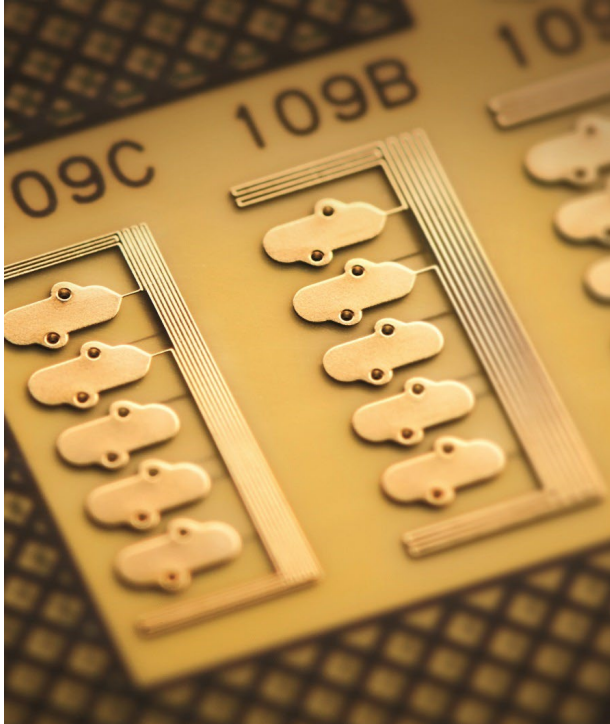
## For global healthcare

Medical technology is critical to improving global healthcare. At Cicor, we have been developing and producing highly complex medical devices for decades, combining increasingly sophisticated functions. Our product and test development with integrated quality assurance, manufacturing processes specialized in medical technology and pharmaceutical applications, and assembly of electronics and precision plastics guarantee the highest standards in terms of safety and reliability.

## Application examples

- Hearing aids and cochlear implants
- Pacemakers and defibrillators
- Medical imaging
- Drug delivery systems
- Lung respiratory devices
- Defibrillators
- Shock wave therapy devices

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



## Satellites and Mars robots operate with Cicor parts

Operationally relevant Cicor parts are in remote-controlled Mars robots and other space market products. Overall, 50 percent of satellites operate with Cicor solutions.

Highly reliable equipment is critical for mission and life-critical applications. For over 30 years, we have supported strategic international programs and partnered with market-leading prime and tier-one companies.

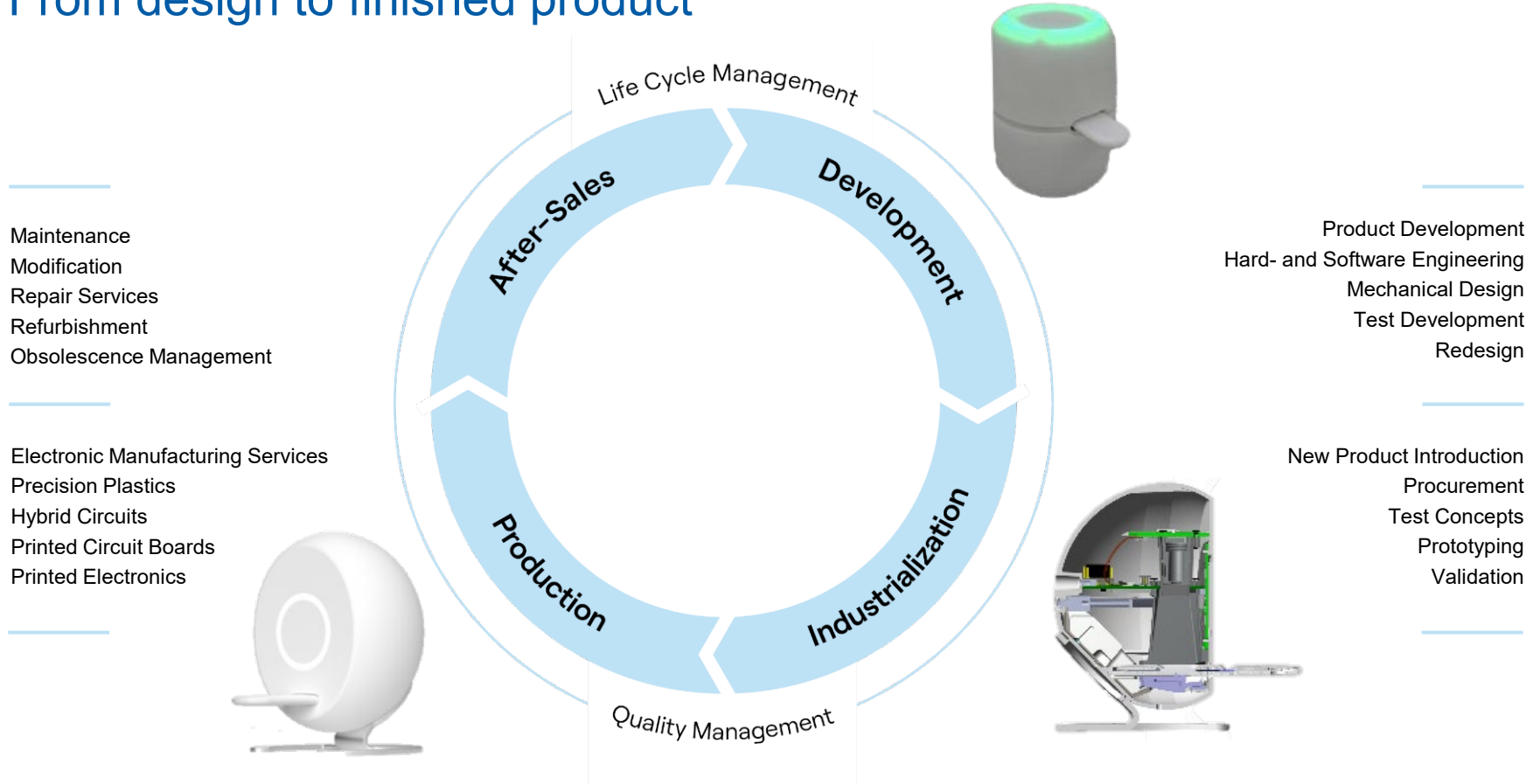
## Application examples

- Communication modules for satellites
- T/R modules
- Camera systems for Mars robots
- High frequency modules
- Cables
- High-end aerospace electronics



Cicor's complete service offering

# From design to finished product



# Solution power close to customers and operational excellence

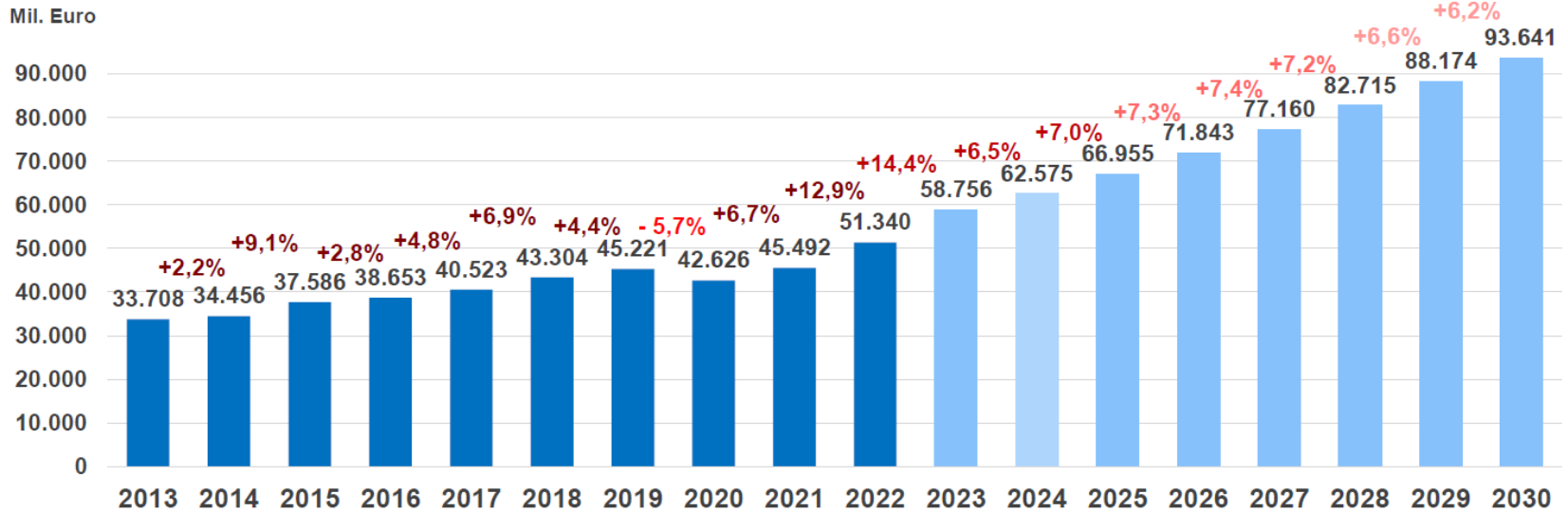


Alexander Hagemann

# Strategy

# A good market to be in

## European EMS market with inherent structural growth



| In Mil. USD | 44.768 | 45.775 | 41.701 | 42.782 | 45.781 | 51.142 | 50.173 | 47.819 | 52.679 | 54.199 | 63.456* | 67.581 | 72.312 | 77.591 | 83.332 | 89.332 | 95.228 | 101.132 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|---------|
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|---------|

Source: Weiss Engineering (in4ma) September 8, 2023

Electronics Manufacturing Services (EMS) in full swing

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

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

~ 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

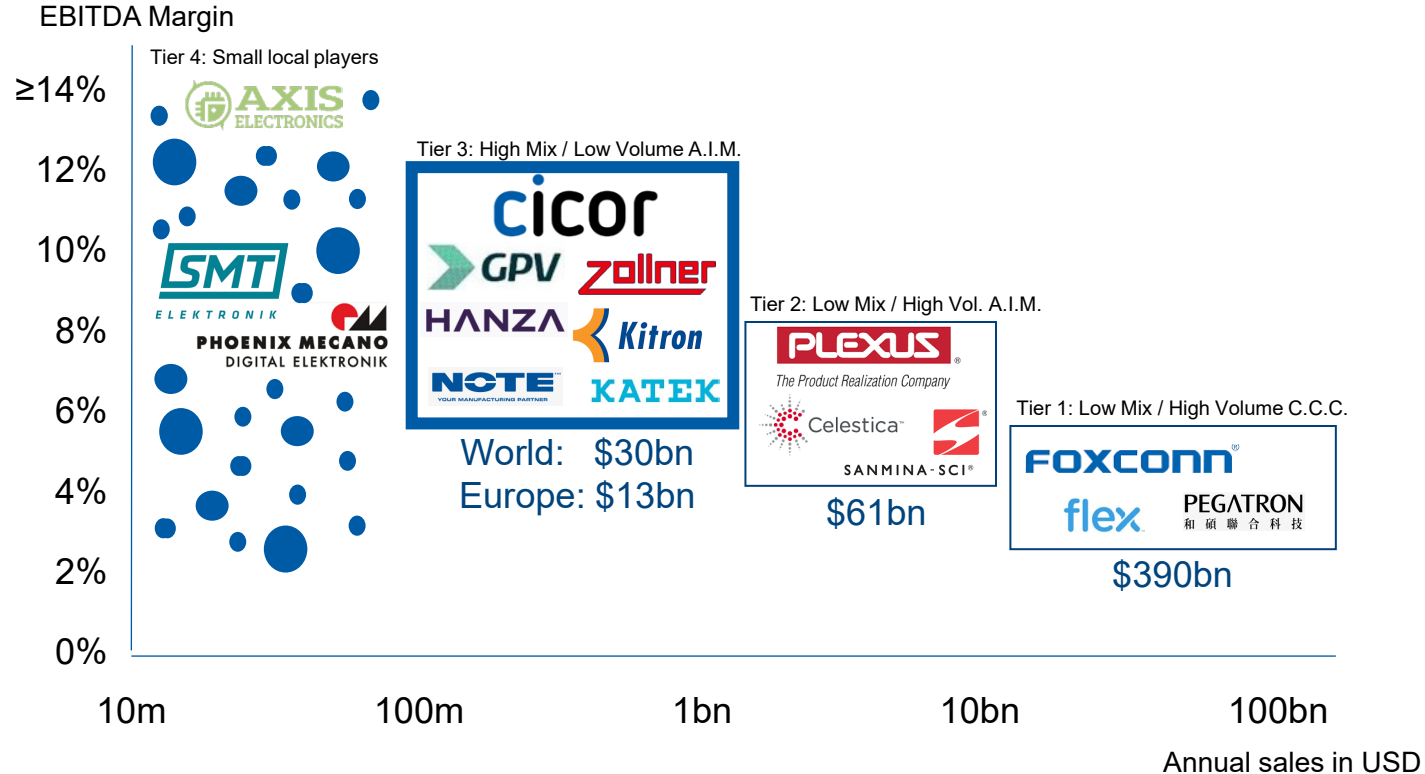
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~ 8 - 10 % CAGR

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Positioned in the most attractive segment of electronics manufacturing

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

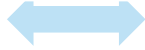


# Cicor is well positioned to benefit from megatrends

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## Capacity to 'own the trend'

Megatrends accelerate EMS market growth to CAGR of 6.9%

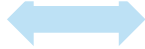


Cicor manufacturing infrastructure supports organic growth to CHF 500 million without further factory expansion

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## On the safe side of the economic cycle

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

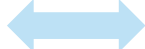


Cicor avoids CCC (consumer, computer, communication) and automotive markets

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## Global decoupling – Cicor already there

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

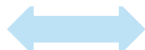


Cicor has strengthened footprint in Southeast Asia, Romania; capacity reserves and Tunisia as new nearshoring location

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## Automation everywhere

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

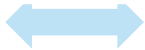


Cicor invests into automation and the digitization of business processes. New engineering center in Vietnam

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## 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

## 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

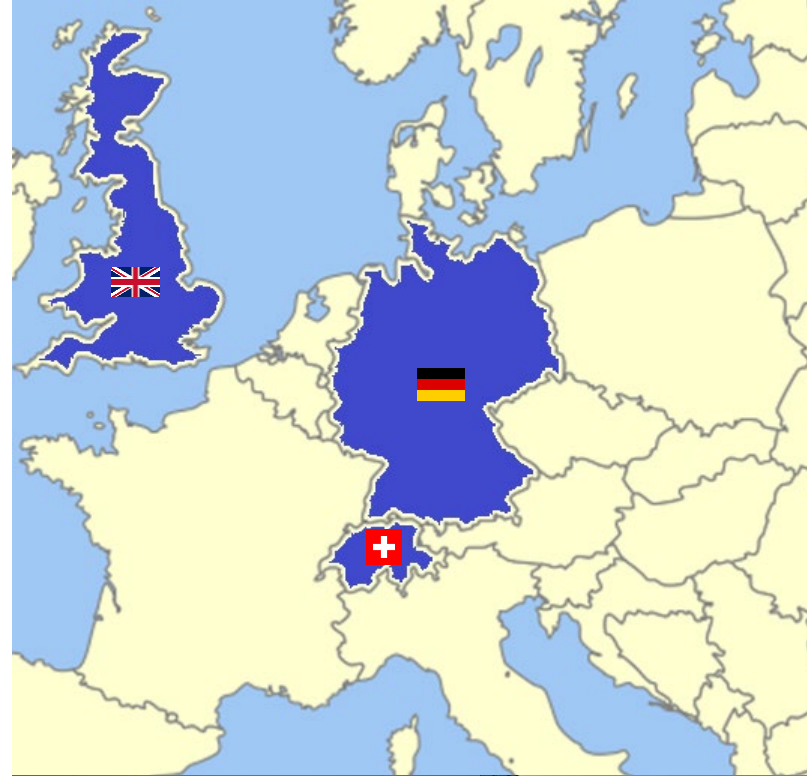


Active consolidation through **M&A**










# Making Cicor a European leader one country at a time

- Replicating the proven business model by acquiring highly focused and profitable EMS in UK and Germany:
  - Axis Electronics (11/2021) is the leader in aerospace & defense in the UK
  - SMT Elektronik (04/2022) and Phoenix Mecano Digital Electronic (01/2023) establish a strong position in Germany
- Significant expansion of addressed market
- Latest acquisition establishes Tunisia as another best cost country for manufacturing
- AFT Microwave carve-out (03/2023) strengthens business of hybrid substrates



# Clients choose Cicor as one-stop shop for our target markets

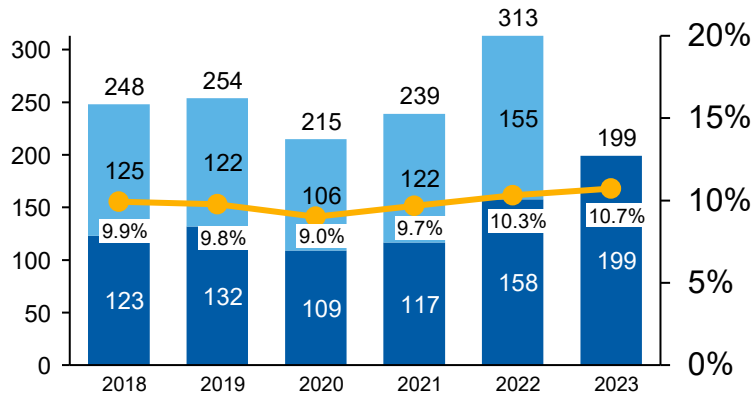
|   | Industries |            |     |            | Solutions            |     |                    |           |                 |     |                     |
|---|------------|------------|-----|------------|----------------------|-----|--------------------|-----------|-----------------|-----|---------------------|
|   | Medical    | Industrial | A&D | Automotive | Engineering Services | EMS | Precision Plastics | Metalwork | Hybrid Circuits | PCB | Printed Electronics |
|  | ●          | ●          | ●   |            | ●                    | ●   | ●                  |           | ●               | ●   | ●                   |
|  | ●          | ●          | ●   | ●          | ●                    | ●   |                    | ●         |                 |     |                     |
|  | ●          | ●          |     |            | ●                    | ●   |                    |           |                 |     |                     |
|  | ●          | ●          | ●   | ●          | ●                    | ●   |                    |           |                 |     |                     |
|  | ●          | ●          | ●   | ●          | ●                    | ●   |                    | ●         |                 |     |                     |
|  | ●          | ●          |     | ●          | ●                    | ●   |                    |           |                 |     |                     |
|  | ●          | ●          |     | ●          | ●                    | ●   |                    |           |                 |     |                     |

Peter Neumann

# Financial Results 1HY2023

# Long-term view – Impact of Cicor growth strategy

Performance 2018 – 2023



- Cicor achieves best half-year results ever in terms of sales and EBITDA, demonstrating the success of its growth strategy
- Organic<sup>1)</sup> sales growth of 9.5%
- Profitable growth with 10% Sales CAGR and 13% EBITDA CAGR over the last five years

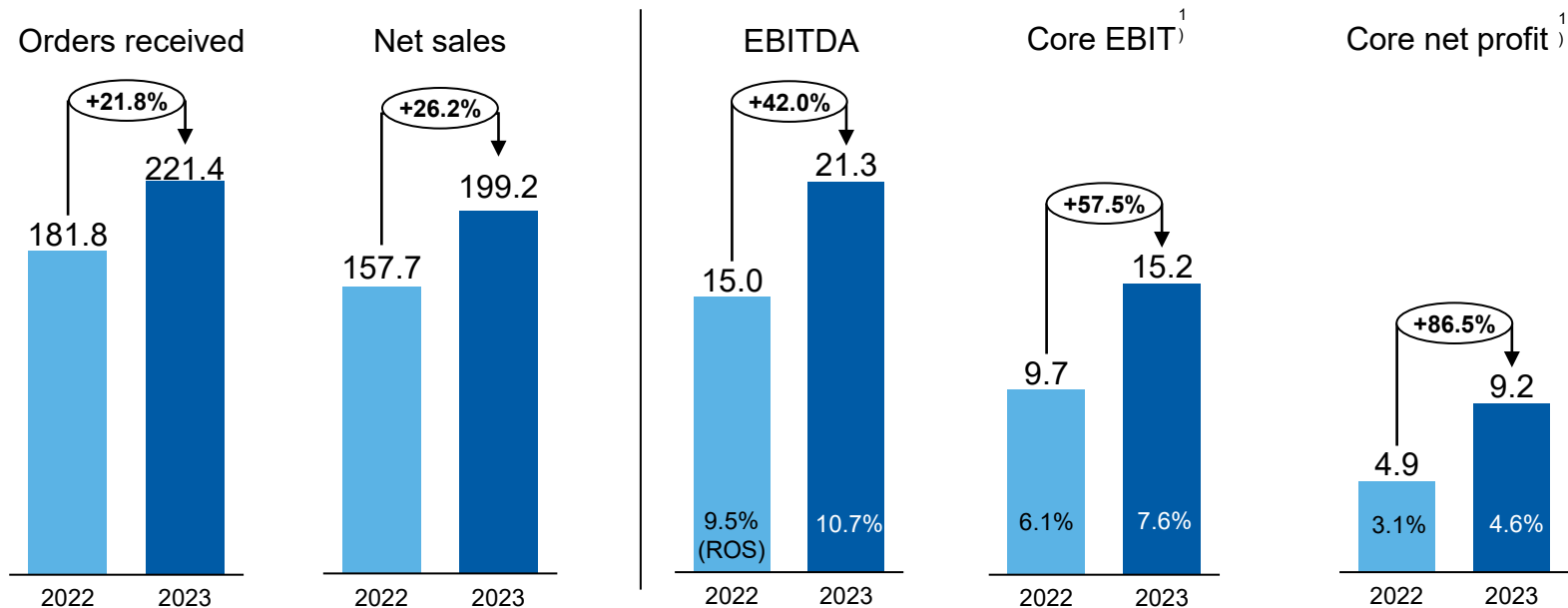
| Group in TCHF | HY 22          | HY 23          | % YoY        |
|---------------|----------------|----------------|--------------|
| <b>Sales</b>  | <b>157 747</b> | <b>199 152</b> | <b>26.2%</b> |
| <b>EBITDA</b> | <b>15 029</b>  | <b>21 336</b>  | <b>42.0%</b> |
| ROS%          | 9.5%          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

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

1) Change in local currencies, adjusted for acquisitions

# Record sales and core results from organic growth and acquisitions

Key figures H1/2023

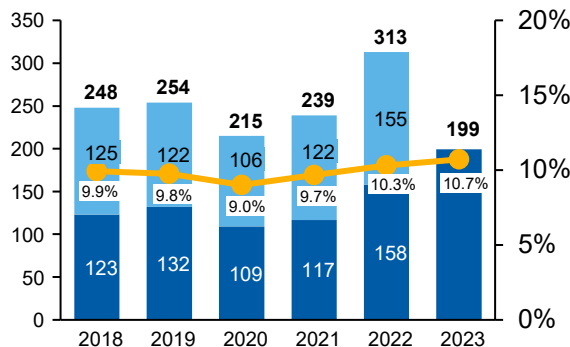


1) Before amortization of goodwill and intangible assets from acquisitions TCHF 4 677 (2022: TCHF 4 512). Adjusted for related income tax effects of TCHF -345 (2022: TCHF -376) for Core net profit.

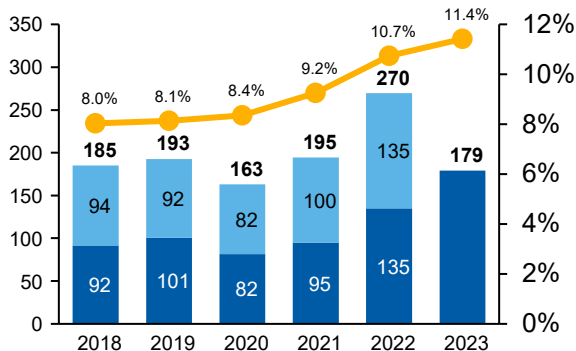
# Performance 2018 – 2023

## Profitable growth in EMS Division

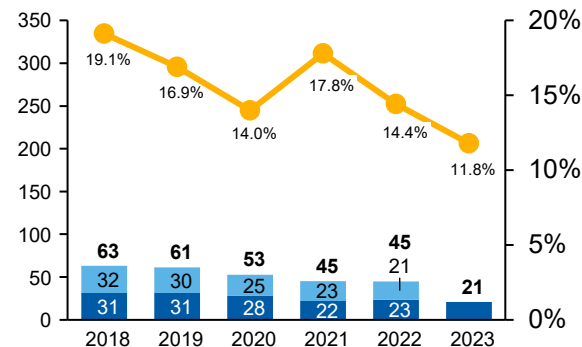
### Cicor Group



### EMS Division



### AS Division



| 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 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 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.

# 1HY23 P&L with record high in net sales and EBITDA

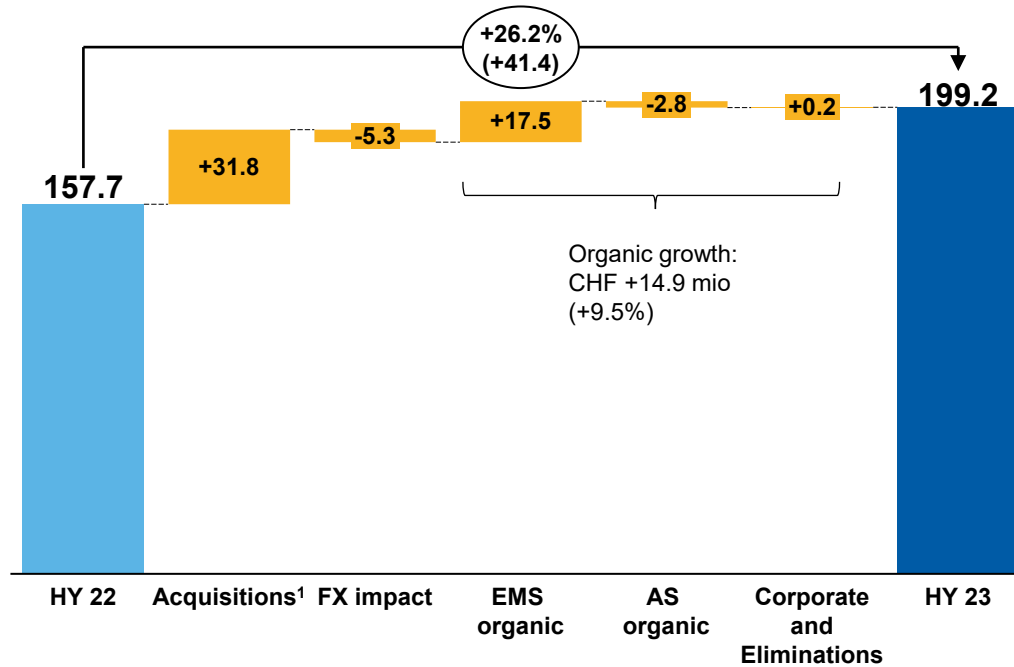
## Consolidated Income Statement in TCHF

|  | HY 23 in %     |              | HY 22 in %     |              | %YoY         |
|--|----------------|--------------|----------------|--------------|--------------|
| <b>Net sales</b>                         | <b>199 152</b> | <b>100.0</b> | <b>157 747</b> | <b>100.0</b> | <b>26.2</b>  |
| Material expenses                        | -109 443       | -55.0        | -85 785        | -54.4        | 27.6         |
| Operating expenses                       | -68 373        | -34.3        | -56 933        | -36.1        | 20.1         |
| <b>EBITDA</b>                            | <b>21 336</b>  | <b>10.7</b>  | <b>15 029</b>  | <b>9.5</b>   | <b>42.0</b>  |
| Depreciation and amortization            | -6 121         | -3.1         | -5 366         | -3.4         | 14.1         |
| Amortization of M&A Goodwill and intang. | -4 677         | -2.3         | -4 512         | -2.9         | 3.7          |
| <b>EBIT</b>                              | <b>10 538</b>  | <b>5.3</b>   | <b>5 151</b>   | <b>3.3</b>   | <b>104.6</b> |
| Financial result                         | -2 599         | -1.3         | -2 694         | -1.7         | - 3.5        |
| Income taxes                             | -3 045         | -1.5         | -1 645         | -1.0         | 85.1         |
| <b>Net profit</b>                        | <b>4 894</b>   | <b>2.5</b>   | <b>812</b>     | <b>0.5</b>   | <b>502.7</b> |
| <b>Core EBIT</b>                         | <b>15 215</b>  | <b>7.6</b>   | <b>9 663</b>   | <b>6.1</b>   | <b>57.5</b>  |
| <b>Core net profit</b>                   | <b>9 226</b>   | <b>4.6</b>   | <b>4 948</b>   | <b>3.1</b>   | <b>86.5</b>  |

- Record high in Net sales and EBITDA
- Strong contribution from EMS division results in increased EBITDA margin of 10.7%
- Financial result affected by negative currency effects in both periods
- High M&A-related goodwill and intangibles amortization charges are excluded from core results
- Core EBIT margin increased to 7.6% driven by improved operating profitability

# Sales contribution – strong EMS division

HY 2023 in CHF million



- Strong organic sales growth (11.1%) in EMS division and good contribution from newly acquired companies
- Negative currency impact of -3.4% (CHF -5.3 mio) mainly due to the devaluation of GBP, RON and EUR vs. CHF
- Organic growth includes a decrease in broker sales (low margin sales), this understates EMS organic growth

1) SMT since May 2022, Cicor Digital Electronics since Jan. 2023, AFT since March 2023



# Balance sheet supports further growth

## Consolidated Balance Sheet in TCHF

|   | Jun<br>2023    |              | Dec<br>2022    |              |
|---|----------------|--------------|----------------|--------------|
|   |                | in %         |                | 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 mn 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

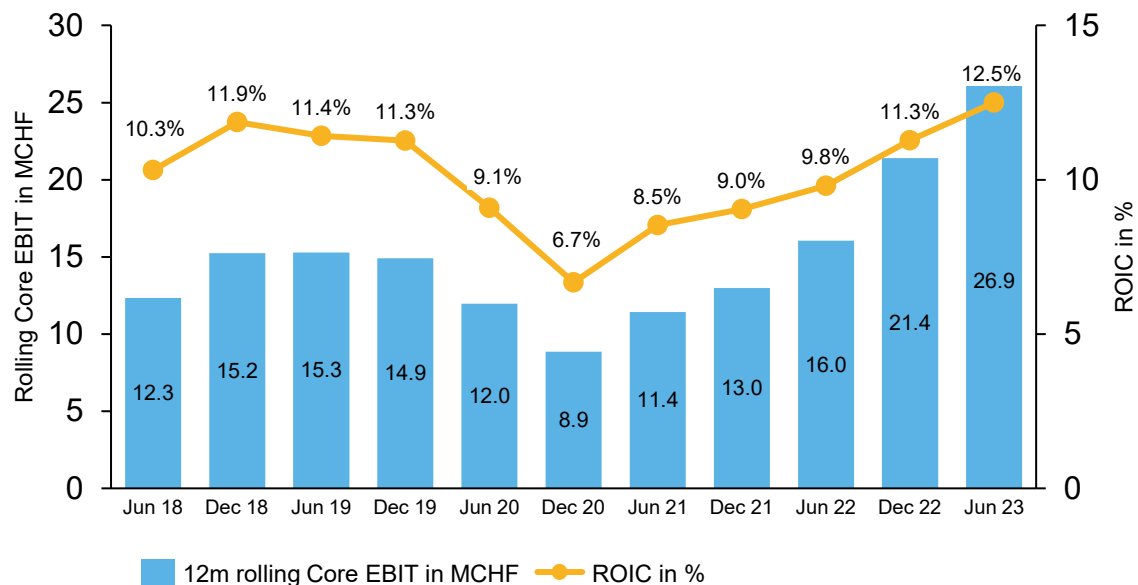
## Consolidated Cash Flow Statement in TCHF

|   | 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 mn, 1H22 CHF –16.7 mn) 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 mn) demonstrates value creation of Cicor's core business

# Return on Invested Capital

## ROIC



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

Key Figures per Share HY 2023 / HY 2022

|  |               | 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

# Value accretive acquisitions

Two acquisitions successfully completed in the first half of 2023

|  | HY 2023       |
|--|---------------|
| Cash paid  | 24 866        |
| Direct costs related to acquisition                | 578           |
| <b>Purchase consideration cash</b>                 | <b>25 444</b> |
| less: Fair value of net assets acquired            | -24 570       |
| <b>Goodwill</b>                                    | <b>874</b>    |
| Non-current Assets                                 | 8 089         |
| Current Assets                                     | 24 349        |
| Non current liabilities                            | -450          |
| Current liabilities                                | -7 418        |
| <b>Total fair value of net assets acquired</b>     | <b>24 570</b> |
| Purchase consideration cash                        | 25 444        |
| less: cash and cash equivalents acquired           | -3 459        |
| <b>Cash outflow on acquisition during the year</b> | <b>21 985</b> |

## Cicor Digital Elektronik

- Two sites in Thuringia (Germany) and one site in Borj-Cedria (Tunisia)
- Closing of share deal in January 2023 for a consideration of TCHF 23 919, resulting in a (preliminary) Goodwill of TCHF 662
- Integrated in Cicor's EMS division

## AFT Microwave

- Cicor acquired the thin-film business of AFT microwave GmbH, Backnang (Germany), as part of an asset deal
- Closing of deal in March 2023 for a consideration of TCHF 1 525, resulting in a (preliminary) Goodwill of TCHF 212
- Integrated into Reinhardt Microtech GmbH, Ulm (Germany), which is part of the Cicor AS division

Alexander Hagemann

# Outlook 2023

## Continued growth expected in 2023 despite challenging environment

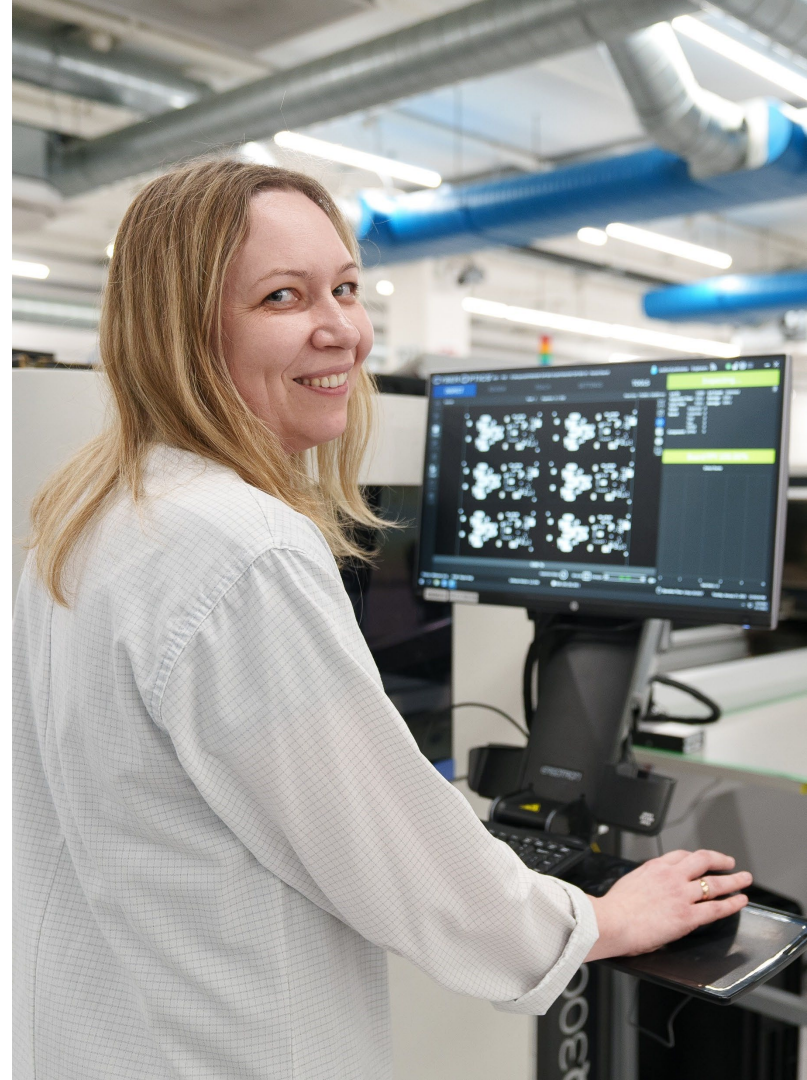
- The continued growth momentum in order intake and sales leads to higher expectations than previously communicated (If the geopolitical, economic and financial environment does not deteriorate further)
- Expect 2023 sales of CHF 380 - 410 million (previous guidance: CHF 360 – 400 million)
- Operating result (EBITDA) forecasted at CHF 40 – 45 million (previous guidance: Comparable EBITDA margin to 2022 which stood at 10.3%)



Reasons to invest

## Cicor – an asset for your portfolio

- **Market with resilient growth** and current tailwinds, outsourcing' and nearshoring'
- **Strategy targeting the profitable segments of the market:** Industrial, Medical Technology, Aerospace & Defence
- **Value accretive buy and build ambition** with disciplined approach and clear targets
- **Management with track-record** for successful organic and inorganic growth





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# Agenda 2023

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October 16

**Business Update Q3/2023**

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December 4

**Cicor Capital Markets Event 2023, Zurich (Switzerland)**

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September 13

**Investora 2023, Zurich (Switzerland)**

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November 27-29

**Deutsches Eigenkapitalforum 2023, Frankfurt (Germany)**

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# Contacts



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**Thank You**



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