

The background is a collage of images related to electronics manufacturing and technology. It includes a close-up of a green printed circuit board (PCB) with various components, a hand in a white glove holding a small component, a hand holding a green PCB, a close-up of a PCB with intricate circuitry, a hand holding a small component, a close-up of a PCB with intricate circuitry, and a hand holding a small component. The collage is set against a light blue and white background with faint circuit patterns.

# cicor

## Swiss Equities Conference 2023

Cicor Technologies Ltd.

January 11, 2023

**Alexander Hagemann (CEO)**

**Peter Neumann (CFO)**

# Disclaimer

January 11, 2023

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Alexander Hagemann

## The Cicor Group



# Electronic solutions for a world driven by technological progress

Cicor application examples

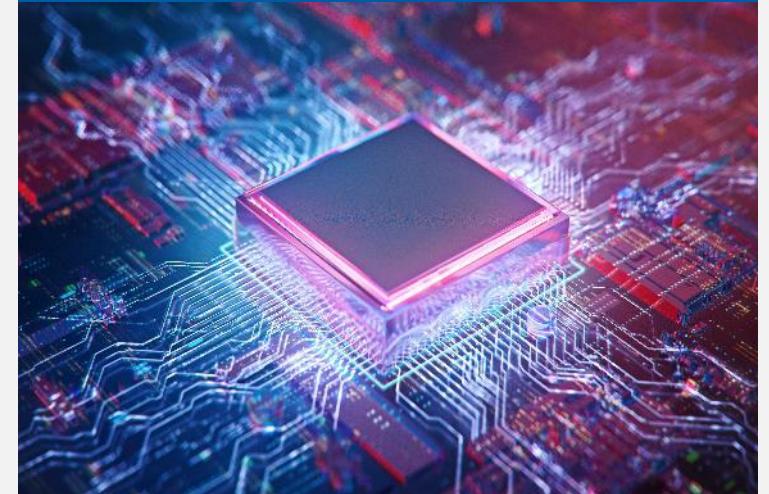
30% of hearing aids use Cicor technology to help people hear better



50% of satellites operate reliably with solutions made by Cicor



Cicor supports the drive to ever higher performing computer chips



# Cicor is a globally active provider of full-cycle electronic solutions

## Short profile



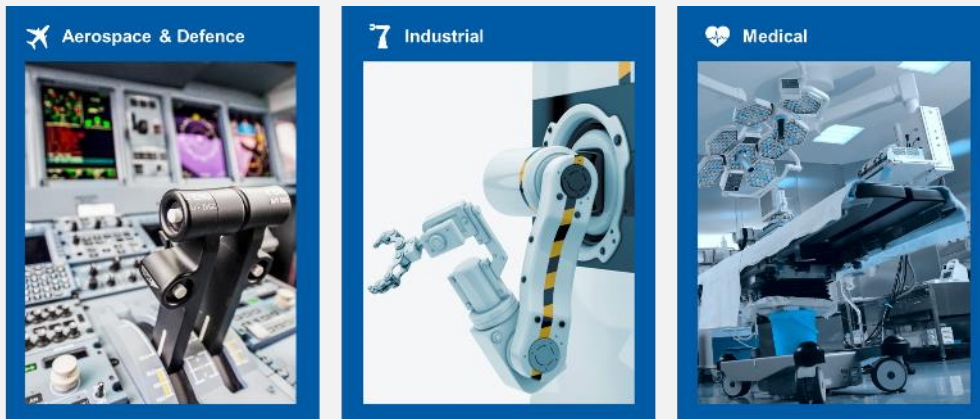
- Best-in-class services from development and engineering to manufacturing and supply chain management
- Trusted technology partner for leading OEM in focus markets: Medical, Industrial, Aerospace & Defence
- 2,200 employees at 12 sites in Europe and Asia serving the European and North American customer base
- Growing faster than the market with operating margins that are amongst the highest in the industry
- Operating in two Divisions:
  - Electronic Manufacturing Services (EMS – 85% of sales)
  - Advanced Substrates (AS – 15% of sales)



# Electronics Manufacturing Services (EMS) market in 4 slides

Tailwind from megatrends

## Ever growing demand for electronics



## OEM focusing on their core competency, share of outsourcing increases

**2021: 36%**  
**2026: 39%**

Share of electronics manufactured by EMS. Source: New Venture Research Corp., 2022

## 2021 – 2026 EMS market growth

**6.8% CAGR**

Volume growth in USD. Source: New Venture Research Corporation, 2022

## Nearshoring , alternatives to China



# Cicor strategy

A strong platform for organic growth and industry consolidation



- A one-stop-shop with unmatched depth of value added for the customers: Consulting – Engineering – Technologies – Execution
- Journey from “exchangeable supplier” to “integral value chain partner”
- Strong, loyal customer base, incl. tier 1 international brands, in attractive segments – many customers with 10+ years relationship and almost no attrition
- Differentiated technology know-how as key platform, allowing to:
  - upsell further services
  - increase value added per customer
  - further boost cross-selling among divisions

# Multi-regional strategy

Cicor is market leader in Switzerland

- Customer proximity is essential to foster close collaboration especially in engineering
- Proven business model:
  - Engineering and prototyping resources
  - Localized sales force
  - High value production and sovereign manufacturing
- Supported by production network with scale and operational excellence in best cost countries: Romania, Vietnam, Indonesia





# Multi-regional strategy

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 (pending regulatory approvals) establish a strong position in Germany
- Significant expansion of addressed market
- Latest acquisition establishes Tunisia as another best cost country for manufacturing



# The European EMS sector is destined for consolidation

The strong are getting stronger while the weak are getting weaker

- Cicor is amongst the most profitable listed EMS companies worldwide, exceeding the median EBITDA margin by 2.3 percentage points\*
- Many smaller and some larger EMS companies are under stress despite attractive market environment:
  - Margin pressure from exposure to commoditized markets (e.g. automotive, consumer)
  - Lacking economies of scale in sourcing and production
  - Strained financial position leads to capex backlog blocking operational excellence
  - Succession issues
- Excellent environment for accelerated growth of Cicor:
  - Gaining market share as OEMs are actively searching for a consolidated and reliable supply base
  - Acquiring smaller competitors at reasonable valuations to drive significant cost synergies
- The end game: A consolidated market with significantly increased profitability of the leading EMS players

\*) Source: MP Corporate Finance. According to the MP EMS Sector Update Q3/2022 median EBITDA margin of 29 listed EMS companies is at 7.2% compared to Cicor H1 EBITDA margin of 9.5%



# Latest news

Ad hoc release from December 16, 2022



- Cicor acquires the thin film business of AFT microwave GmbH of Backnang, Germany in an asset deal
- Closing of the transaction is expected to take place within the next 2 - 4 months and is subject to customary closing conditions
- The deal strengthens Cicor's position as a leading supplier of thin film substrates in the European market
- AFT's and Cicor's thin-film customers will benefit from combined capabilities in hybrid substrates for miniaturized electronic solutions
- Annual sales in the low single-digit million-euro range
- Integration into the Advanced Substrates division



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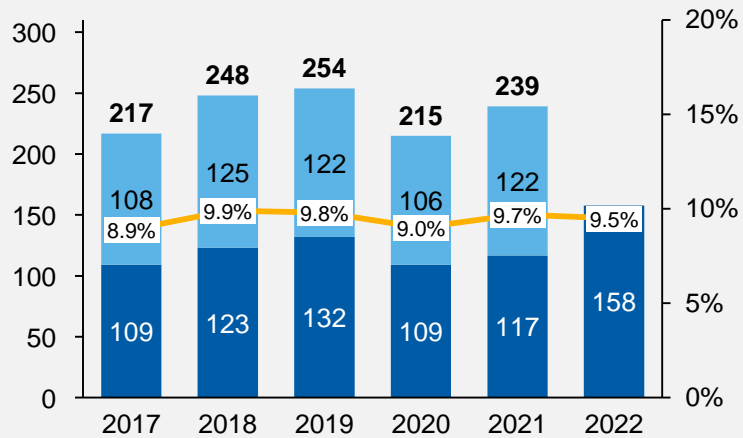
## Financials



# Long-term view – Impact of Cicor growth strategy visible in 2022

Performance 2017 – 2022

## Cicor Group



Group in TCHF	H1/2021	H1/2022	%YoY
Sales	116 712	157 747	+35.2%
EBITDA	11 602	15 029	+29.5%
ROS%	9.9%	9.5%	-40bps

■ Sales H2 ■ Sales H1 — EBITDA% (before restructuring)

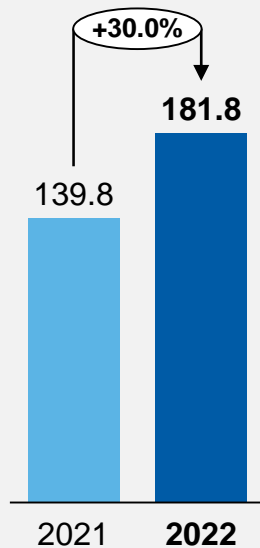
All figures in CHF million at actual FX rates

- Cicor achieved highest ever 1<sup>st</sup> half-year results across sales and EBITDA – growth strategy delivering.
- Change in sales excl. acquisitions: +15.4%
- Change in sales at constant fx rates: +38.3%
- Temporary margin dilution due to invoicing of broker costs to customers and AS performance offset by positive margin of Axis.

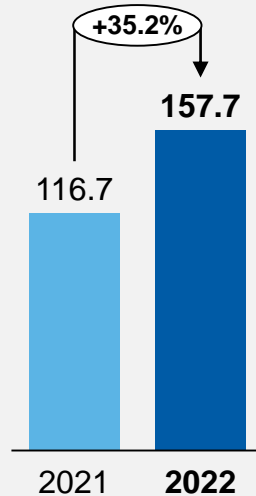
# Record sales and core results from organic growth and acquisitions

Key figures H1/2022

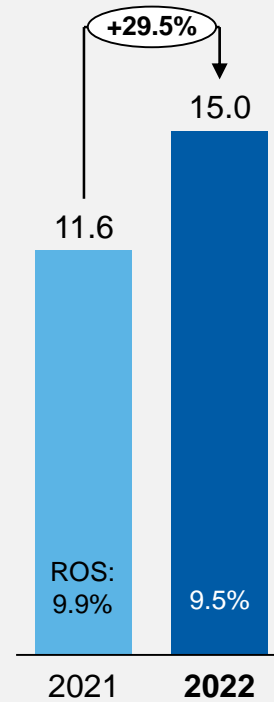
Orders received



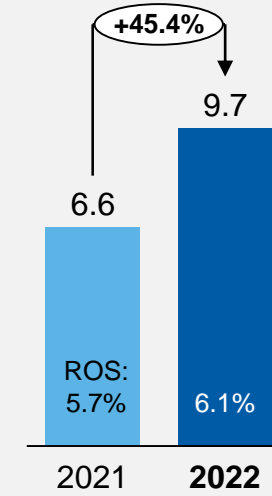
Net sales



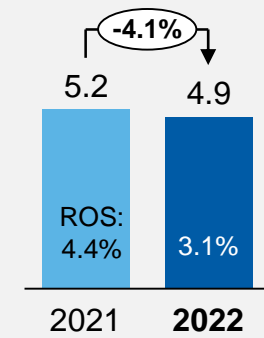
EBITDA



Core EBIT <sup>1)</sup>



Core net profit <sup>1)</sup>



All figures in CHF million at actual FX rates

1) Before amortization of capitalized goodwill (2022: TCHF 2'530) and intangible assets (2022: TCHF 1'982) from acquisitions. Adjusted for related income tax effects (2022: TCHF -376) for Core net profit.



# Impact of Axis, SMT & PMDE/PMDT Acquisitions on Cicor

Important step to execute the Cicor growth strategy

- Acquisition of Axis (Consolidation as of December 2021) and SMT (consolidation as of May 2022) significantly impact the half-year and last twelve month results
- Including Axis and SMT pro-forma for half-year and last twelve month highlights true underlying size and contributions of new Cicor Group
- Cicor will continue with its growth strategy to grow both organically as well as pursuing attractive acquisitions.
- With closing of PMDE / PMDT addition of incremental EUR 30 million revenue at comparable EBITDA margins
- 38% higher Net Sales and 58% higher EBITDA on pro forma 2021 vs. Cicor reported figures

CY 2021 (CHF million)	Cicor (reported)	Cicor + Axis (pro-forma*)	Cicor + Axis + SMT (pro-forma*)	Cicor + Axis + SMT + PMDE&PMDT (pro forma**)
Net sales	239.0	277.3	298.7	330.5
Adj. EBITDA	23.1 (9.7%)	31.4 (11.3%)	33.9 (11.3%)	36.5 (11.0%)

*\*) Memo – Pro-forma not-audited 2021 including full 12 month results of Axis and adj. 2021 SMT results.*

*\*\*\*) incl. not-audited, consolidated and adjusted results for PMDE and PMDT*

- Attractive valuation and business combination expected to bring positive cash flow effect from 2024 and significant synergies after integration

# Cicor Group Financing Strategy

Strong financial base to fuel further organic and in-organic growth

## Debt Financing - Syndicated Bank Loan Agreement (June 2021)

- CHF 80 Mio revolving facility for operational financing
- CHF 75 Mio optional M&A facility, that was drawn to finance Axis (November 2021) and SMT (April 2022) acquisitions

## Equity Like Financing - Mandatory Convertible Bond (Jan 22 and Sept 22)

- January 22 - Cicor Group successfully completed the offering of its mandatory convertible bond with OEP acquiring CHF 8.1 Mio. of the CHF 20 million issued bond and an option to reopen the MCB to a total amount of CHF 60 Mio., fully backstopped by OEP
- September 22 – Cicor requested reopening with issuance of remaining CHF 40.2 Mio. to OEP
- Conversion to shares: From 21st January 2024 to 11th January 2027 optional conversion at the request of mandatory convertible bondholders. Mandatory conversion on January 21, 2027 (expiry)
- Conversion of all convertible bonds would increase OEP share from 25% to 40%. OEP does not want to increase the shares above 33%
- After PMDE / PMDT acquisition and AFT asset carve-out (still pending regulatory approval), 2/3 of mandatory convertible bond proceeds still available for further acquisitions.

**Cicor will continue to pursue attractive acquisitions with the further available funding from the CHF 40 million from the MCB**

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Alexander Hagemann

## Conclusion & Outlook





# Conclusion

## Key takeaways

- Megatrends are supporting growth of the worldwide electronics manufacturing services (EMS) market of 6.8% (CAGR 2021-2026)
- Cicor's business model as a full-cycle electronics solution provider is well differentiated to its peers, resulting in one of the highest operating margins amongst listed EMS companies
- The EMS market is consolidating with Cicor being a beneficiary and the overall market becoming more attractive
- Cicor is delivering on its growth strategy by combining organic growth with value-accretive acquisitions – two acquisitions completed in last 12 months and the next one announced
- Cicor has the resources and funds to continue on the path to becoming a top 3 player in the European market for electronics manufacturing services to the medical, industrial, and aerospace & defense industries

# Outlook

## Expectations for 2022



- Order intakes have accelerated again through conversion of record-high project pipeline despite weakness of some consumer-related business
- Significantly improved material availability and some improvement in the supply chain
- Positive outlook as structural growth overcompensates the negative effects from CHF appreciation and the reduction of broker surcharges
- Cicor expects to achieve sales of CHF 300 - 320 million in 2022 with a slightly changed EBITDA margin compared to the first half of the year

# Investor Relations

## Information

### Agenda 2023

- Baader Swiss Equities Conference January 11, 2023 in Bad Ragaz (Switzerland)
- Annual Report 2022 March 02, 2023
- Annual Shareholder's Meeting 2023 April 18, 2023
- Interim Report 2023 July 25, 2023

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