

# Investor Call

## Q3 2022



➤ Plochingen, November 28, 2022 – public-side information only

- CEO – Dr. Hadi Saleh
- CFO – Eric Oellerer

# Investor Call – 2022 Q3 Financial Information Disclaimer

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# Investor Call Q3 2022

## Overview of Q3 Performance



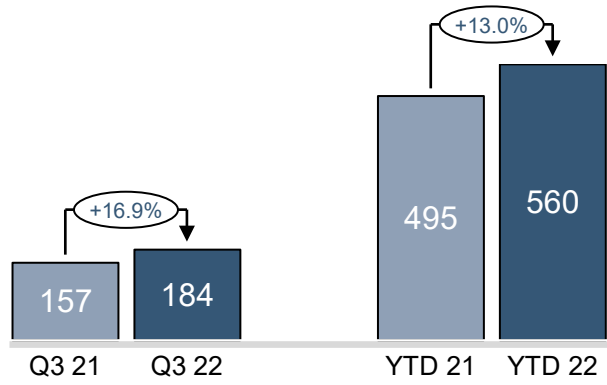
- Group Revenue Q3'22: EUR 184.0m +16.9% vs. PY.
- Medical Markets\* Revenue Q3'22: EUR 85.4m +13.6% vs. PY. Continued strong growth in nearly all end medical driven by strong implant business.
- Industrial Markets\* Revenue Q3'22: EUR 98.7m +19.9% vs. PY. Ongoing strong sales growth across all key end markets and regions supported by efforts to increase output and capacity.
- Management Adjusted EBITDA Q3'22: EUR 71.4m +12.5% vs. PY.
- Management Adjusted EBITDA margin Q3'22 of 38.8%.
- Following the new financing, total net debt leverage ratio per Q3 2022 at 7.0x including EUR 37.3M of cash on hand at the end of Q3 2022.

\* Historically, the performance of the Group was monitored based on a Business Unit / legal entity view. In this structure, Medical Products includes Orthopaedic and Dental implants only. All other products were allocated to the Industrial business. Since January 2022, we have been looking at the overall business from a target market perspective, that is split into Medical and Industrial markets and leads to the medical equipment products previously shown in the Industrial business sold to medical customers now being classified in the Medical Markets.

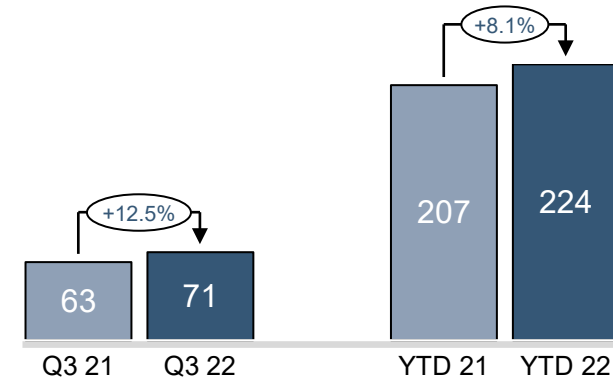
# Investor Call Q3 2022

## Q3 2022 Performance

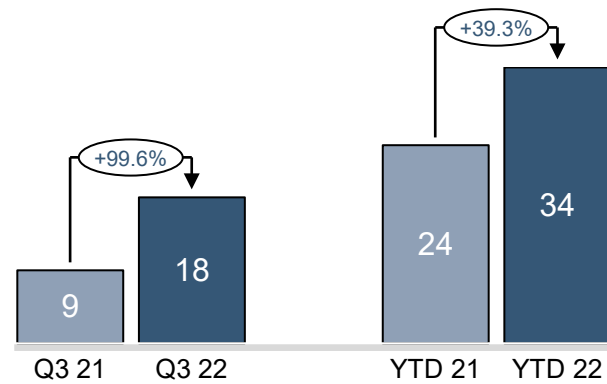
Revenue (EURm)



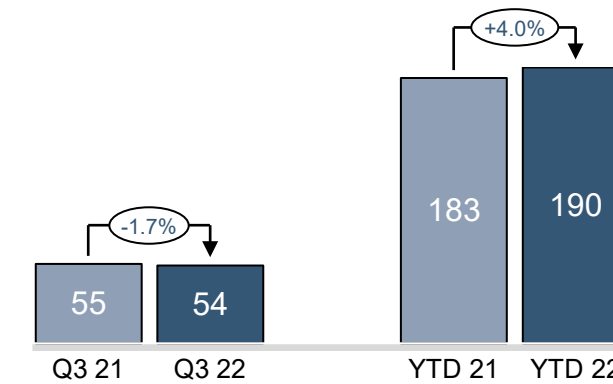
Management Adjusted EBITDA (EURm)



Net Capex (EURm)



Management Adjusted EBITDA – Net Capex (EURm)

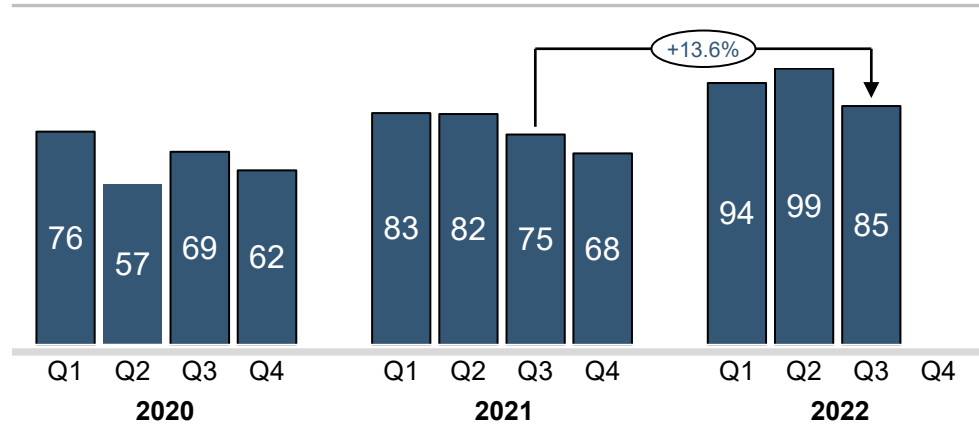




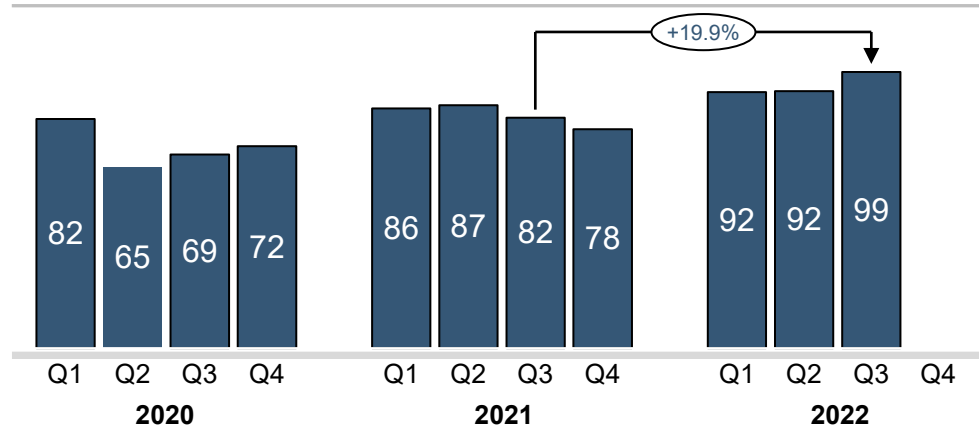
# Investor Call Q3 2022

## Medical and Industrial Markets – Revenue Trend

Medical Markets (EURm)



Industrial Markets (EURm)



### Comments

- Q3'22 Medical Markets Revenue +13.6% vs. PY. On constant currency, revenue growth was +13.0% vs PY.
- Key drivers for the strong performance was growing demand from key customers and local Chinese customers for implants based on solid market growth.
- Medical equipment is also seeing continued growth supported also by new product and customer wins but not repeating prior years peak which was driven by Covid-19 effects.
- Good entry into Dental Market with customer wins and new product launches.

### Comments

- Q3'22 Industrial Revenue +19.9% vs. PY. On constant currency, revenue growth was +14.9% vs PY.
- Sales in Q3 remaining strong, showing overall positive volume effect as well as increasing pricing impact in Electronics, Sealing and Machinery. Partly offset by Mobility Sales not reaching PY volumes, mainly due to global supply chain issues.
- Positive development across all regions and especially at CT North America.

# Investor Call Q3 2022

## Q3 2022 Management Financials

In EURm	Q3 2022	Q3 2021	Δ
<b>Net Revenue</b>	<b>184.0</b>	<b>157.4</b>	<b>16.9%</b>
Medical Markets	85.4	75.2	13.6%
Industrial Markets	98.7	82.3	19.9%
<b>Gross Profit <sup>(1)</sup></b>	<b>92.8</b>	<b>82.7</b>	<b>12.2%</b>
<i>as % of Revenue</i>	50.4%	52.5%	
<b>SG&amp;A<sup>(1)</sup></b>	<b>-21.0</b>	<b>-19.5</b>	<b>7.9%</b>
<i>as % of Revenue</i>	-11.4%	-12.4%	
<b>Other Inc./Exp.<sup>(1)</sup></b>	<b>-0.3</b>	<b>0.3</b>	<b>n/a</b>
<i>as % of Revenue</i>	-0.2%	0.2%	
<b>Management Adj. EBITDA</b>	<b>71.4</b>	<b>63.5</b>	<b>12.5%</b>
<i>as % of Revenue</i>	38.8%	40.3%	

(1) SG&A incl R&D; w/o Depreciation and Amortization and other extraordinary items

Note: All figures in EURm at actual FX rates including normalization adjustments

### Comments

- Q3'22 Revenue: Medical Markets increased by +13.6% vs. PY and Industrial Markets increased by +19.9% vs. PY, both businesses benefit from continued good market fundamentals driving volumes, positive pricing impact as well as new customer generation. Within Industrial markets, the mobility end market continues seeing slower growth due to worldwide supply chain issues.
- Q3'22 Gross margin: -2.1%pts behind PY, good volumes offset, by somewhat weaker product mix and especially by inflation and energy cost effects. Price increases which were put in place to compensate inflation have a certain time lag to realize full impact.
- Q3'22 SG&A margin: improved vs. PY by 1.0%pts partly driven by volume growth, strong cost control and cost reductions from digitalization efforts despite higher spending on selected initiatives to improve customer focus and some inflationary pressure.
- Q3'22 Management Adj. EBITDA margin at 38.8% with -1.5%pts vs. PY.

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## YTD 2022 Management Financials

In EURm	YTD 2022	YTD 2021	Δ
<b>Net Revenue</b>	<b>559.7</b>	<b>495.1</b>	<b>13.0%</b>
Medical Markets	277.8	240.6	15.5%
Industrial Markets	282.1	254.8	10.7%
<b>Gross Profit <sup>(1)</sup></b>	<b>290.3</b>	<b>265.3</b>	<b>9.4%</b>
<i>as % of Revenue</i>	51.9%	53.6%	
<b>SG&amp;A<sup>(1)</sup></b>	<b>-66.0</b>	<b>-59.5</b>	<b>11.0%</b>
<i>as % of Revenue</i>	-11.8%	-12.0%	
<b>Other Inc./Exp.<sup>(1)</sup></b>	<b>-0.6</b>	<b>1.1</b>	<b>n/a</b>
<i>as % of Revenue</i>	-0.1%	0.2%	
<b>Management Adj. EBITDA</b>	<b>223.7</b>	<b>206.9</b>	<b>8.1%</b>
<i>as % of Revenue</i>	40.0%	41.8%	

(1) SG&A Incl R&D; w/o Depreciation and Amortization and other extraordinary items

Note: All figures in EURm at actual FX rates including normalization adjustments

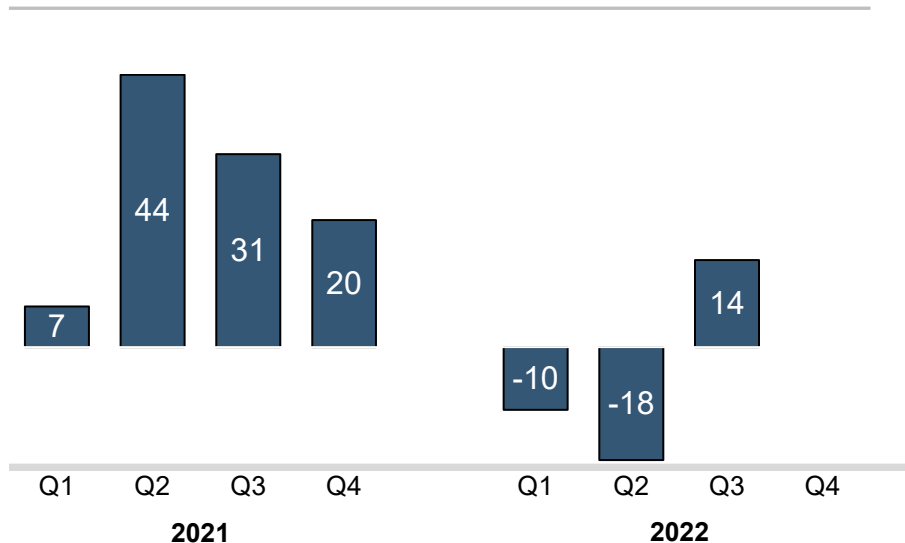
### Comments

- YTD Q3'22 Revenue: Medical Markets increased by +15.5% vs. PY and Industrial Markets increased by +10.7% vs. PY, both businesses continue to benefit from the recovery of the markets leading to solid sales growth mostly from volume growth. Within Industrial Markets the main drivers are Electronics, Sealing and the CT North America Business.
- YTD Q3'22 Gross margin: -1.7%pts behind PY, good volumes and additional price increases in place with a certain time lag to realize full impact offset by inflation and energy cost pressure.
- YTD Q3'22 SG&A margin: improved vs. PY by 0.2%pts driven by volume growth, cost control measures as well as digitalization efforts despite higher spending on and selected initiatives to improve customer focus.
- YTD Q3'22 Management Adj. EBITDA margin showing a solid performance at 40.0% with -1.8%pts vs. PY despite difficult macro economic and inflationary environment.

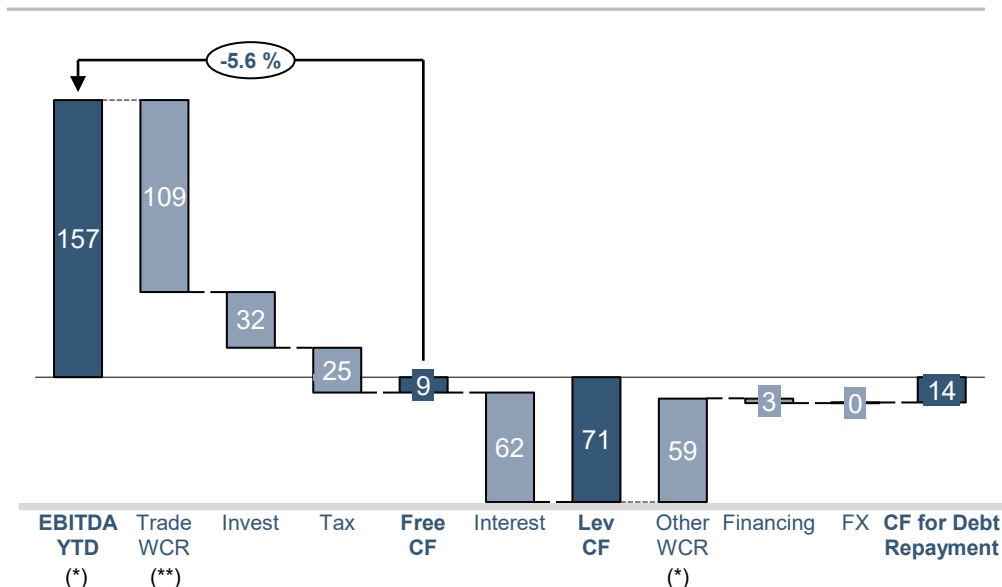
# Investor Call Q3 2022

## YTD 41.0% Operational Cash Conversion (before Transaction and PPA effects)

Quarterly Cash Flow for Debt Repayment (EURm)



YTD Cash Flow for Debt Repayment (EURm)



### Reported Total CF to Cash Flow for Debt Repayment

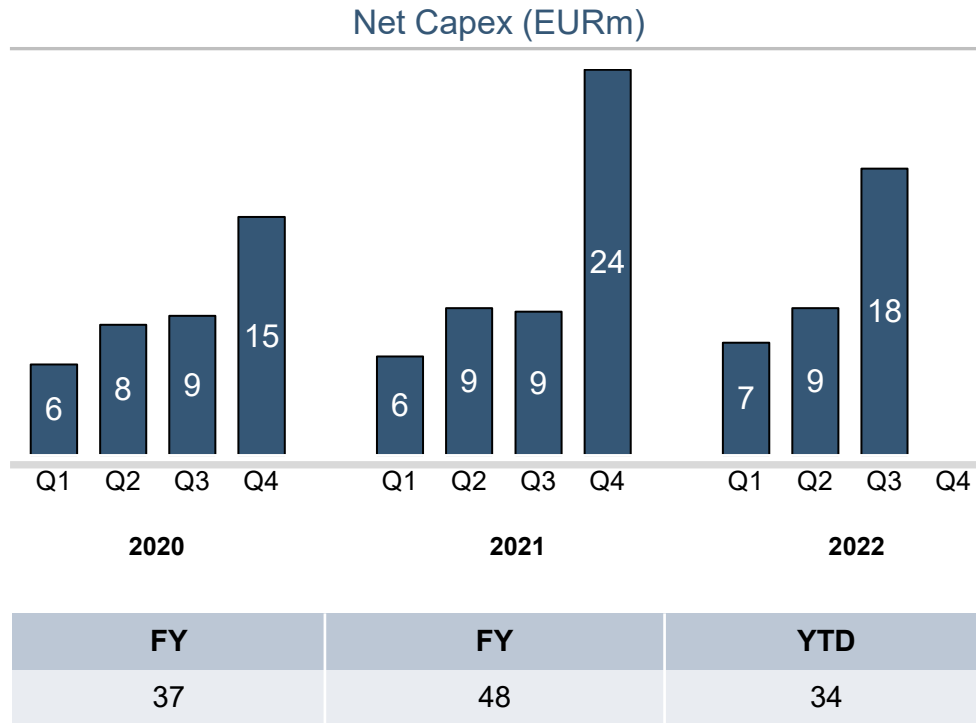
in EURm	Q1 21	Q2 21	Q3 21	Q4 21
Cash flow for debt repayment	7	44	31	20
+ RCF drawdown / (repayment)	0	0	0	0
+ Ancillary drawdown / (repayment) / syndicated loan	0	0	0	0
- Acquisition / Transaction	-50	0	1	0
- Cash received from contribution to capital reserve	0	0	0	0
- Bond issuance / repurchase	0	0	0	0
- SHL cash received / repayment (principal + interest)	0	0	0	-5
<b>Total CF (as reported)</b>	<b>-44</b>	<b>44</b>	<b>32</b>	<b>15</b>

FY 21	Q1 22	Q2 22	Q3 22	Q4 22	YTD 22
101	-10	-18	14		-14
0	0	0	0		0
0	238	0	0		237
-49	-1834	0	0		-1834
0	1608	0	0		1608
0	42	0	0		42
-5	-293	0	0		-293
<b>47</b>	<b>-250</b>	<b>-18</b>	<b>14</b>		<b>-254</b>



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## Net Capex Development



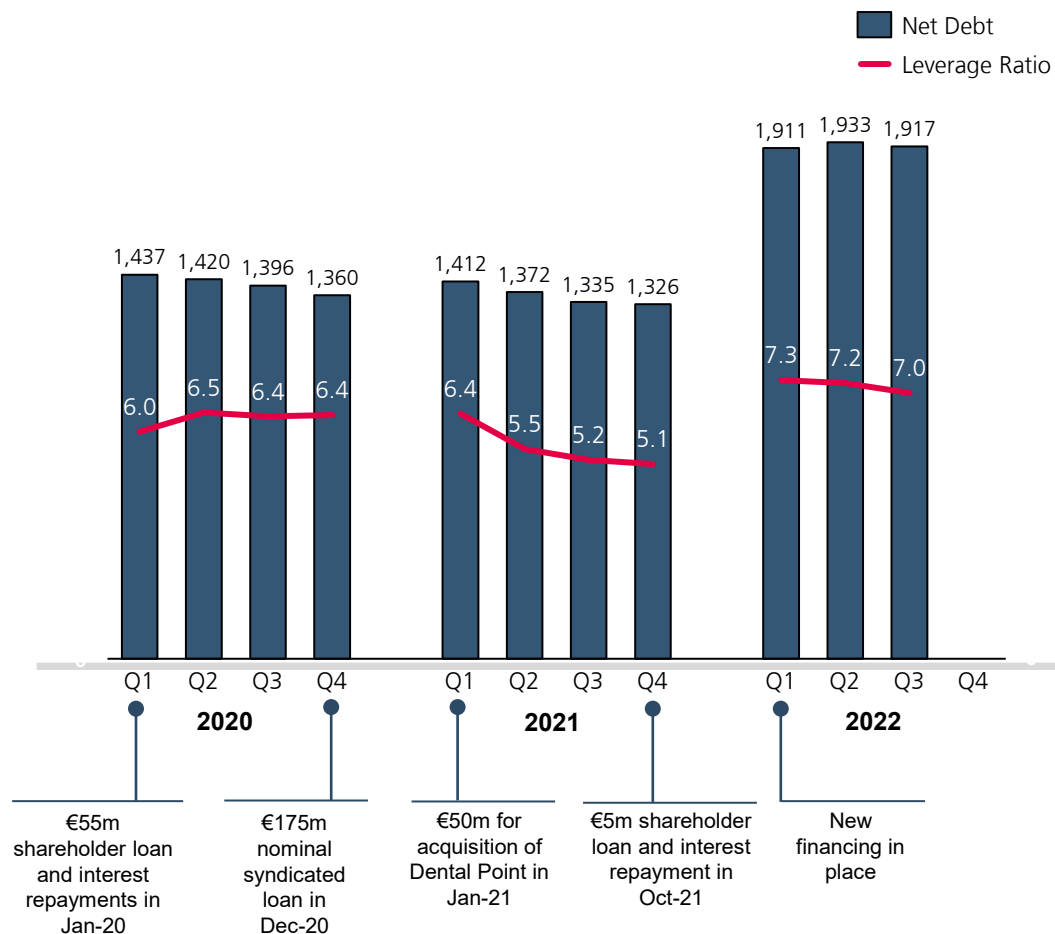
### Comments

- Capex continues to be managed tightly with focus on growth investments in key end markets.
- Key projects ensure long term capacity increase projects in Medical markets, necessary maintenance activities and selected Industrial projects, digitalization and ESG projects.
- Q3 above prior year level driven by capacity expansion investment to meet customer demand as well as investments into ESG projects to optimize energy consumption.
- Continued monitoring in the light of possible Covid-19 or recession issues.

# Investor Call Q3 2022

## Net Debt And Leverage Ratio

Net Financial Debt (EURm)



In EURm	September 30, 2021	September 30, 2022
Senior Debt	1,197.7	1,480.0
Bond	406.0	465.0
Other	1.8	0.7
Revolver	0.0	0.0
Accrued Interests	5.4	8.6
<b>Gross Debt</b>	<b>1,610.8</b>	<b>1,954.3</b>
- Cash	-276.0	-37.3
<b>Total Net Debt</b>	<b>1,334.9</b>	<b>1,917.1</b>
LTM Adj. EBITDA	256.5	275.7
<b>Leverage Ratio</b>	<b>5.2x</b>	<b>7.0x</b>
<b>Senior Net Debt Lev. Ratio</b>	<b>3.6x</b>	<b>5.3x</b>
Net Senior Debt (SFA)	923.5	1,443.4
Cons. Pro Forma EBITDA (SFA)	263.7	284.9
<b>Leverage ratio (SFA)</b>	<b>3.5x</b>	<b>5.1x</b>

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