

Ad hoc announcement pursuant to Art. 53 LR

## HUBER+SUHNER: impressive growth with double-digit EBIT margin

Organic growth in net sales by 12.9 % to new record level – Order intake slightly exceeding net sales – At 10.8 %, EBIT margin in upper half of medium-term target range – Net income at the previous year's level – Growth in net sales across all three market segments and all three main regions

### Key figures

in CHF million	2022	2021	Change in %
<b>Group</b>			
Order intake	975.4	995.6	(2.0)
Net sales	954.6	862.9	10.6
EBIT	103.2	104.6	(1.3)
in % of net sales	10.8	12.1	
Net income	85.2	87.3	(2.4)
in % of net sales	8.9	10.1	
Free operating cash flow	37.7	56.6	(33.4)
<b>Industry segment</b>			
Order intake	310.5	296.6	4.7
Net sales	298.0	275.4	8.2
EBIT	63.4	58.4	8.5
in % of net sales	21.3	21.2	
<b>Communication segment</b>			
Order intake	380.6	420.0	(9.4)
Net sales	385.9	341.1	13.1
EBIT	34.2	41.5	(17.6)
in % of net sales	8.9	12.2	
<b>Transportation segment</b>			
Order intake	284.4	279.0	1.9
Net sales	270.6	246.4	9.8
EBIT	13.7	12.5	8.9
in % of net sales	5.1	5.1	

HUBER+SUHNER can again look back on a good financial year. Despite a challenging environment, the company succeeded in significantly increasing net sales and in confirming an operating margin in the double-digit percentage range.

The order intake of CHF 975.4 million in 2022 was 2.0 % below the very high figure recorded in the previous year (CHF 995.6 million) and exceeded net sales by 2.2 %, corresponding to a book-to-bill rate of 1.02 (PY 1.15). The high order backlog of the previous year could thus be maintained at a high level of CHF 320.0 million, despite the adjustment required for orders already booked from the Russian business.

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The net sales of CHF 954.6 million achieved in 2022 were 10.6 % above the previous year's value (CHF 862.9 million). Once again, all three market segments contributed to growth. Adjusted for currency, copper price and portfolio effects – British company Phoenix Dynamics Ltd. was acquired at the end of October – growth in net sales amounted to 12.9 %.

The change in net sales share by region remained marginal, with 51 % (PY 54 %) in EMEA, followed by the Americas with 26 % (PY 25 %) and APAC with 23 % (PY 21 %).

At CHF 103.2 million, operating profit (EBIT) almost reached the record value of the previous year (CHF 104.6 million). This corresponds to an EBIT margin of 10.8 % (PY 12.1 %). Owing to an again low tax rate, net income of CHF 85.2 million was at almost the same level as in the previous year (CHF 87.3 million).

With regard to gross margin, the company experienced a decline of 2.5 percentage points, primarily due to a weaker margin in the Communication segment. Expenses in research and development saw a further increase of 5.9 % to CHF 59.2 million. This was largely attributable to the rail communications and advanced driver assistance system growth initiatives, which were both launched a year ago, as well as other promising technologies. Heading in the right direction were administrative costs, which fell slightly. In contrast, the need to catch up on customer visits and resume trade fair attendance following the relaxation of pandemic-related restrictions resulted in higher sales expenses. Overall, administrative and selling expenses increased by 6.2 %. The number of employees worldwide declined over the reporting year to 4 469 (PY 4 588). In Switzerland, the number of employees rose slightly to 1 190 (PY 1 162).

## **A multitude of challenges after the global pandemic**

2022 saw the lifting of restrictions related to the coronavirus pandemic in most markets around the world, most recently also in China. Nevertheless, the impact continued to be felt strongly throughout the reporting year in the form of material shortages, disrupted supply chains and limited transport capacities.

Following the onset of the Russian war of aggression against Ukraine, the company made the decision to withdraw from the Russian market, which it had been developing successfully for decades. Moreover, this war provoked an energy crisis and a massive increase in energy costs in an already inflationary environment. The company actively responded to the latter by making broad adjustments to its prices in the market, which took some time to take effect.

## **Industry market segment grows again with high profitability**

With an increase in order intake of 4.7 % to CHF 310.5 million (PY CHF 296.6 million) and in net sales by 8.2 % to CHF 298.0 million (PY CHF 275.4 million), the Industry market segment continued to grow following the particularly dynamic previous year. The aerospace and defense subsegment declined after strong growth in the two previous years. By contrast, the three other subsegments test and measurement, general industrial and energy increased significantly. The latter benefited from a

particularly strong demand for high-power charging systems. Thanks to a dynamic second half of the year, the EBIT margin of 21.3 % in this segment even exceeded the previous year's figure (21.2 %).

### **Growth in net sales in Communication market segment, but lower EBIT margin**

Following the large jump in the previous year, the Communication market segment recorded a decline in order intake of 9.4 % to CHF 380.6 million (PY CHF 420.0 million). Net sales experienced a double-digit increase of 13.1 % to CHF 385.9 million (PY CHF 341.1 million). The two subsegments data center and mobile network developed particularly strongly, the latter as a result of the significant investments made in 5G infrastructure. Business volume with communication equipment manufacturers continued the downward trend of previous years. The decline in the EBIT margin to 8.9 % (PY 12.2 %) was mainly attributable to a change in the business mix with major customers within the mobile network subsegment.

### **Net sales growth in Transportation market segment, profitability remaining below expectations**

The order intake of CHF 284.4 million in the Transportation market segment was 1.9 % above the previous year (CHF 279.0 million). Net sales grew by 9.8 % to CHF 270.6 million (PY CHF 246.4 million). Almost all of the growth was attributable to the automotive subsegment and driven by the ongoing trend toward electric vehicles. Business with radar antennas for advanced driver assistance systems still accounted for a small share of sales.

In the railway subsegment, the total volume of business reached the previous year's level. High growth rates were achieved for applications relating to the rail communications growth initiative. Thanks to a significant improvement in the second half of the reporting year, the EBIT margin in this market segment again reached 5.1 % (PY 5.1 %).

### **Sustainability as an integral component of business strategy**

Connectivity solutions from HUBER+SUHNER meet the needs of society – for communication, environmentally friendly mobility, and safety – both now and in the future. The company is also committed to sustainability and has made this an important part of its business strategy. This includes taking sustainability aspects into account when developing innovative solutions and the goal of reducing both scope 1 and 2 CO<sub>2</sub> emissions to net zero by 2030. The efforts taken by HUBER+SUHNER were rewarded in the reporting year by an improvement to “A minus” (PY B) in the rating scheme operated by CDP (formerly Carbon Disclosure Project), the leading non-profit organisation for assessing companies' environmental footprints. All sustainability reporting by HUBER+SUHNER for 2022 is now integrated in the Annual Report.

### **Share buyback programme**

As part of the programme launched at the end of October 2021 to buy back up to 5 % of the share capital over a maximum of three years, 928 084 shares or 4.6 % of registered shares were bought back by the end of the reporting year.

## Dividend

The Board of Directors proposes to the Annual General Meeting a payout of CHF 2.10 (PY CHF 2.00) per share, resulting in a pay-out ratio of 47 %.

## Elections to the Board of Directors

At the Annual General Meeting, the Board of Directors proposes the election of Marina Bill and Kerstin Günther as Members of the Board. Both are proven leaders in strategically important markets for HUBER+SUHNER. Marina Bill has more than 25 years of experience in management, sales and marketing positions in the industrial sector, Kerstin Günther looks back on more than 30 years of management experience in the telecommunications and information technology sectors.

## Outlook

With the good result in the 2022 financial year, HUBER+SUHNER succeeded in mastering the numerous challenges in the business environment and confirmed its growth course with a double-digit operating profit margin. Thanks to its focus on attractive target markets, the dynamic development of growth initiatives and balanced diversification, the company has the resilience required to successfully counter the upcoming inflationary and recessionary trends. Although the company continues to perform well in many important applications, visibility in individual markets is currently limited.

Due to these uncertainties, the company is not issuing a sales forecast for 2023 at present.

HUBER+SUHNER will specify the outlook for the full year at the latest on the occasion of the publication of its half-year figures.

The medium-term target range of 9–12 % for the EBIT margin remains unchanged and is also the target for the current financial year. To achieve the EBIT guidance, it is important that key influence factors – such as a possible recession in the company's main sales markets, inflation, exchange rates and the availability of material and transport capacities – do not have an unduly adverse effect on the course of business.

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This media release can also be found under [www.hubersuhner.com/en/company/media/news](http://www.hubersuhner.com/en/company/media/news)

Annual Report 2022 online interactive [reports.hubersuhner.com](http://reports.hubersuhner.com)

Annual Report 2022 including Corporate Responsibility Report as PDF [\(Link\)](#)

Management Report 2022 as PDF [\(Link\)](#)

Presentation media and analysts' conference [\(Link\)](#)

All publications as well as the definition of Alternative Performance Measures can be found under

[www.hubersuhner.com/en/company/investors/publications](http://www.hubersuhner.com/en/company/investors/publications)

This media release is also available in German. The German version is binding.

#### Further calendar dates

29 March 2023	Annual General Meeting (Pfäffikon ZH)
15 August 2023	Publication Half-year Report 2023
24 October 2023	Order intake and Net sales (9 months)
23 January 2024	Order intake and Net sales (12 months)

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#### **HUBER+SUHNER Group**

The globally active Swiss company HUBER+SUHNER develops and produces components and system solutions for electrical and optical connectivity. The company serves the three main markets Industry, Communication and Transportation with applications from the three technologies of radio frequency, fiber optics and low frequency. HUBER+SUHNER products excel in excellent performance, quality, reliability and long service lives - even under the most demanding conditions. Through a global production network, combined with subsidiaries and representatives in over 80 countries, the company is close to its customers worldwide.