Media release

HUBER+SUHNER

Ad hoc announcement pursuant to Art. 53 LR

HUBER+SUHNER maintains net sales at previous-year level with lower profitability

Organic growth of 5.4 % – EBIT margin in medium-term target range – net sales growth and sustained high profitability in Industry – Communication affected by decline in North American 5G market – turnaround in Transportation with double-digit EBIT margin – high level of quotation activity indicates intact medium-term growth opportunities in many submarkets

Key figures

in CHF million	H1 2023	H1 2022	Change in %
Group			
Order intake	453.3	498.4	(9.0)
Net sales	477.3	477.4	(0.0)
EBIT	47.0	54.0	(13.0)
in % of net sales	9.8	11.3	
Net income	38.2	43.8	(12.7)
in % of net sales	8.0	9.2	
Free operating cash flow	9.6	5.7	69.2
Industry segment			
Order intake	148.6	157.6	(5.7)
Net sales	159.6	145.0	10.1
EBIT	30.2	28.7	5.1
in % of net sales	18.9	19.8	
Communication segment			
Order intake	148.1	193.1	(23.3)
Net sales	169.8	197.0	(13.8)
EBIT	6.2	24.8	(74.9)
in % of net sales	3.7	12.6	
Transportation segment			
Order intake	156.6	147.7	6.1
Net sales	147.9	135.4	9.2
EBIT	15.5	4.7	234.2
in % of net sales	10.5	3.4	

During the first half of the year, development was heterogeneous across the three HUBER+SUHNER segments. Thanks to the strong growth in the two market segments Industry and Transportation, net sales overall were maintained at the high level of the previous-year period. Order intake, however, was well below the high prior-year level. Orders decreased in all subsegments of the Communication segment, with the decline in the North American 5G business in the largest subsegment, mobile network, being particularly significant. The modest decline in the Industry segment was mainly due to overstocked inventory levels at customers. By contrast, the Transportation segment reported further growth, confirming the strong upward trend of the past twelve months.

HUBER+SUHNER AG
CC Corporate Communications
8330 Pfäffikon ZH
Switzerland

Patrick G. Köppe
Head Corporate Communications
Telephone +41 44 952 2560
pressoffice@hubersuhner.com

The operating profit (EBIT) margin of 9.8 % was within the medium-term target range of 9–12 %, but below the strong figure for the same period in the previous year (11.3 %). Net income for the first half of the year reached CHF 38.2 million (PY CHF 43.8 million).

The order intake of CHF 453.3 million was 9.0 % below the high figure of the previous year (CHF 498.4 million). At CHF 477.3 million (PY CHF 477.4 million), net sales remained at the previous year's level. Due to this development, the book-to-bill rate was 0.95 (PY 1.04). Organically, i.e., adjusted for currency, copper price and portfolio effects, net sales increased by 5.4 %.

The adjustment in capacities necessitated by the lower order intake – especially at production sites in Mexico, Tunisia, Poland and China – resulted in a decrease in the global workforce to 4,278 (PY 4,678). In Switzerland, the number of employees remained stable at 1,184.

By region, EMEA accounted for 54 % of net sales (PY 53 %). The shift in shares between the Americas 19 % (PY 26 %) and APAC 27 % (PY 21 %) can be attributed to the resurgence of important Asian economies, particularly those of India and Australia, coupled with a noticeable decline in net sales in North America.

Industry segment: further net sales increase with sustained high profitability

The Industry market segment saw order intake develop differently across the individual subsegments. While the aerospace and defense growth initiative recorded a significant increase, the other subsegments of high power charging, test and measurement as well as general industrial fell short of the previous year's figures. Earlier order releases as a result of the extended delivery periods in 2022 led to above-average customer stock levels and correspondingly lower order volumes in the reporting year to date. The continued high level of quotation activity in most industrial submarkets is not indicative of structural problems. Growth in net sales was driven by aerospace and defense and high power charging for electric vehicles. The development of the network for high-power charging points is progressing steadily, even though the expansion of the charging infrastructure is not keeping pace with market needs in all places. Order intake was CHF 148.6 million (PY CHF 157.6 million) with net sales of CHF 159.6 million, equivalent to a 10.1 % increase on the previous year. The EBIT of CHF 30.2 million (PY CHF 28.7 million) equates to another high EBIT margin of 18.9 % (PY 19.8 %).

Communication segment: end of North American 5G rollouts impacts sales and profitability

The Communication market segment suffered a significant decline after two strong previous-year periods. Investments made by North American mobile network operators to roll out the 5G standard had reached their peak in 2021. The large volumes associated with these projects, which had previously made a significant contribution to the growth and good profitability of this segment, decreased significantly in the first six months of this year due to the advanced stage of the rollouts. In the reporting period, this decline was offset only to a lesser extent by rising order and sales volumes from the Asian market. It was also not possible to achieve the figures from the previous-year period in the business with communication equipment manufacturers and in the data center growth initiative. Imponderables relating to the security of energy supplies led, for example, to the temporary

HUBER+SUHNER AG
CC Corporate Communications
8330 Pfäffikon ZH
Switzerland

Patrick G. Köppe
Head Corporate Communications
Telephone +41 44 952 2560
pressoffice@hubersuhner.com

postponement of planned projects by operators of the energy-intensive data centers. At CHF 148.1 million, order intake was 23.3 % below the figure for the previous year, while net sales fell by 13.8 % to CHF 169.8 million. This resulted in a significantly lower EBIT of CHF 6.2 million, which reduced the EBIT margin to 3.7 % (PY 12.6 %). As a result of this negative development in profitability, measures to reduce both capacity and the cost base were initiated in the Communication segment.

Transportation segment: turnaround and double-digit operating profit margin

The automotive subsegment confirmed its path of growth in the first half of the year. The trend toward the electrification of commercial vehicles continued and contributed significantly to the positive development of the electric vehicle growth initiative. The broadening of the customer base in the relatively new ADAS (advanced driver assistance system) growth initiative represented a further success, although the contribution of this business to net sales and profitability is currently still marginal.

Following a long, pandemic-related dry spell in the railway subsegment, there was renewed activity in this business, which is characterised by long-term cycles. In the rolling stock area, several new orders were won for inter-vehicle jumper cables and carriage cabling. Growth was also achieved in the rail communication growth initiative. In addition to providing equipment for new trains, this growth initiative includes technical upgrades to existing rolling stock and installations along the rail tracks to ensure seamless reception and allow passengers to work or stream content while on board.

The Transportation segment confirmed its positive development path and thus a successful turnaround. Order intake reached CHF 156.6 million, an increase of 6.1 % compared to the previous-year period, while net sales increased by 9.2 % to CHF 147.9 million. With an EBIT of CHF 15.5 million (PY CHF 4.7 million), the EBIT margin more than tripled to 10.5 % (PY 3.4 %).

Outlook

In the first half of fiscal year 2023, the situation continued to ease and supply chains were once again functioning normally. The required logistics capacities were available with few restrictions, and raw materials and semi-finished products were generally available, albeit mostly at a higher price level. The situation also normalised on the demand side, after the risk of a lack of supply security had previously driven up customer stock levels. However, inflationary trends and geopolitical tensions persisted and are likely to shape the economic environment for some time. In particular, the issue around energy supply and costs will remain a challenge.

The strategy of balanced diversification provides the company with resilience in the current volatile economic environment. The desires for personal security, seamless communication and environmentally friendly mobility that underlie the business of HUBER+SUHNER will remain fundamentally positive growth drivers. Increases in government budgets to protect citizens and territorial integrity, the recent rapid development of artificial intelligence with enormous demands on data centers, or the increasing electrification of rail and road transport are just three examples of

HUBER+SUHNER AG
CC Corporate Communications
8330 Pfäffikon ZH
Switzerland

Patrick G. Köppe
Head Corporate Communications
Telephone +41 44 952 2560
pressoffice@hubersuhner.com

applications where the company's forward-looking and highly differentiated connectivity solutions are providing attractive potential for sustainable growth.

From today's perspective, assuming a comparable exchange rate situation and taking into account the weaker order intake in the year to date, HUBER+SUHNER expects significantly lower net sales for the second half of the year compared to the first half, with a corresponding impact on the year as a whole. Regarding operating profit margin, the company expects a value in the lower half of the medium-term target range of 9–12 %.

This media release can also be found under www.hubersuhner.com/en/company/media/news
Half-year Report 2023 online interactive reports.hubersuhner.com
Half-year Report 2023 as PDF Link
Letter to shareholders H1/2023 as PDF Link
Presentation media and analysts' conference as PDF Link
All publications as well as the definition of Alternative Performance Measures can be found under www.hubersuhner.com/en/company/investors/publications

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

Further calendar dates

24 October 2023	Net sales and Order intake (9 months)
23 January 2024	Net sales and Order intake (12 months)
5 March 2024	Publication Annual Report 2023, Media and analysts' conference on fiscal year 2023
27 March 2024	Annual General Meeting (Rapperswil SG)

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.

HUBER+SUHNER AG
CC Corporate Communications
8330 Pfäffikon ZH
Switzerland

Patrick G. Köppe
Head Corporate Communications
Telephone +41 44 952 2560
pressoffice@hubersuhner.com