



HUBER+SUHNER

Excellence in Connectivity Solutions

Overview of financial year 2016

Financial results

Outlook

Questions and discussion

Buffet lunch

Urs Kaufmann (CEO)

Ivo Wechsler (CFO)

Urs Ryffel (designated CEO)

Overview of the 2016 financial year

Solid growth – improved profitability – new options for the future

- Increased order intake and net sales
- EBIT margin at upper end of the target range – net income almost doubled
- Two of the three divisions with strong development
 - Fiber Optics – record results at all levels again
 - Radio Frequency – dynamic business development and attractive profitability
 - Low Frequency – constant net sales in organic terms, but insufficient profitability
- All three global regions growing
- Communication with growth spurt – Transportation and Industrial at previous year's level
- Acquired businesses developing very pleasingly
- New options for the future:
 - Infrastructure for electromobility: Cooled cable systems for high power charging stations
 - Autonomous driving: New generation of sensors (respectively antennas)
 - Data centers and telecommunication: All-optical switches

Figures at a glance

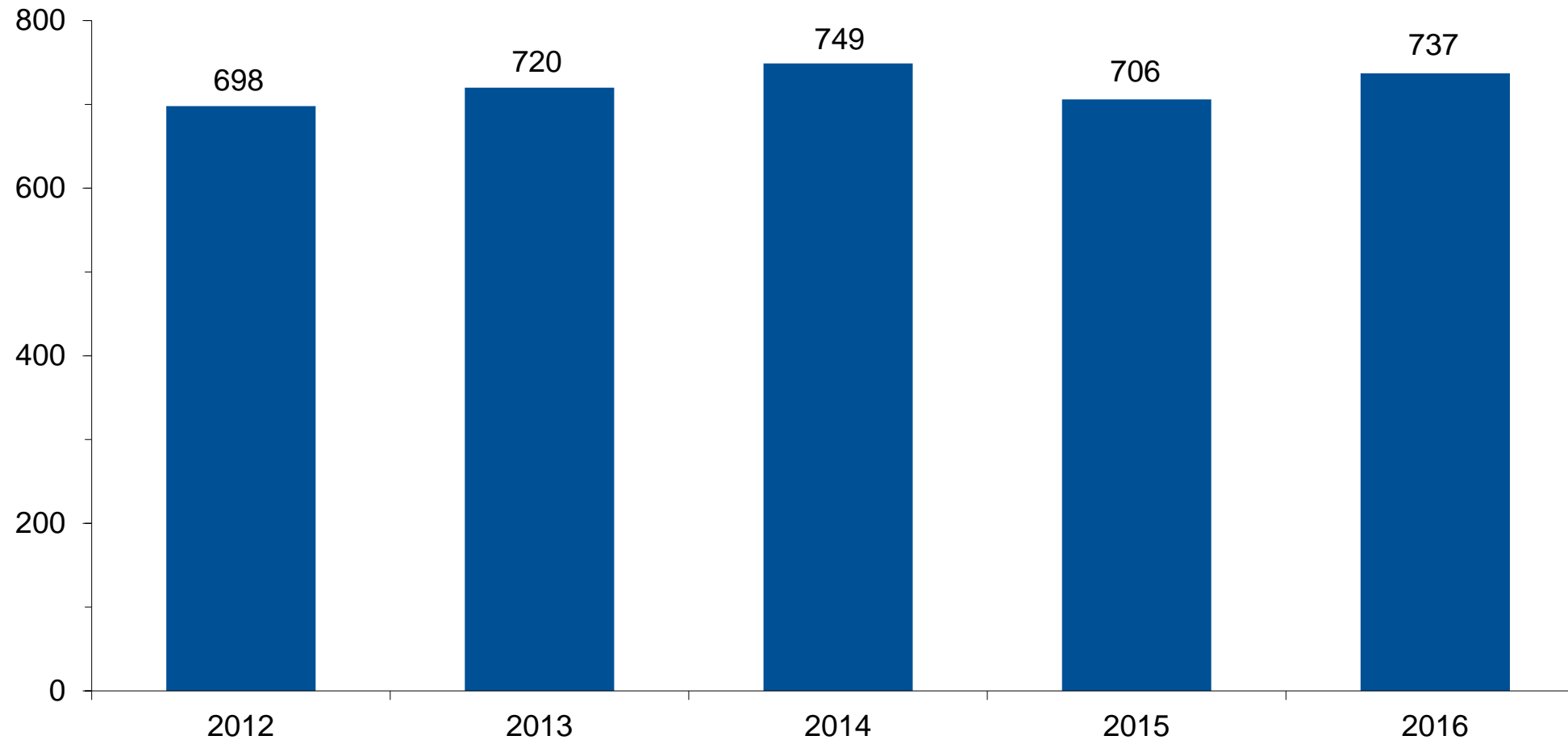
CHF million

	2016	2015	Δ %
Order intake	746.6	702.8	+6.2
Net sales	737.2	706.3	+4.4
Operating profit (EBIT) as % of net sales	65.1 8.8	52.3 7.4	+24.4
Net income as % of net sales	49.1 6.7	24.7 3.5	+98.7

Net sales development last 5 years

Return to path of growth

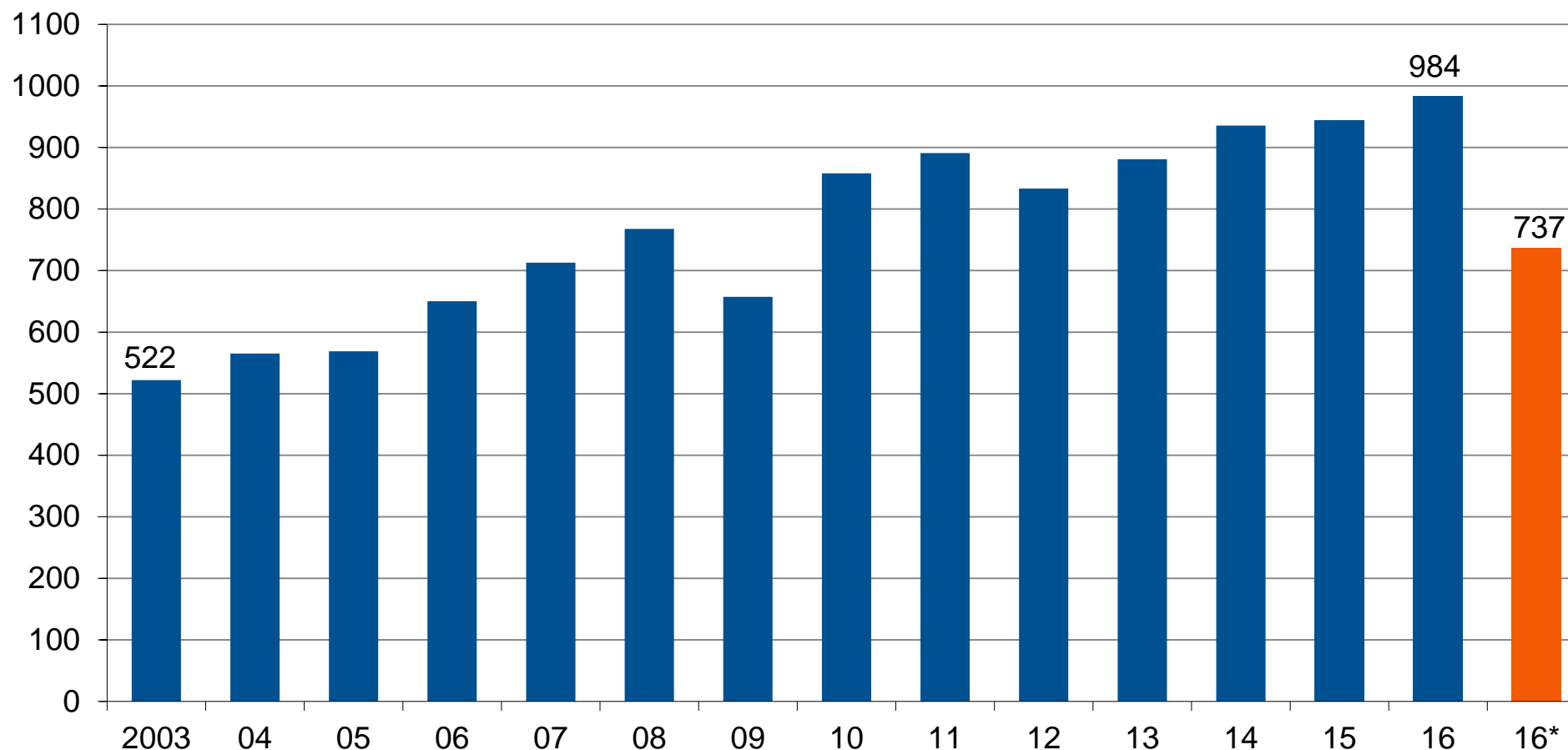
CHF million



Net sales development at constant exchange rates since 2003

Average growth at constant exchange rates of 5%

CHF million

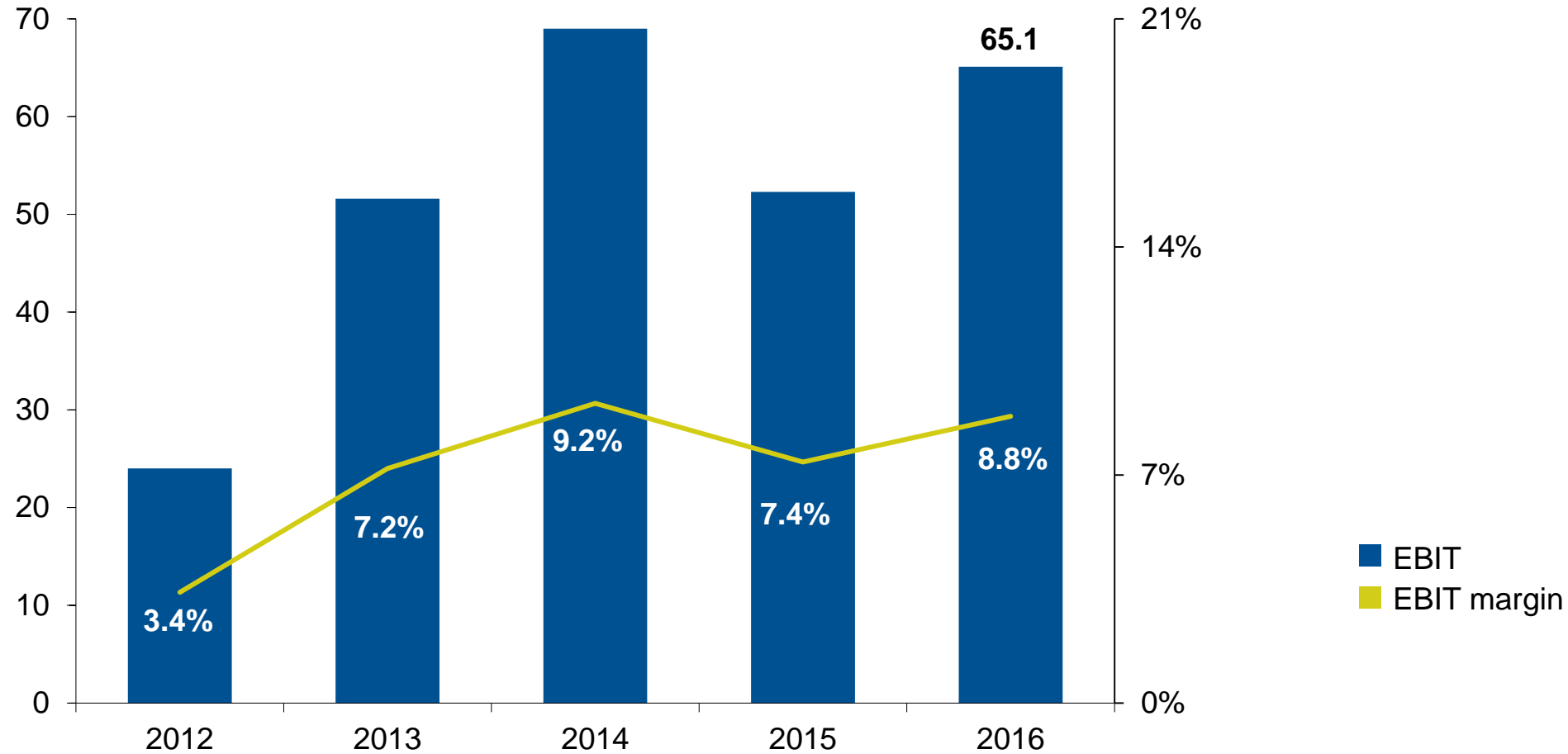


* reported

EBIT development 2012 – 2016

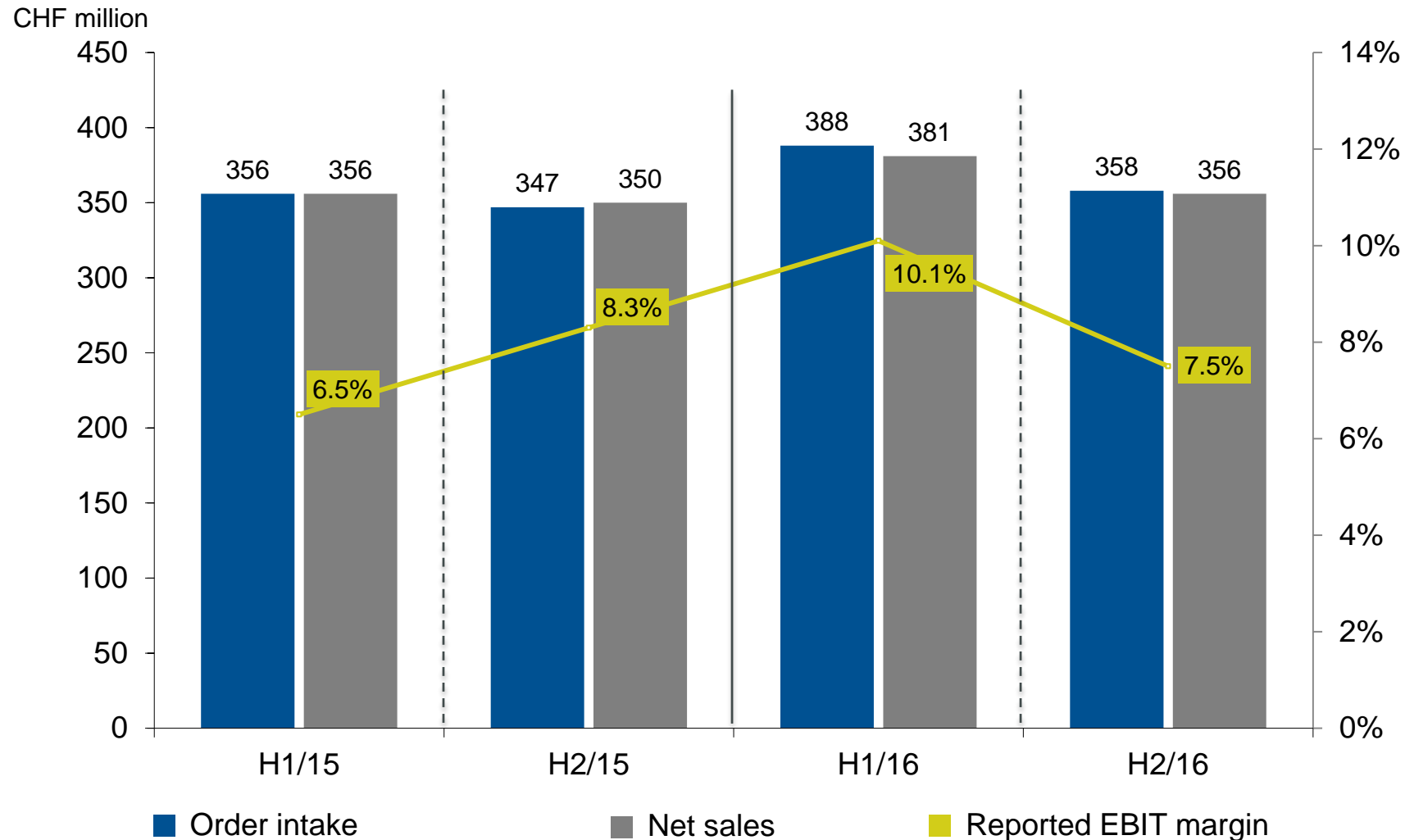
2015 currency crisis virtually offset – at upper end of target range

CHF million



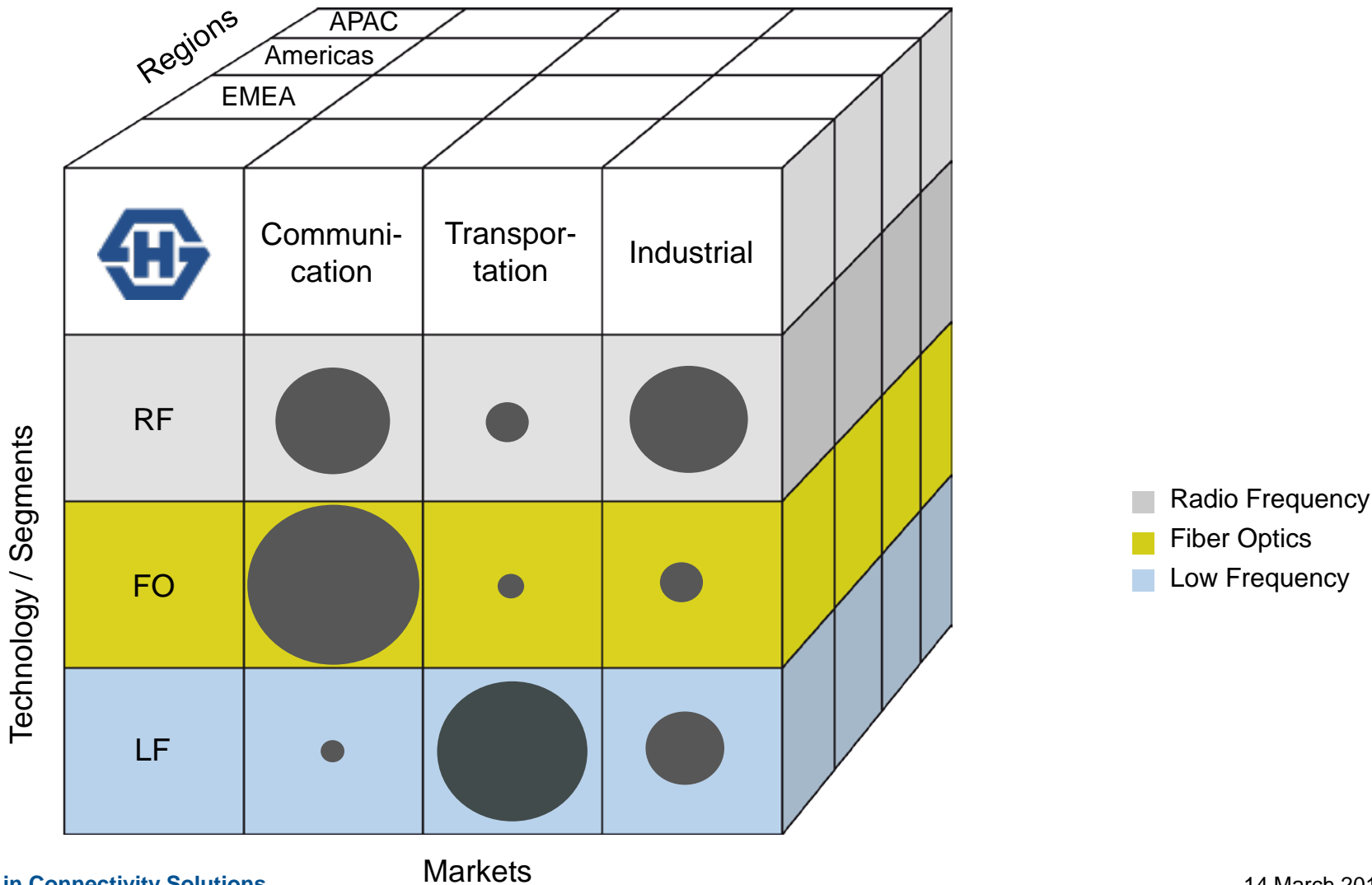
Half year dynamics

Strong first, weaker second term – rising demand towards year end



The three dimensions of our business

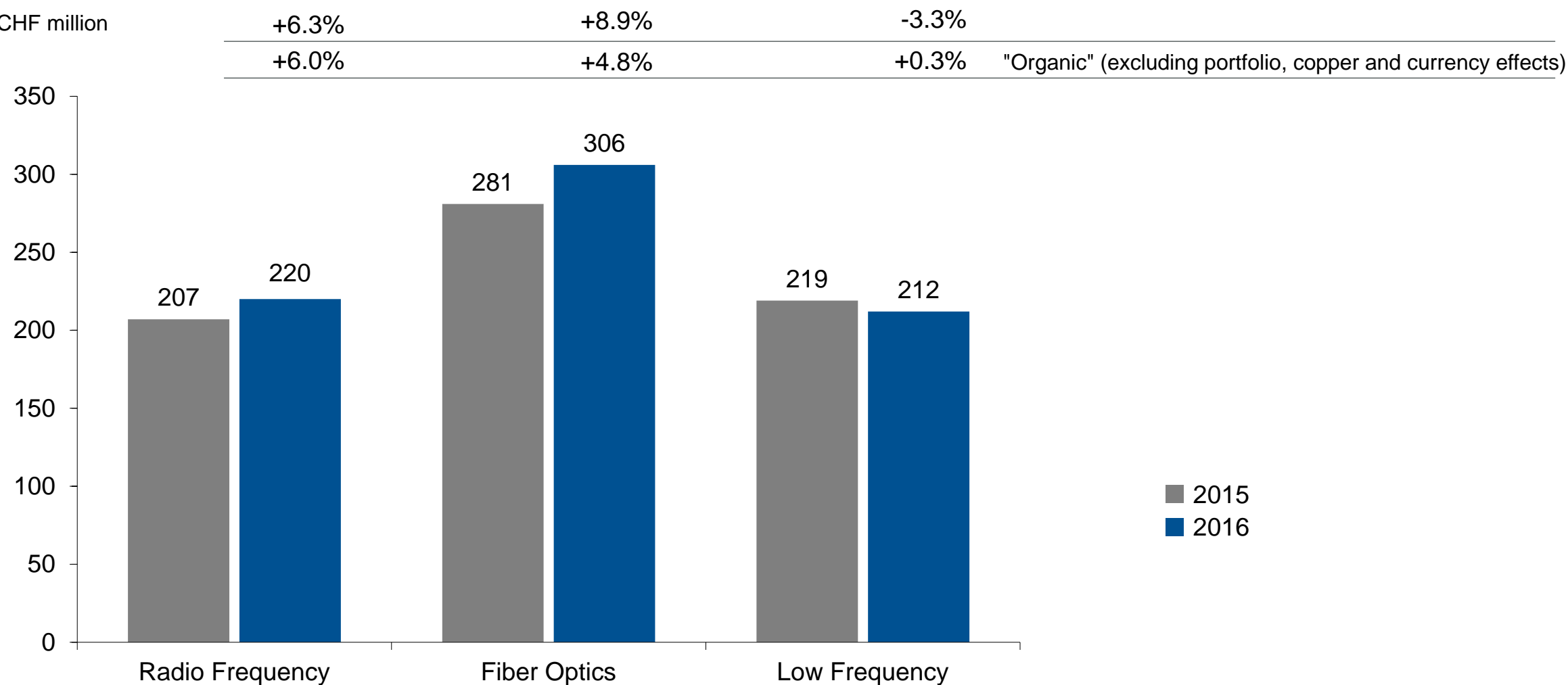
Results by technologies, markets and regions



Net sales development in divisions

Marked growth in Fiber Optics and Radio Frequency; Low Frequency constant in organic terms

CHF million



Radio Frequency division

Marked growth – attractive profitability – market share gains

CHF million

	2016	2015	Δ %
Order intake	226.4	201.2	+12.5
Net sales	219.7	206.6	+6.3
Operating profit (EBIT)	27.5	21.7	+26.7
• as % of net sales	12.5	10.5	

Key aspects

- Significant growth in net sales, order intake even double-digit
- EBIT margin improved by 2 percentage points
- Market share gains with OEMs in communication market
- Market dominance in printed circuit board connectors consolidated
- Aerospace and defense gain momentum – strong pipeline
- New option: Sensors for autonomous driving

Fiber Optics division

Best result in corporate history – acquisition of Polatis

CHF million

	2016	2015	Δ %
Order intake	322.3	270.8	+19.0
Net sales	305.7	280.7	+8.9
Operating profit (EBIT)	38.4	34.4	+11.4
• as % of net sales	12.6	12.3	

Key aspects

- New level of order intake
- Over CHF 300 million net sales for the first time
- Further improved operating profit
- Cube Optics with sustained dynamic development
- Market share gains with communications equipment manufacturers
- LTE roll-outs in India at high level – revival of demand towards the end of the year
- New option: Acquisition of Polatis

Low Frequency division

Net sales constant in organic terms – noticeably fewer orders – insufficient profitability

CHF million

	2016	2015	Δ %
Order intake	198.0	230.8	-14.2
Net sales	211.8	219.0	-3.3
Operating profit (EBIT)	3.8	2.4	+57.7
• as % of net sales	1.8	1.1	

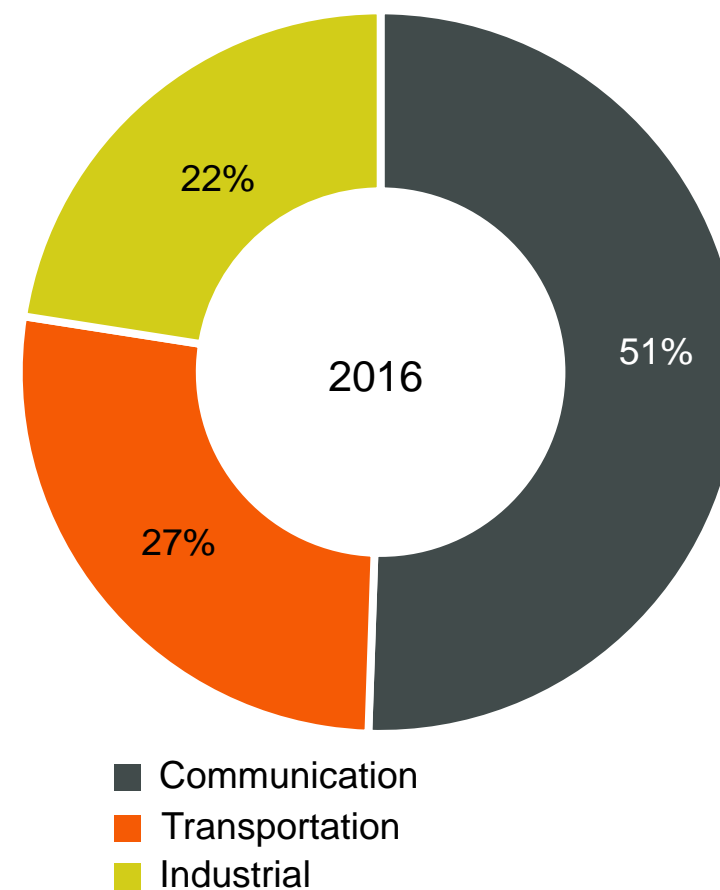
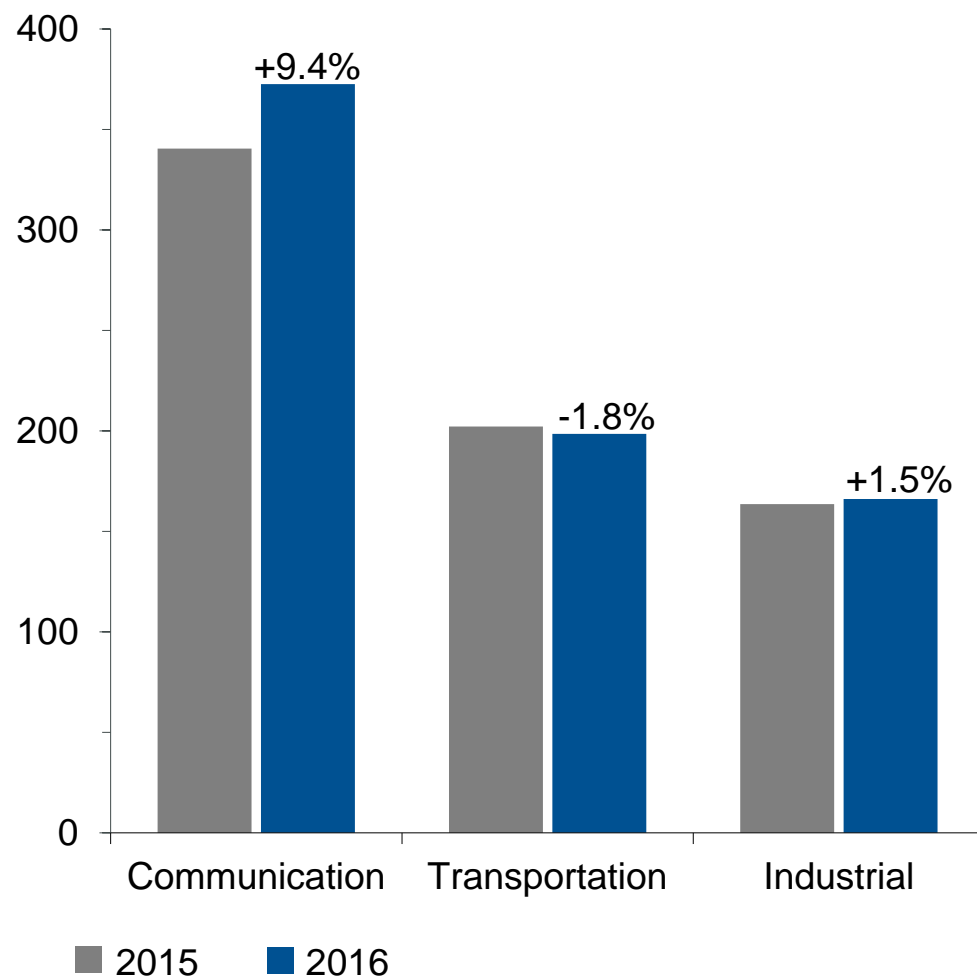
Key aspects

- Net sales fell slightly overall
- Weak order intake – rail business declining, in particular the cable systems business – initial positive signs
- Automotive: Marked increase in sales and attractive project pipeline
- Preliminary investments in electromobility and additional costs of "Twindexx" project have a negative impact on profitability
- New option: Cooled cable systems for high power charging stations

Net sales by markets

Communication with growth spurt – Transportation and Industrial at previous year's level

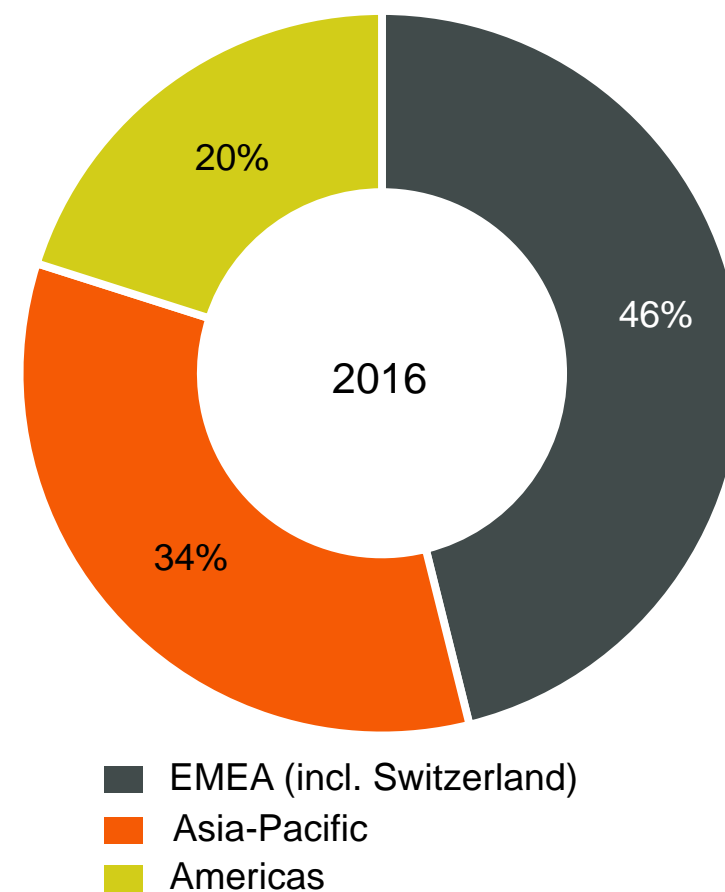
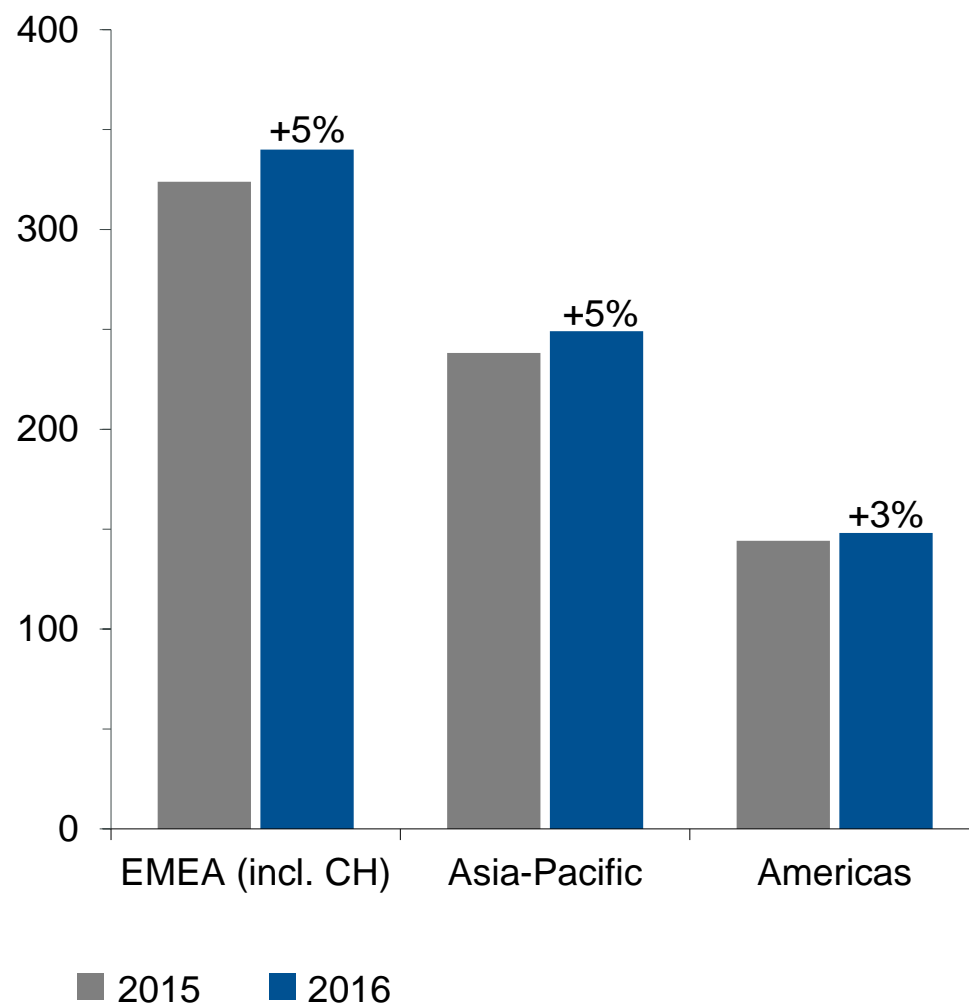
CHF million



Net sales by regions

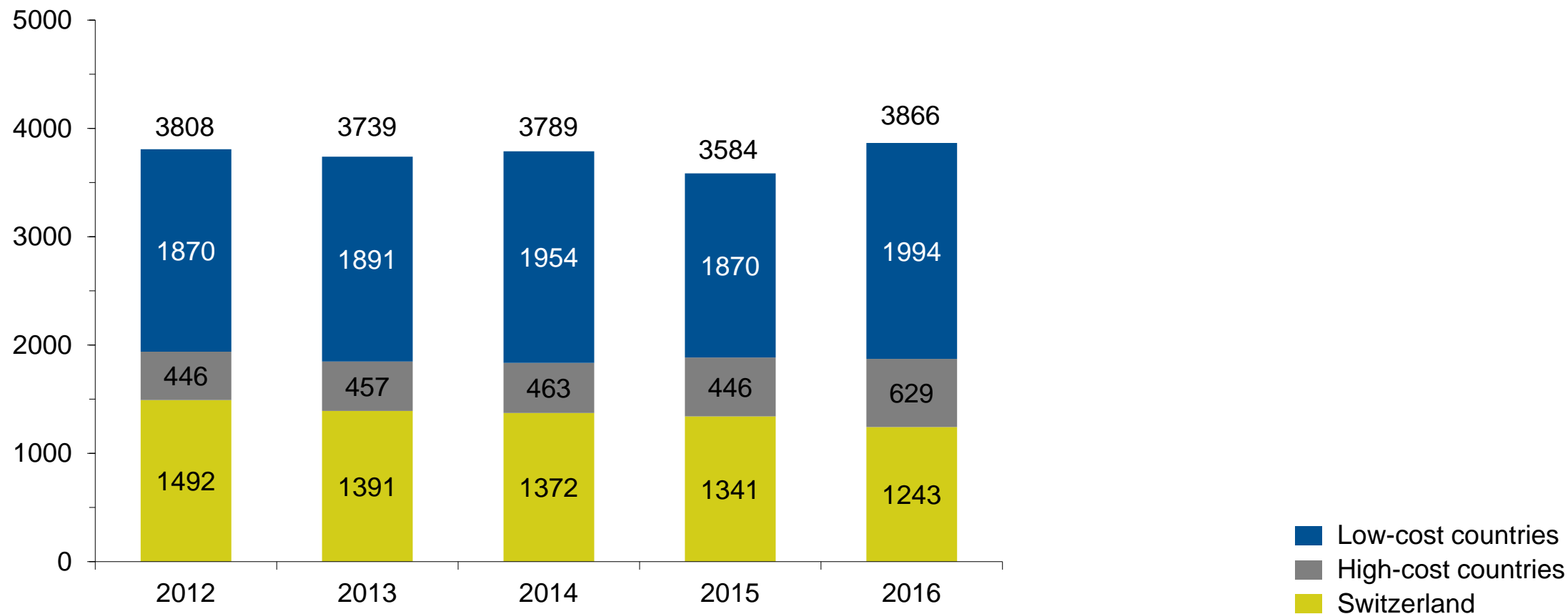
Broad-based growth in geographical terms

CHF million



Development of average number of employees

Permanent employees



Conclusion 2016

Encouraging operative progress and new strategic options

- 2015 currency crisis definitely overcome
 - Order intake, net sales, EBIT and net income increased
 - Positive development across the board
 - Low Frequency must do its homework – opportunities exist
 - New strategic options developed – acquisition and organic
 - Volatility during the course of the year with increasing demand at year end
 - Compelling succession plan for Executive Group Management
- **In overall terms 2016 was a «good vintage»**

Dividend: Proposal to the Annual General Meeting

- **Dividend policy**
 - Result-oriented: Pay-out of 40-50% of net income
 - "Floor": At least CHF 1.00 per share
- **Proposal to the Annual General Meeting 2017**
 - Increase in dividend per share to CHF 1.25 (PY CHF 1.00)
 - Pay-out ratio of 50%

Changes to the Board of Directors

Proposal to the Annual General Meeting

- Urs Kaufmann is proposed as the new Chairman of the Board
- Beat Kälin remains on Board of Directors as Vice-Chairman



Urs Kaufmann

- Swiss citizen, 1962
- Dipl. Ing. ETH Zürich
- CEO since 2002
- Delegate of the Board of Directors since 2014

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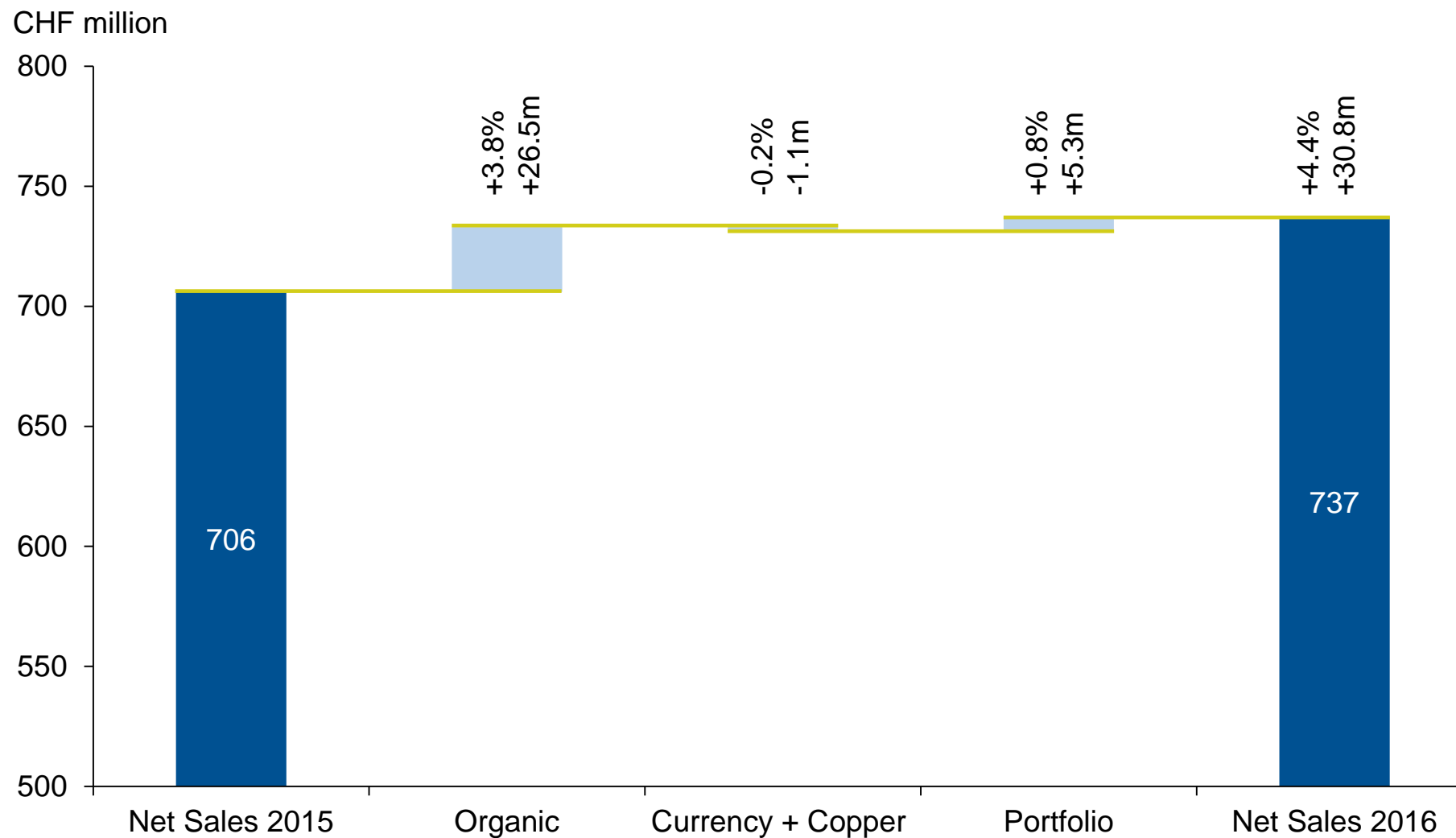
Buffet lunch

Urs Kaufmann (CEO)

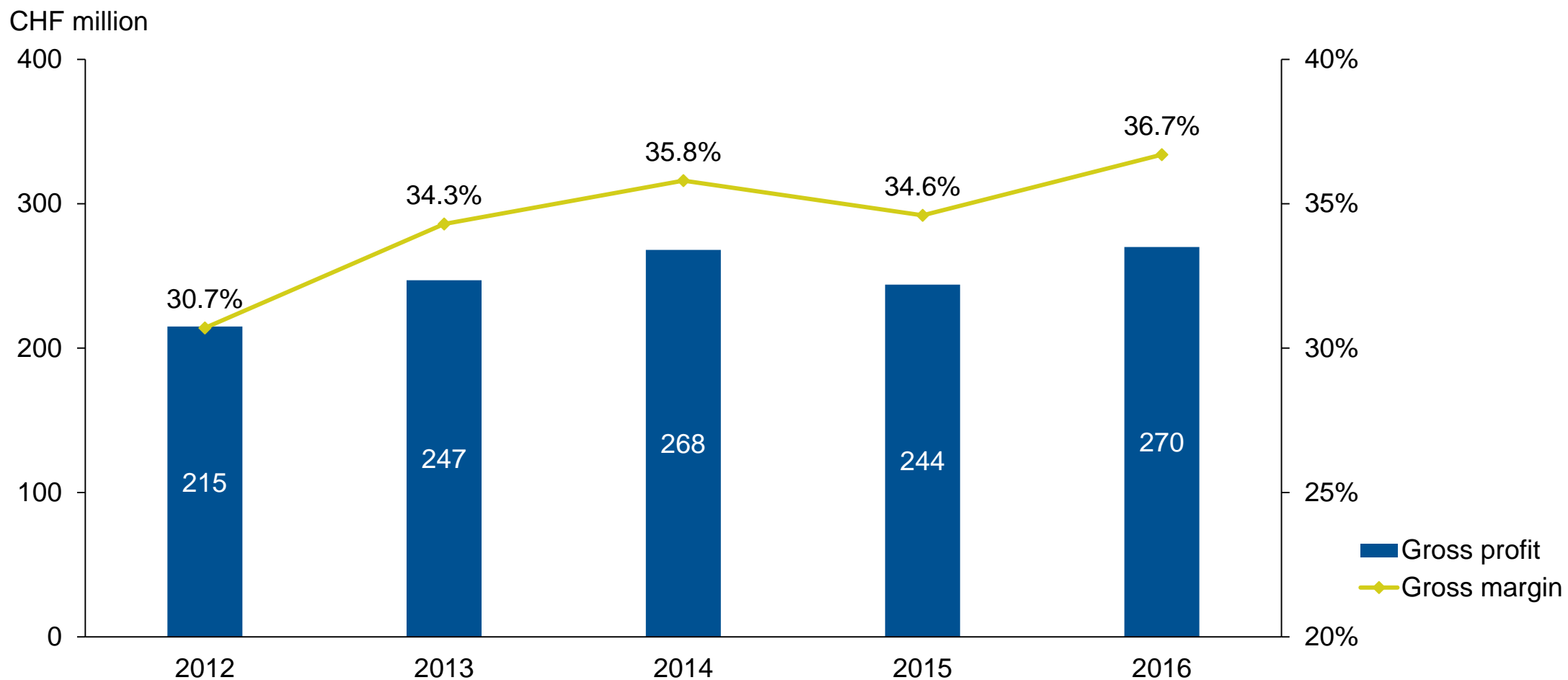
Ivo Wechsler (CFO)

Urs Ryffel (designated CEO)

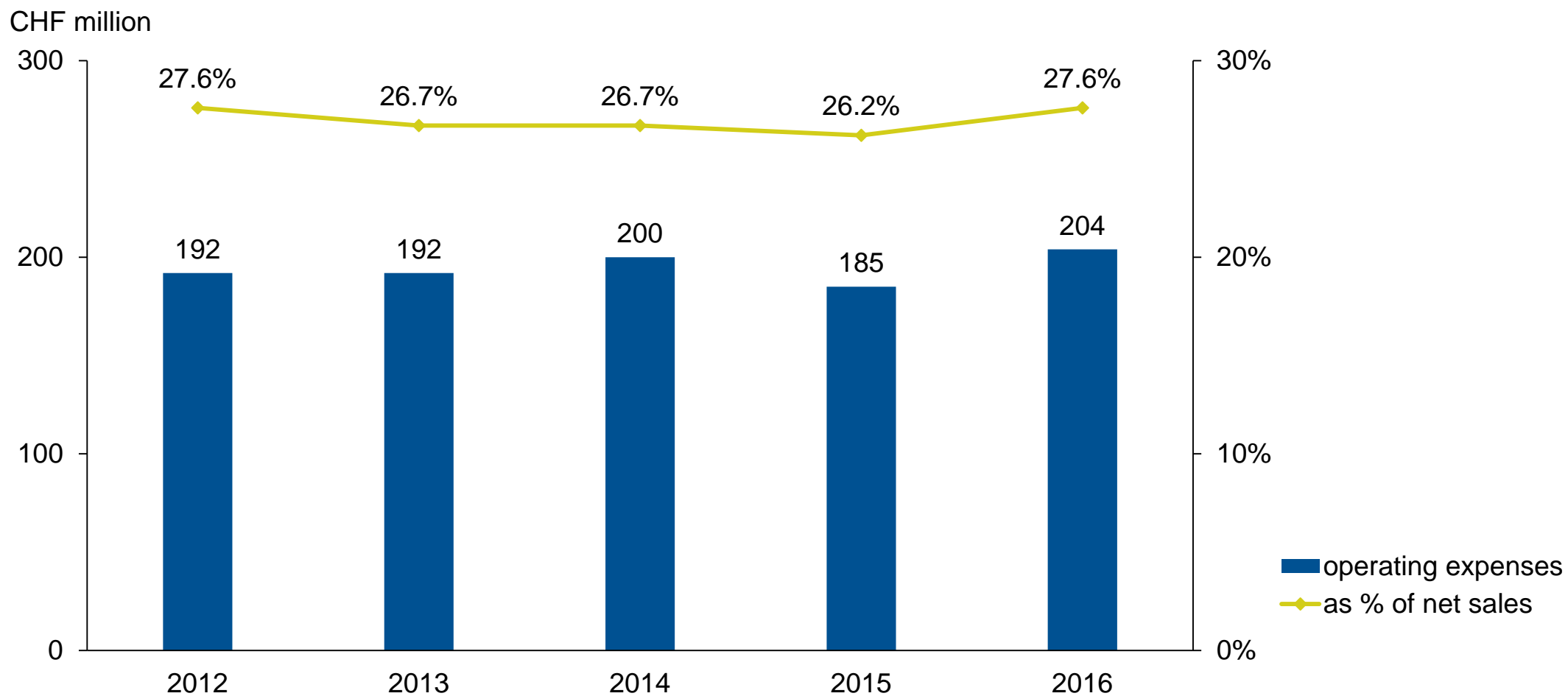
Factors impacting the «Top Line»



Improved gross margin

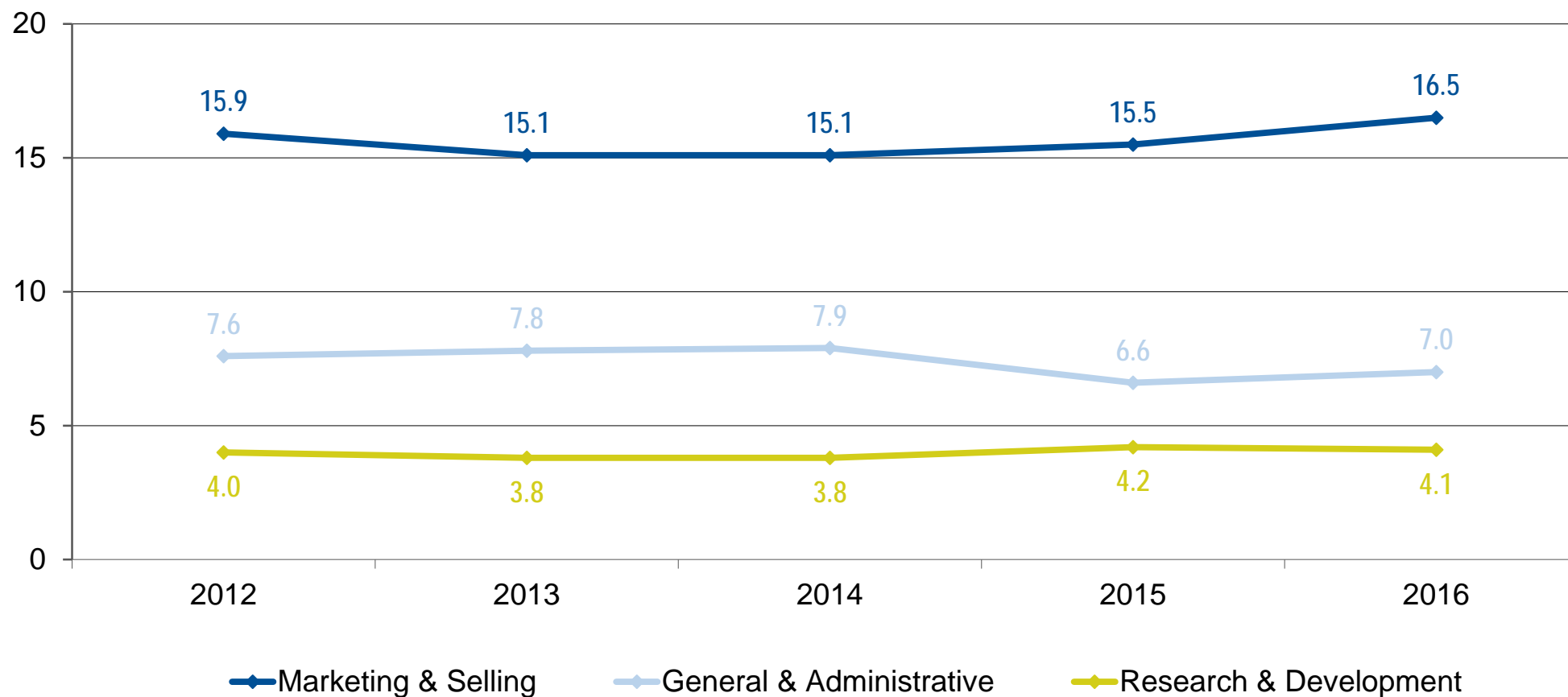


Increase of operating expenses



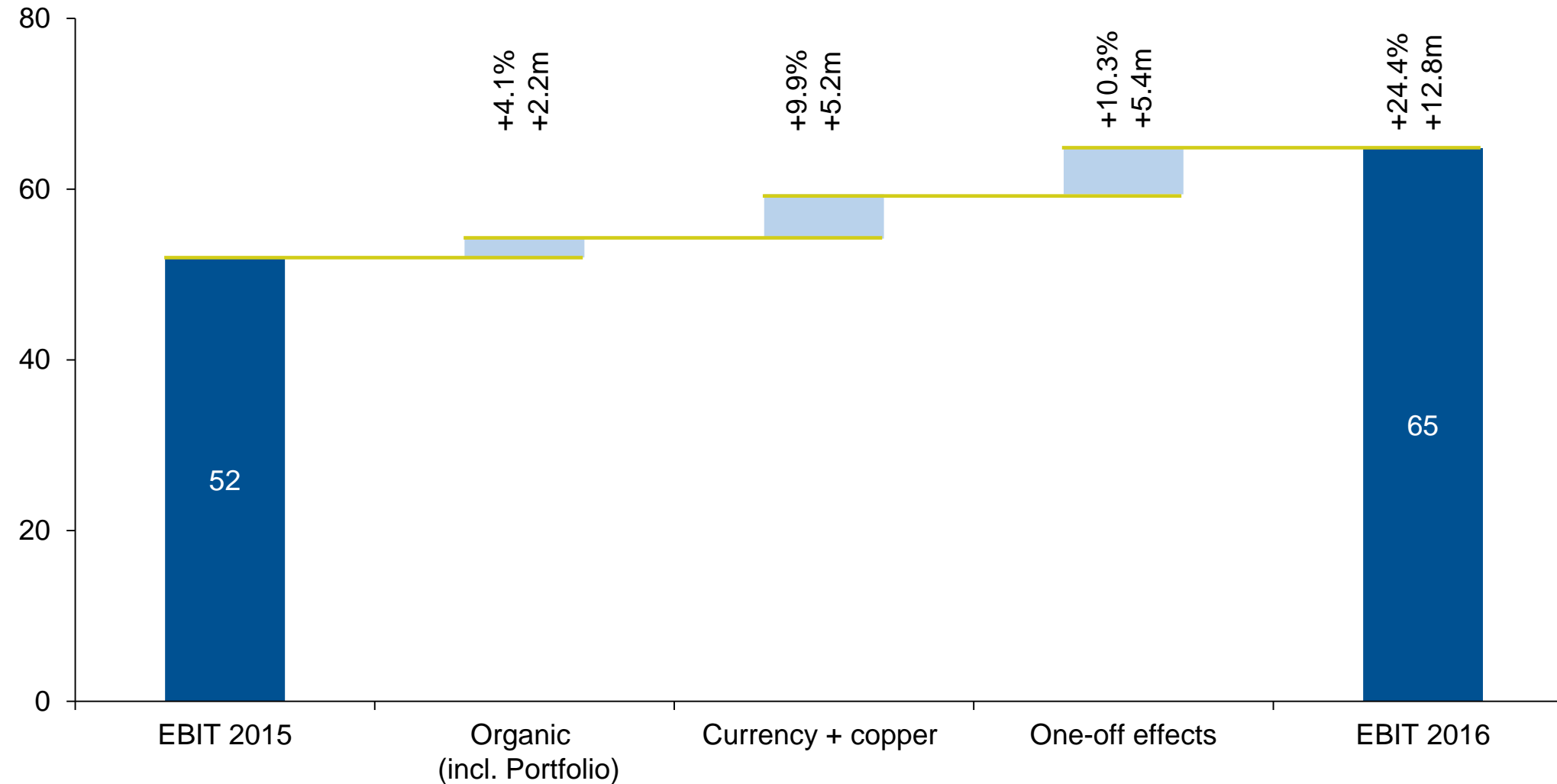
Structure of operating expenses

in % of net sales



Factors impacting EBIT

CHF million



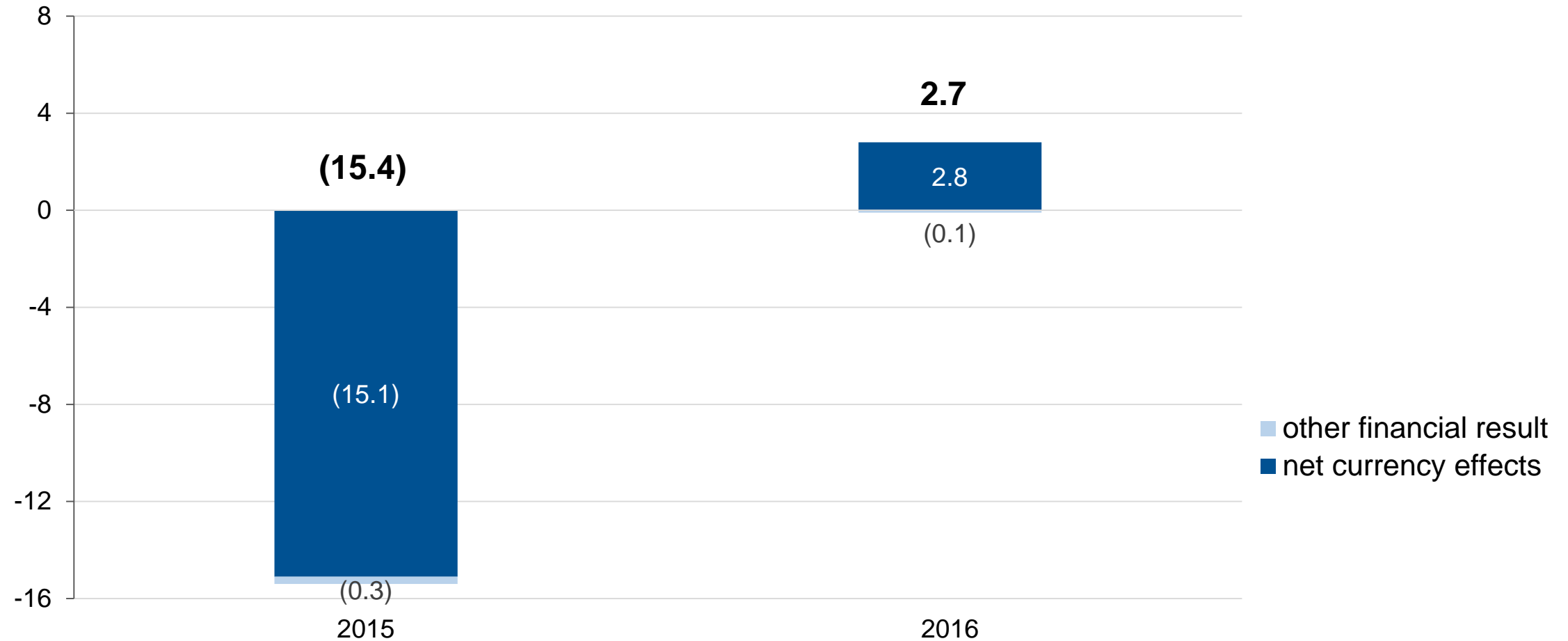
Overview Divisions

CHF million

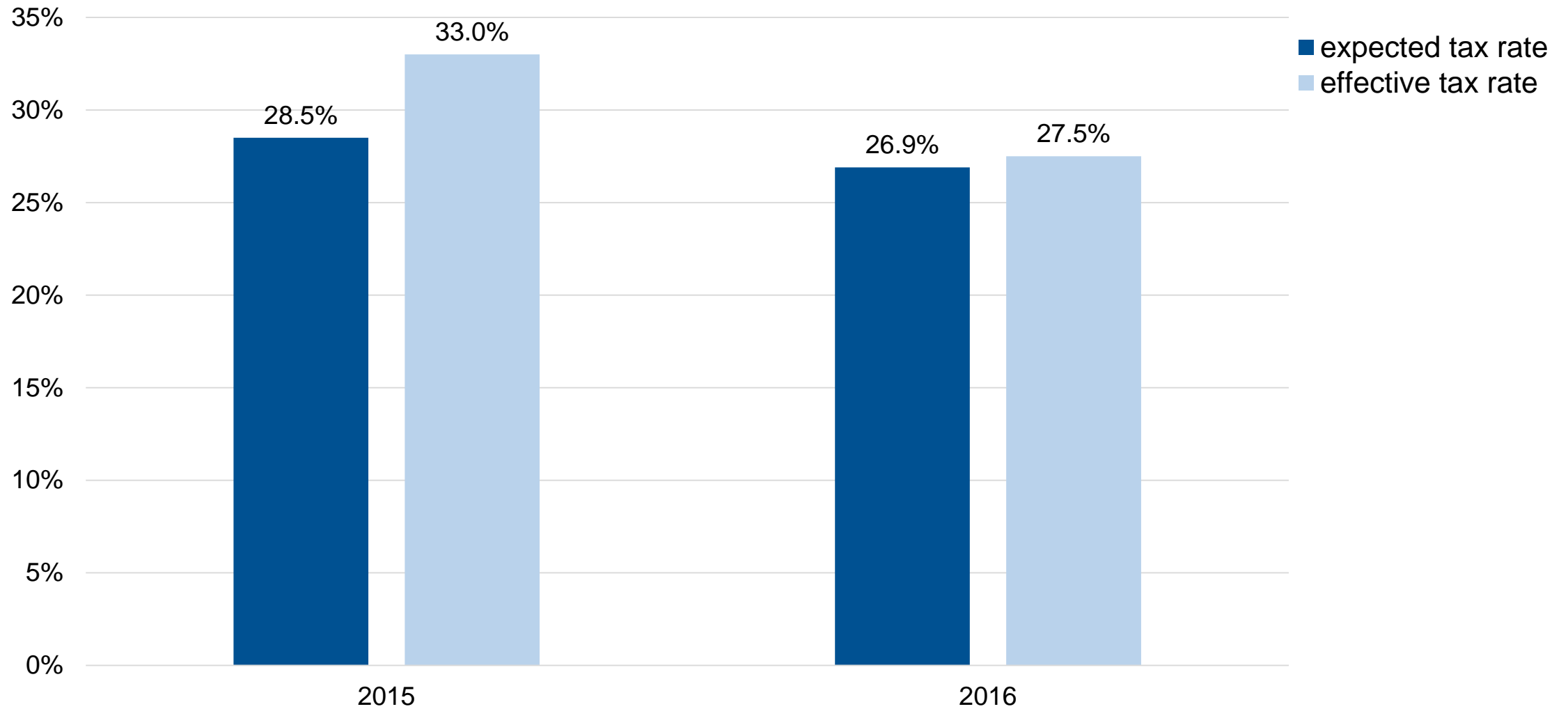
	2016	<i>in %</i>	2015	<i>in %</i>
Radio Frequency	27.5	12.5	21.7	10.5
Fiber Optics	38.4	12.6	34.4	12.3
Low Frequency	3.8	1.8	2.4	1.1
Corporate	(4.6)		(6.2)	
Total EBIT	65.1	8.8	52.3	7.4

Positive financial result

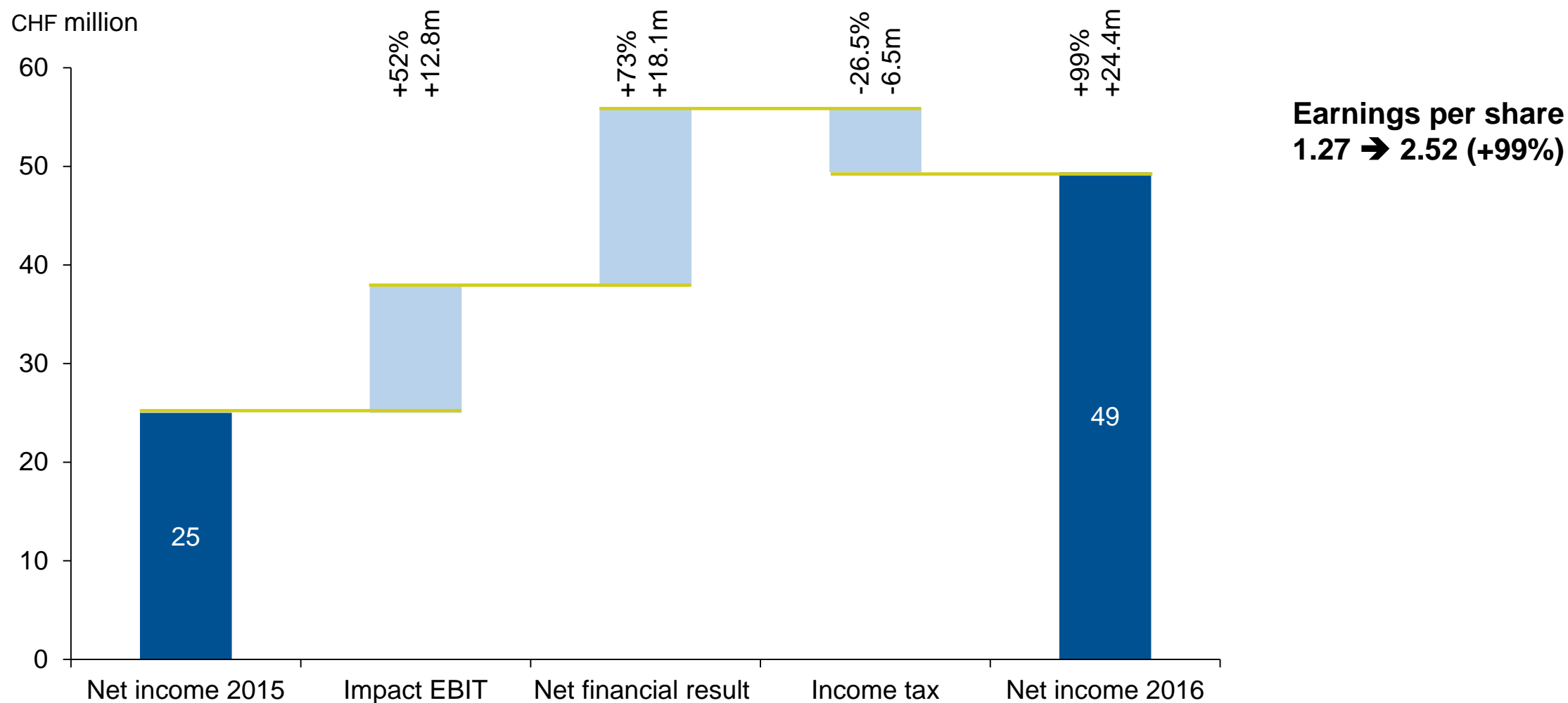
CHF million



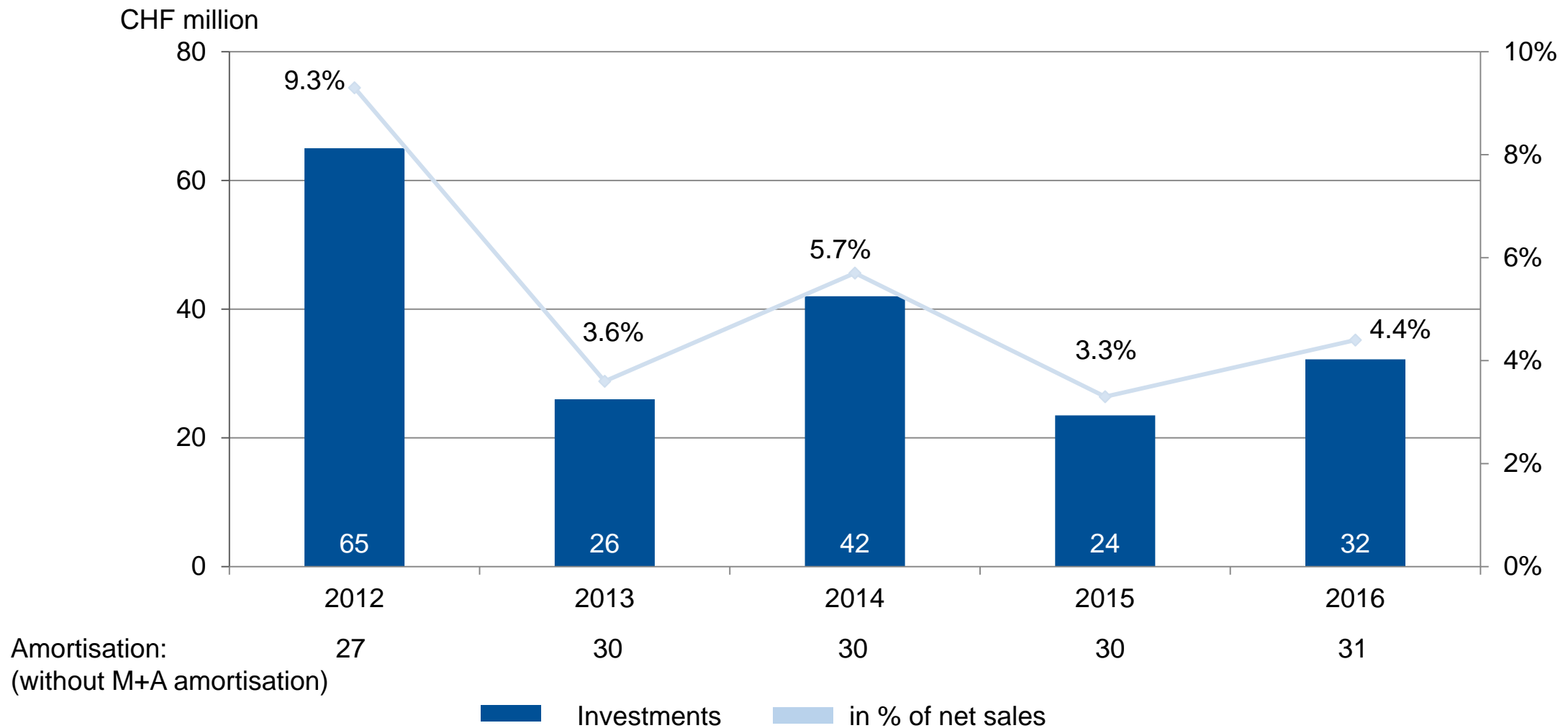
Improved Group tax rate



Factors impacting net income



Normalised investment volume



Strong balance sheet

CHF million

	31.12.2016	31.12.2015		30.06.2016
Liquid assets	158	160	-2%	133
Current assets (other)	300	281	7%	316
Non-current assets	337	337	0%	326
Liabilities	137	129	6%	160
Shareholders' equity	658	650	1%	615
in %	83%	83%		79%
Balance sheet total	795	778	2%	775
Net liquidity	158	160	-2%	133

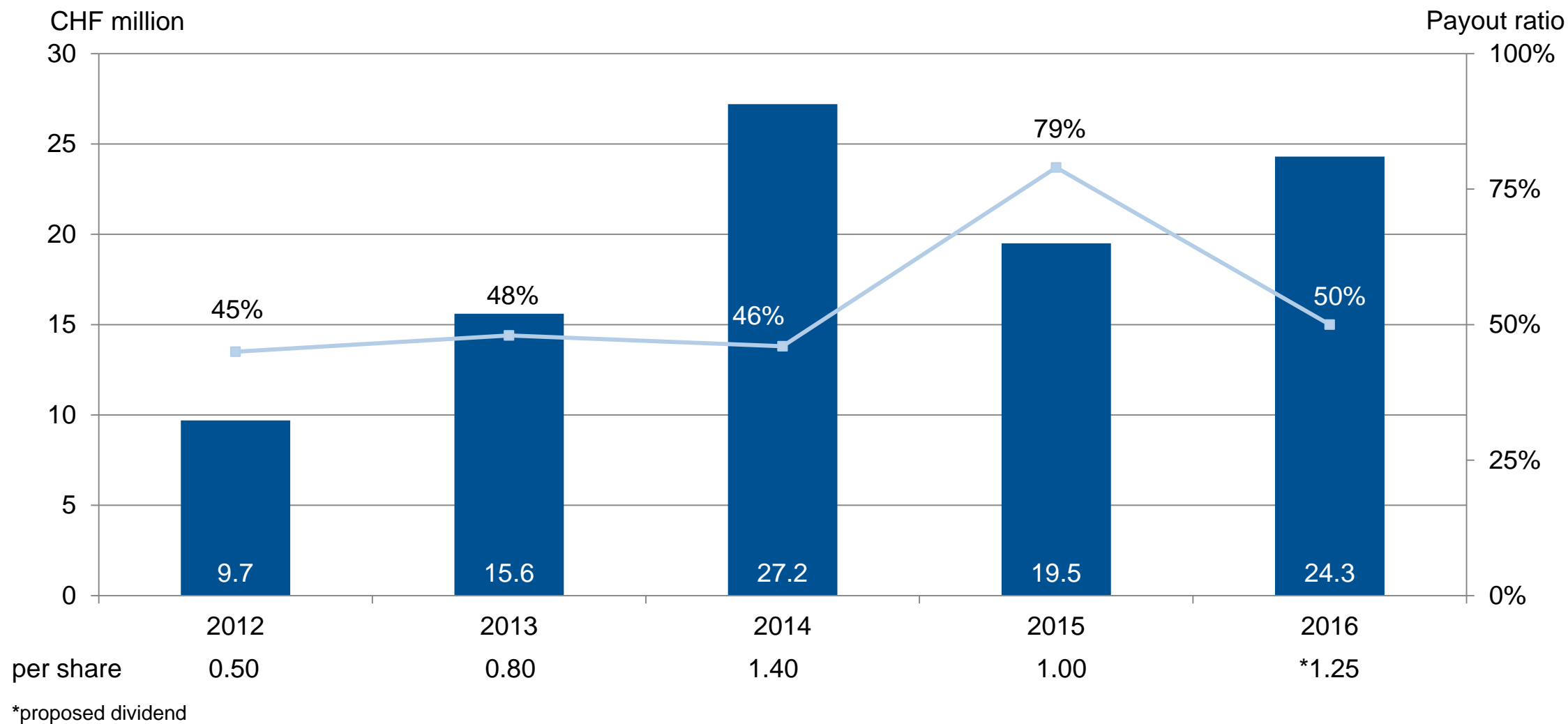
Pleasing free operating cash flow

CHF million

	2012	2013	2014	2015	2016
Net cash from operating activities	39.2	115.9	78.0	69.7	76.9
Net cash from investing activities*	(114.3)	(20.0)	(89.9)	(21.8)	(57.5)
Free operating cash flow	(75.1)	95.9	(11.9)	56.7	19.5
Dividend payment	(18.5)	(9.7)	(15.6)	(27.3)	(19.5)
Change in treasury shares	0.0	(0.5)	(1.4)	(0.9)	(1.4)
Free cash flow	(93.6)	85.7	(28.9)	28.6	(1.4)

*excluding marketable securities / derivatives

Attractive dividend policy



Financial assessment 2016

- ✔ Significant organic growth in order intake and net sales
- ✔ Improved operational profitability
- ✖ Insufficient profitability in the Low Frequency division
- ✔ Prominent increase in net income also thanks to a positive financial result
- ✔ Continued high cash flow from operating activities

Change from IFRS to Swiss GAAP FER

Reasons

- IFRS is becoming increasingly formal and more complex
- Swiss GAAP FER is more pragmatic and nevertheless allows transparent reporting that is geared to the needs of medium-sized international companies
- Reduction of volatility in the shareholders' equity (IAS 19)

Financial impact

- Valuation principles are being kept predominantly
- Offsetting goodwill / intangible assets with shareholders' equity
- Revaluation of pension obligations
- Indicative EBIT impact 2016: +0.6 EBIT percentage points

Timing

- Change as of 1st January 2017
- First financial statement according to Swiss GAAP FER: Half-year Report 2017 (including Restatement 2016)

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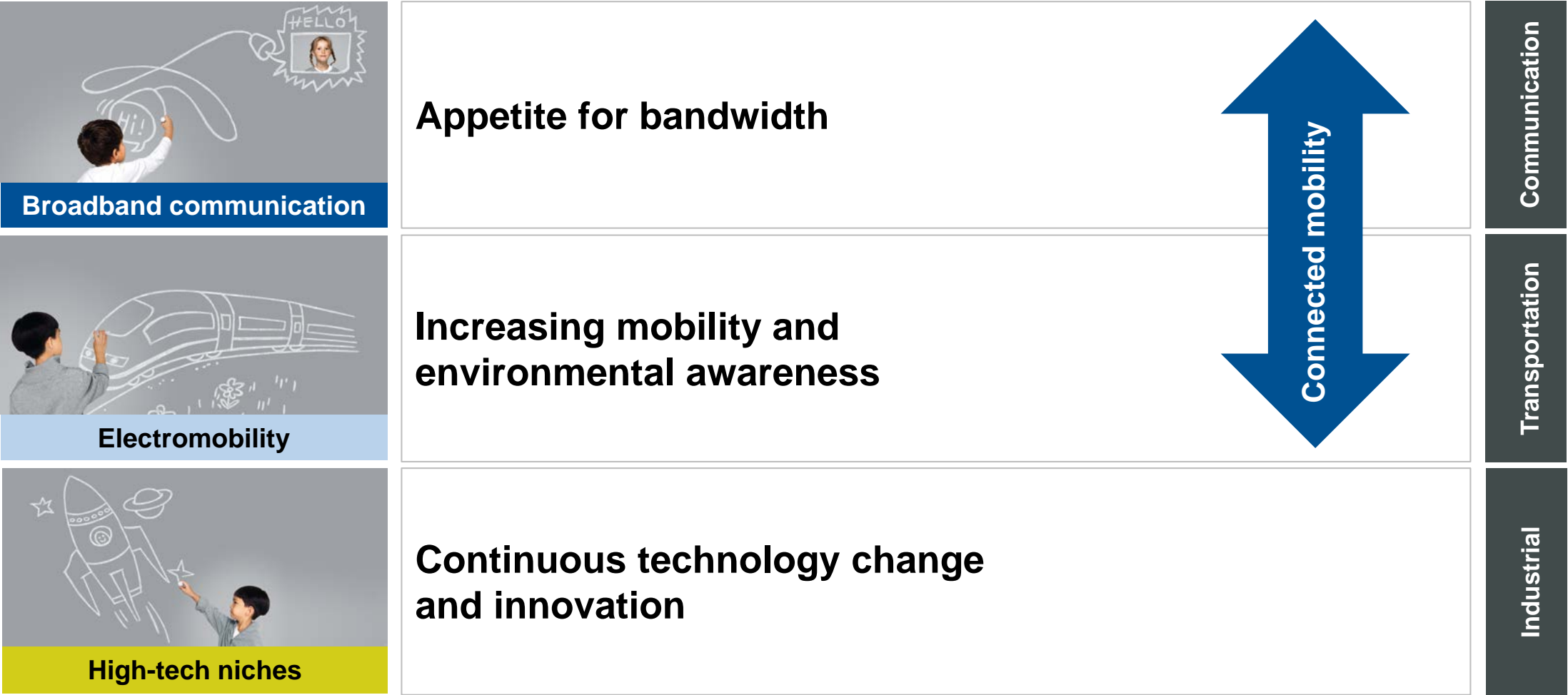
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Our growth drivers



Broadband communication

Our solutions for the Communication market

Mobile communication

Central office, Fiber to the Home

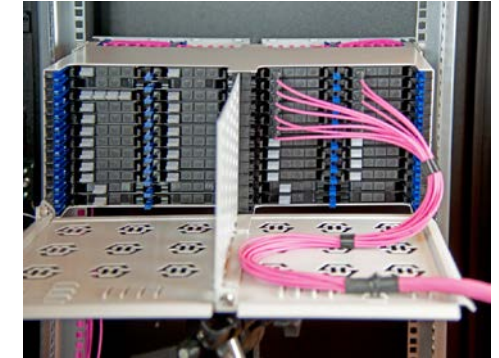
Data Centers

In-building communication



Data Centers

Solutions for today



Product range

- Most advanced fiber optic components and cable systems portfolio
- Fiber management, new modular system IANOS®
- Copper wire solutions

Added value

- Future-proof design, modularity and optimised packing density for data centers

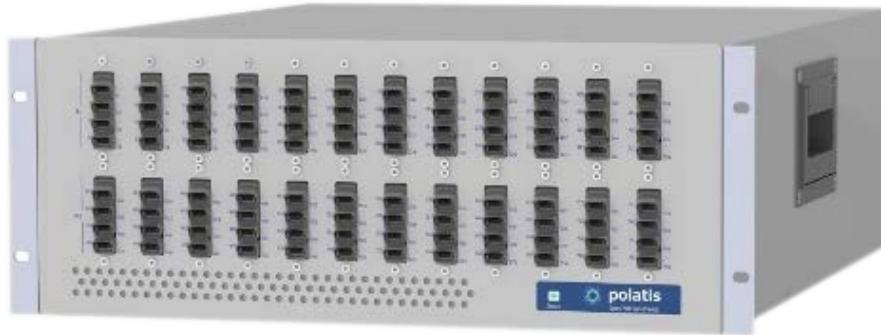
Customers

- Operators of data centers and system integrators

Data Centers Solutions for tomorrow

Industry leading all-optical switches

Series 7000 384x384



S1000 all-optical switch

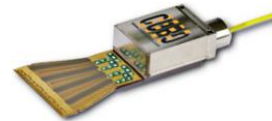


Active and passive transport solutions

Wavelength Division Multiplexers



Active Fiber-optical Components



Transceivers



Electromobility

Our solutions for the Transportation market

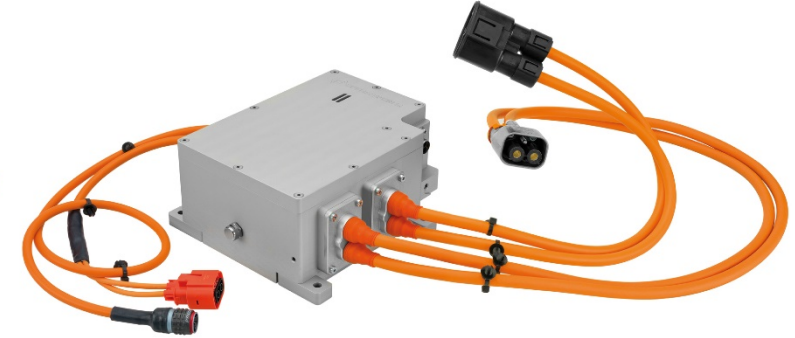
Rolling stock, Railway stations

Automotive, electric and hybrid vehicles

Fast charging



Automotive Solutions for today



Product range

- Battery cables
- Screened power cables
- Connection systems
- High-voltage distribution units
- Anti-capillary cables
- Databus cables
- Sensor and control cables
- Antennas

Added value

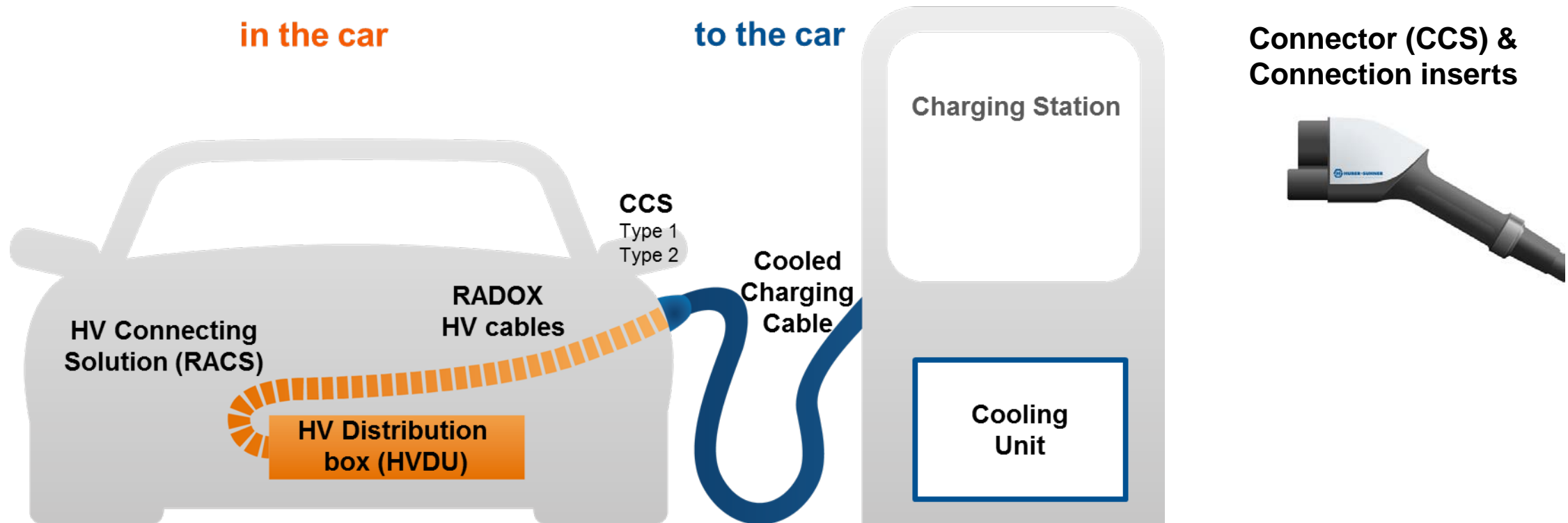
- Technology leader in solutions for harsh environmental conditions
- Customised solutions from prototyping to serial production
- Focus on utility vehicles

Customers

- Sub-system suppliers (tier 2/3)
- System suppliers (tier 1)
- Vehicle manufacturers (OEM)

Automotive

Solutions for tomorrow: RADOX High Power Charging System



High-tech niches

Our solutions for Industrial market

Test+Measurement

Aerospace+Defense

Energy

Other high-tech niches



Starting position for 2017

- Solid position overall in key markets and with key customers
- Growth drivers remain intact
- Pre-investments in solutions for tomorrow
- All acquisitions assert their technological leadership and are well integrated
- Radio Frequency and Fiber Optics with positive momentum and good profitability
- Low Frequency depending still largely on railway market and unsatisfying profitability
- High price pressure on large railway and communication projects

Markets

- Communication
 - growth expected to continue
- Transportation
 - Railway: overall stable business volumes expected based on activity in China picking up
 - Automotive: opportunities at hand offer mid-term growth potential (in Low Frequency and Radio Frequency)
- Industrial
 - growth opportunities in high-tech niches

Midterm EBIT margin target range and Outlook 2017

Midterm EBIT margin target range raised

- New 8 - 10%* (old: 6 - 9%)

Outlook 2017

- In 2017, we expect – assuming that exchange rates remain similar to those in 2016 – to be able to stay on the growth path and to reach an EBIT margin within the new midterm target range.

*) according to Swiss GAAP FER, over a business cycle

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