

# Capital Market Day 2022

**HUBER+SUHNER**

# Agenda

Topic	Speaker
<b>Strategic overview</b>	Urs Ryffel, CEO
<b>Break-out sessions</b>	
Industry	Reto Bolt, COO Industry segment
Communication	Jürgen Walter, COO Communication segment
Transportation	Drew Nixon, COO Transportation segment
<b>Financial insights</b>	Ivo Wechsler, CFO

# Strategic overview

**Urs Ryffel, CEO**

# HUBER+SUHNER at a glance

Our world is based on connections between humans, places, and systems.

They are essential for the functioning of our society.

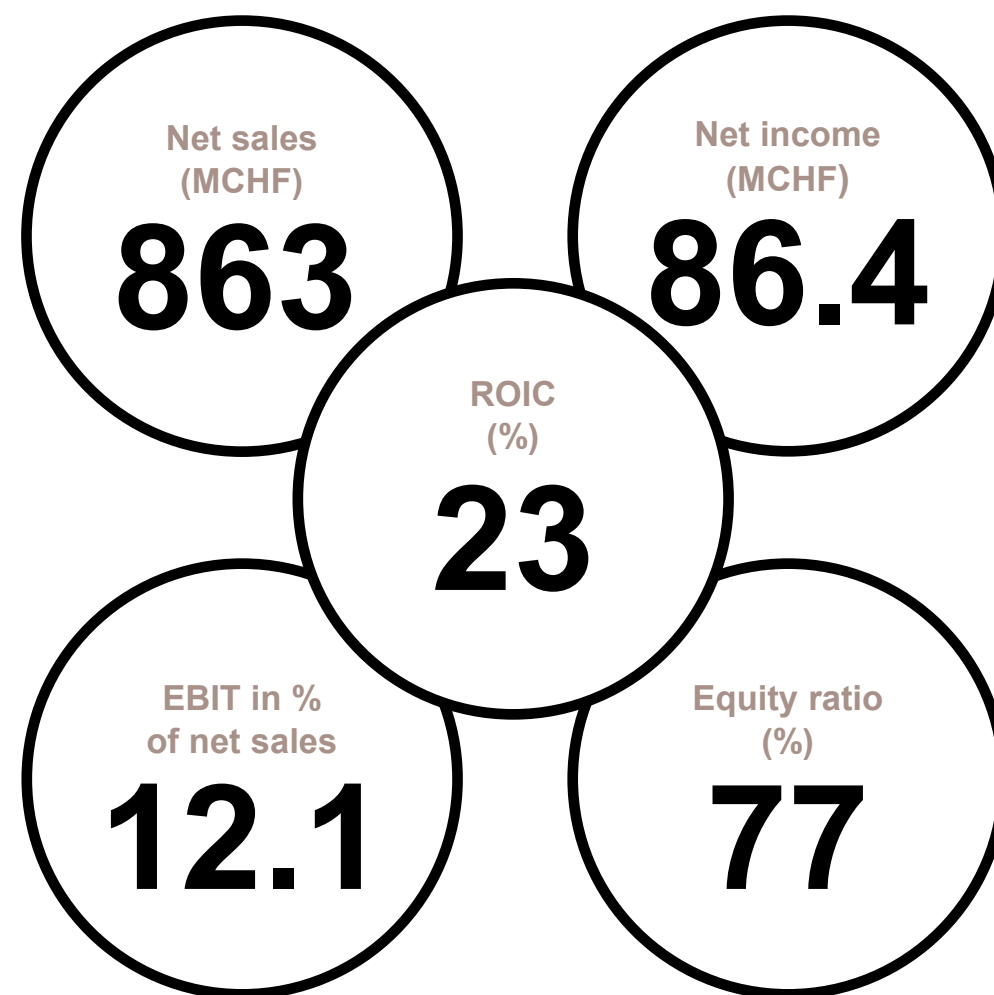
HUBER+SUHNER is the partner of choice for electrical and optical transmission of data and energy.

Founded in 1864, HUBER+SUHNER has a long tradition of innovation and technology leadership in the industry.

Components and system solutions from HUBER+SUHNER are characterised by performance, quality, reliability and efficiency.

That is how we help our customers bring people closer together.

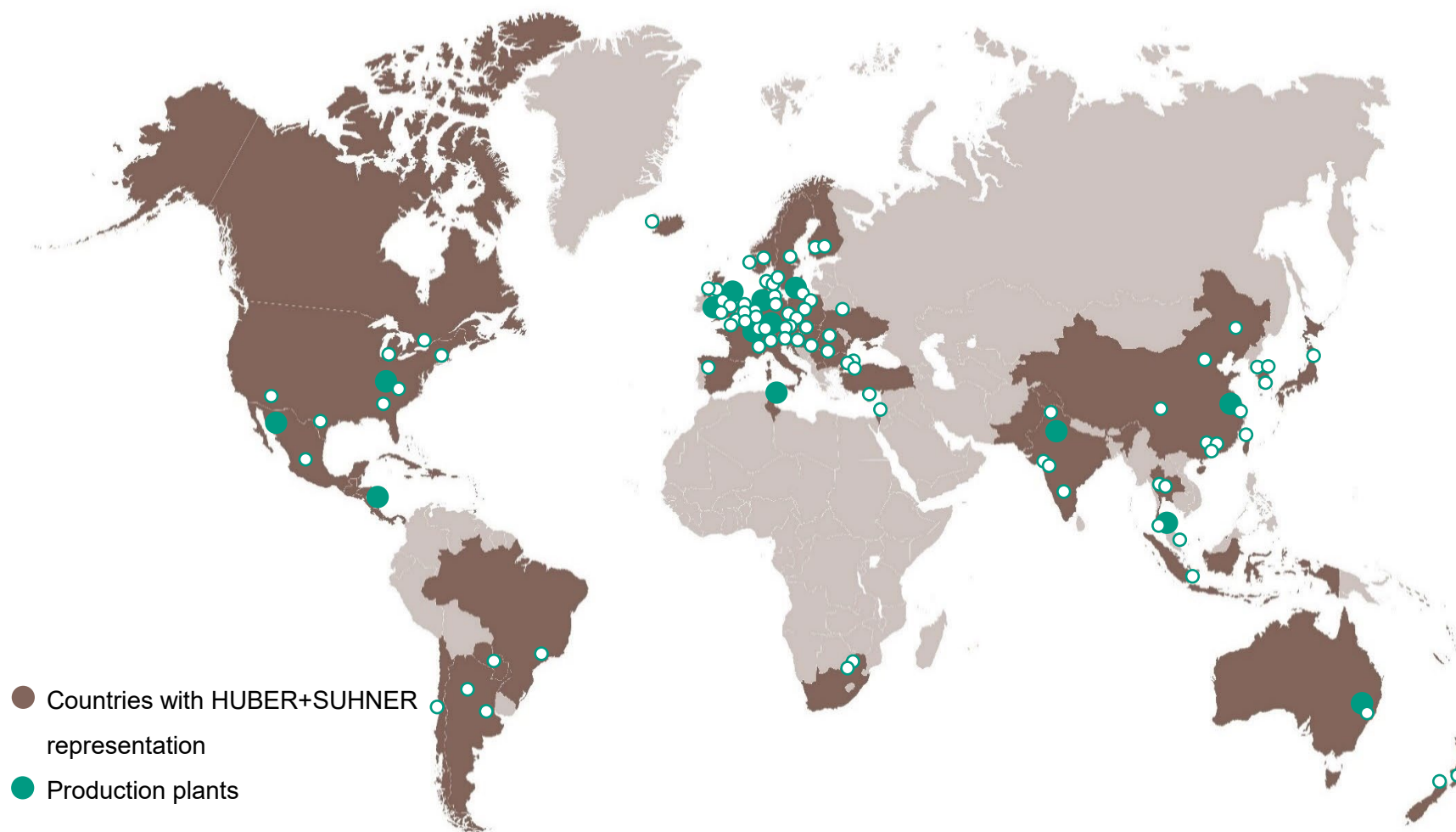
Today, HUBER+SUHNER has over 4,500 employees and is operating in more than 80 countries.



Figures: Business year 2021 (as per 31 December 2021)

# Global network

## Engineering, production and sales



The global organisation places HUBER+SUHNER close to its customers.

Over 400 sales employees serve customers face to face across all markets, continents and technologies.

Network of distributors adds additional points of sales.

Standard products are increasingly sold via online channels.

## **Five reasons to invest in HUBER+SUHNER**

1. Strong position in essential markets and applications
2. High value proposition ensures strong customer loyalty
3. Growth strategy targets attractive markets
4. Value assurance guarantees focus on profitability
5. HUBER+SUHNER is shareholder-oriented

# 1. Strong position in essential markets and applications:

## Where and how we target the markets

### Business activity

- HUBER+SUHNER designs and creates connections for data and power transmission

### Target markets

- Industry, communication, transportation markets

### Solutions offering

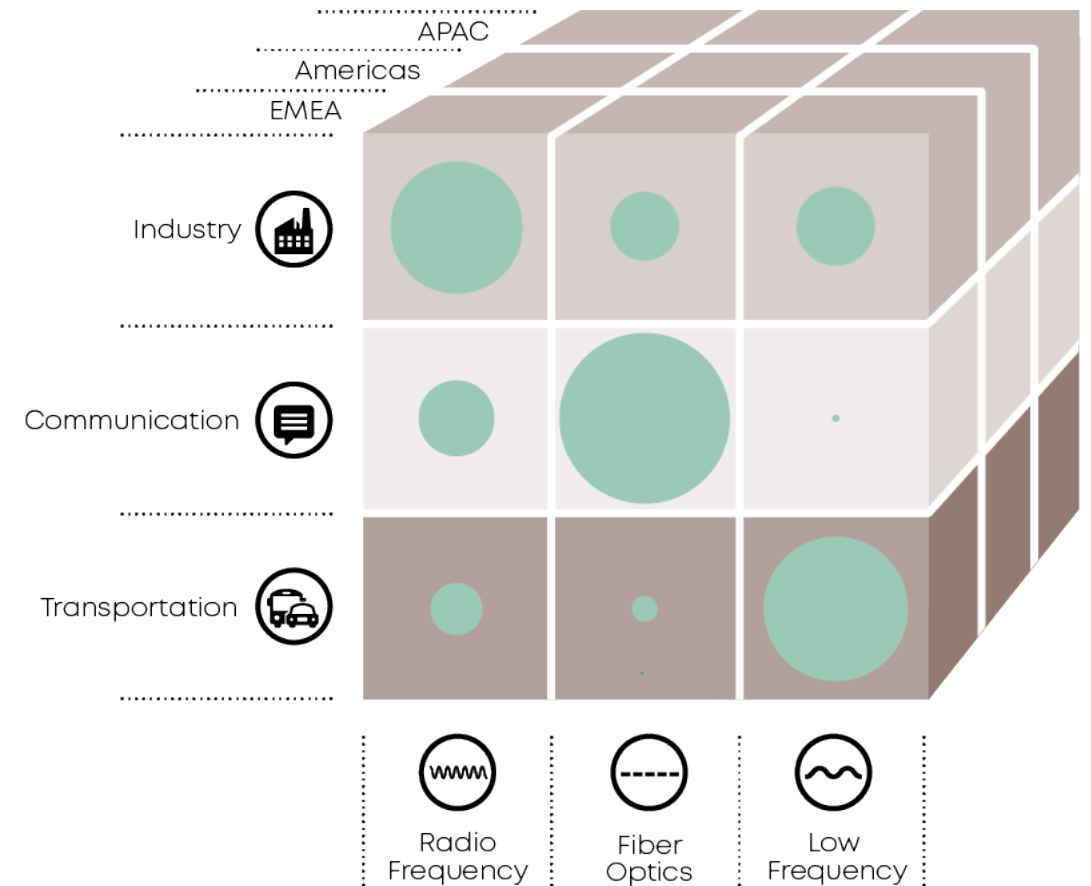
- Connectors, cables, antennas and systems
- Based on three technologies radio frequency, fiber optics, low frequency

### Product range and development

- 2/3 customer specific, 1/3 standardised

### Customer proximity

- Global production network
- Sales companies / representatives in 80 countries





# 1. Strong position in essential markets and applications:

The business opportunity is vast and diversified



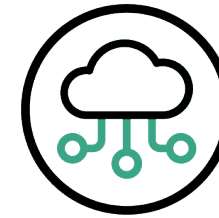
Near-space satellite programs require several thousand satellites



Smart grids for must-be renewable power generation and efficient distribution



Worldwide data volume doubles every 3 years



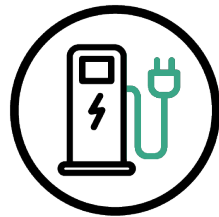
Approximately 130 new devices connect to the internet every second



Only a minority of the households have FTTH yet



Geopolitics drive both perception of safety and defense budgets up



Thousands of new charging points p. a. installed for EV charging



An increasing share of newly matriculated cars are BEV or HEV



Trains outperform other means of transportation by factors in CO2/pkm

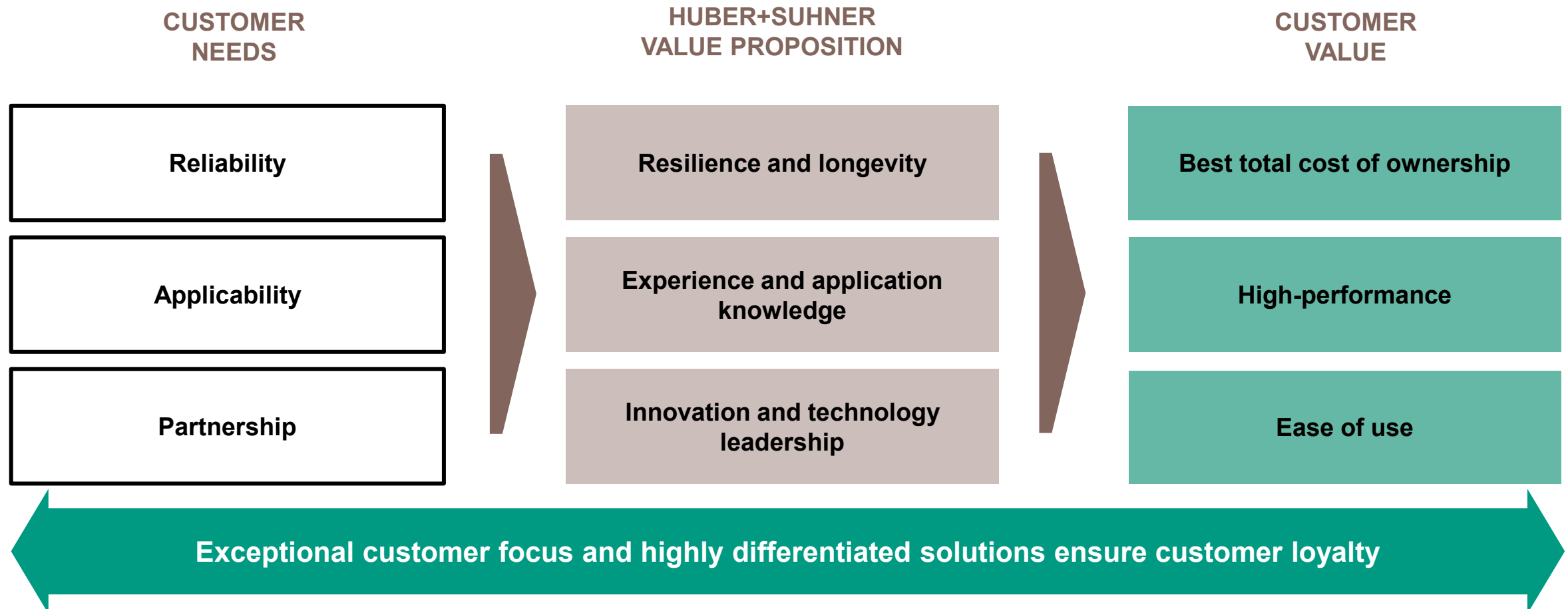


Today only 10 % of trains offer web connectivity



## 2. High value proposition ensures strong customer loyalty

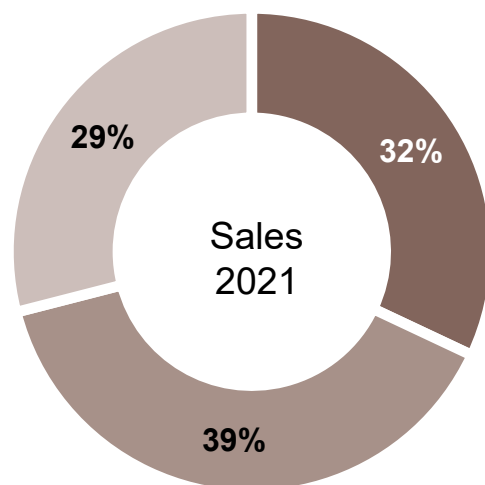
Our business model focuses on customer value



## 2. High value proposition ensures strong customer loyalty

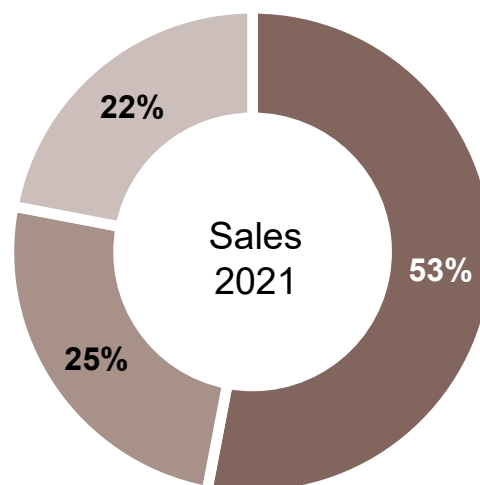
Balanced portfolio with high customer loyalty

**Sales by segment**



- Industry
- Communication
- Transportation

**Sales by region**



- EMEA
- Americas
- Asia-Pacific

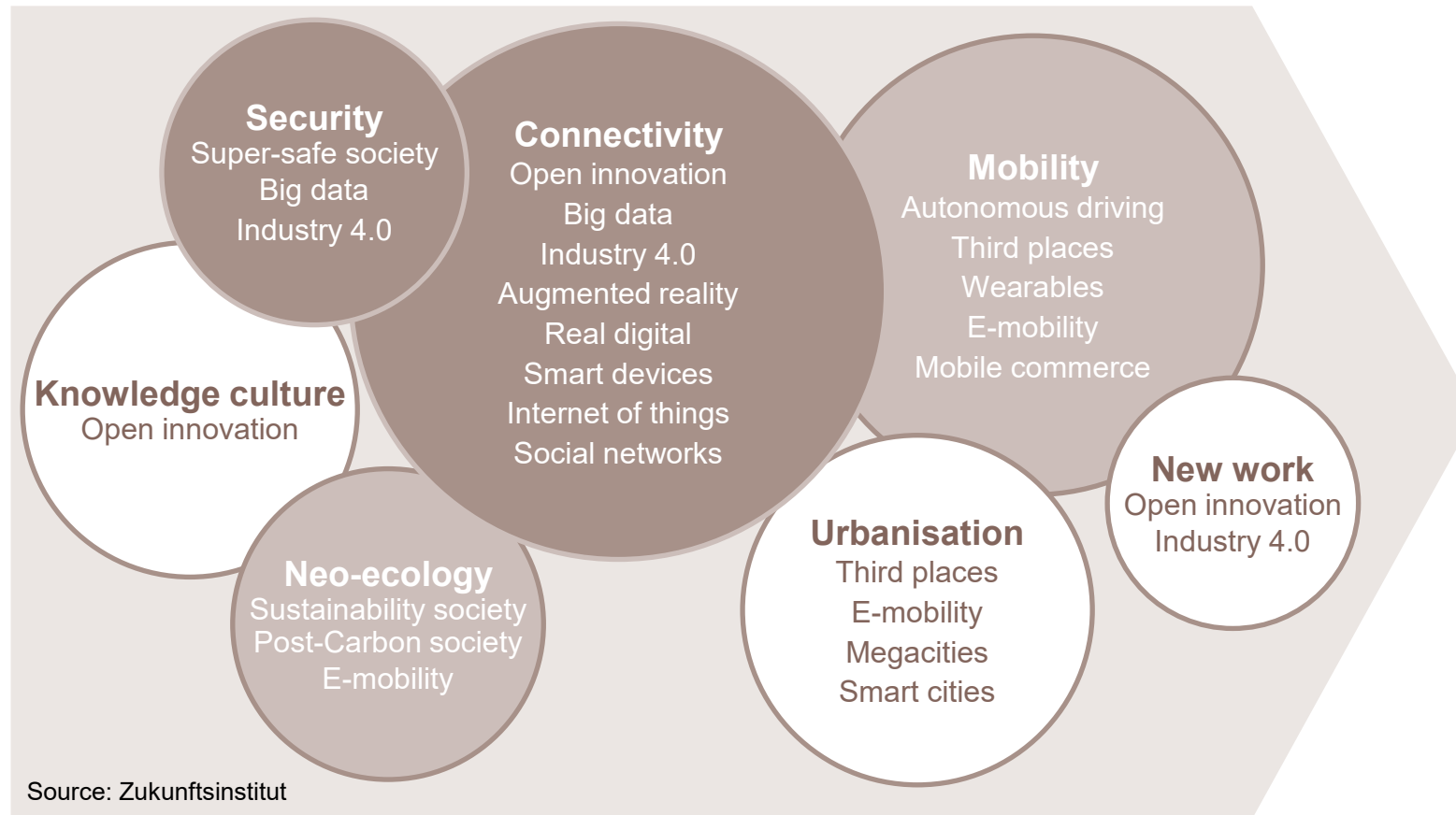
Broad base of several thousand buying customers.

Approximately 35 customers generate 50 % of sales.

High customer loyalty: more than 2/3 are recurring customers.

### 3. Growth strategy targets attractive markets: Strategic focus aligned with megatrends

#### Megatrends



#### Strategic growth initiatives

Aerospace & Defense

Data Center

Rail Communications

Advanced driver assistance system (ADAS)

Electric Vehicle

## 4. Value assurance guarantees focus on profitability

Strong R&D / Engineering establishes technology and innovation leadership

### Technology roadmaps

- Ensuring and expanding the technology leadership role

### Innovation project selection

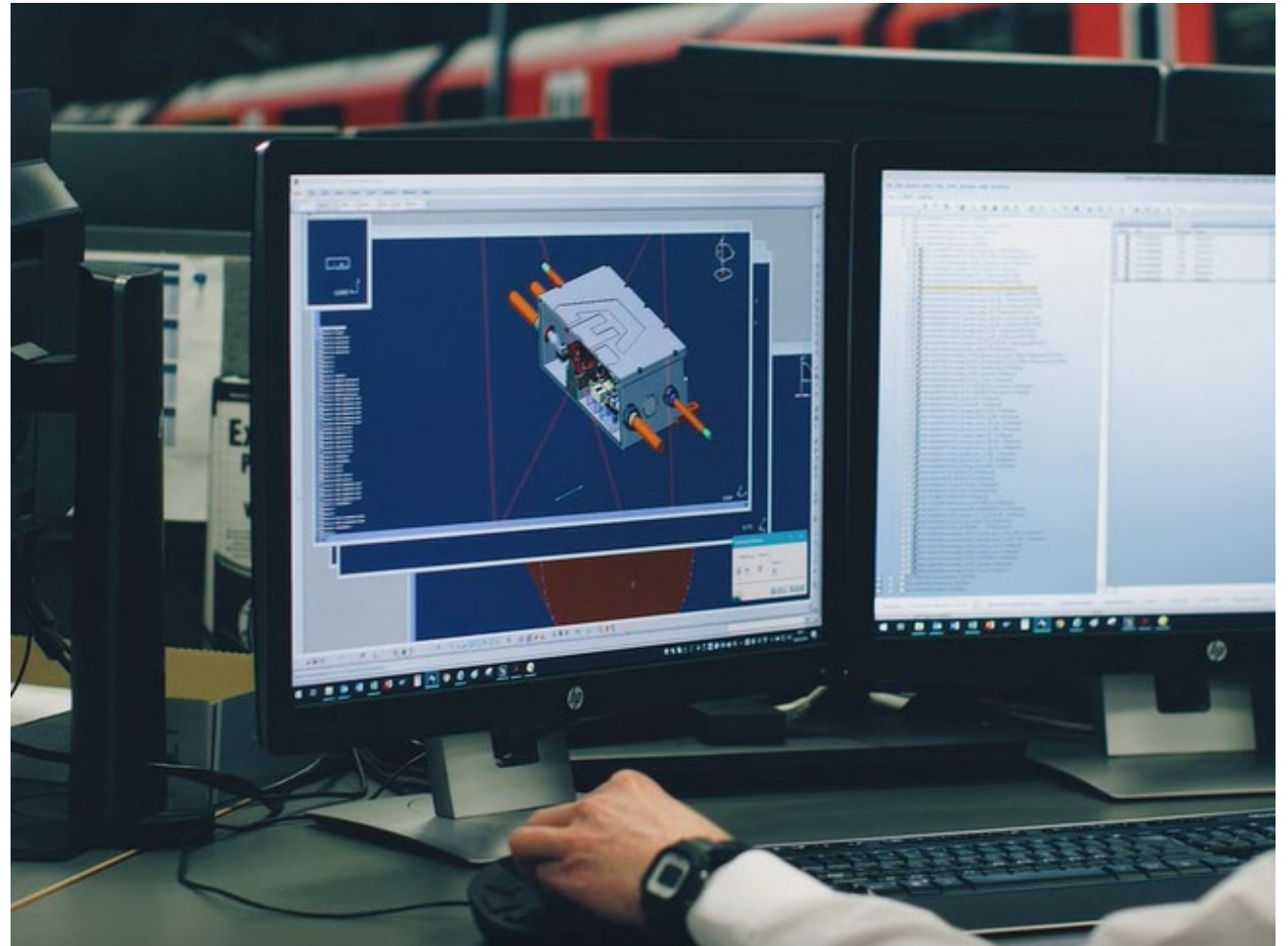
- Customer-focused and specific
- Allocation of competencies and resources based on value assurance process

### Constant flow of innovation opportunities

- “Future Lab” to fuel pipeline organically
- Ideas for technology acquisitions

### R&D spending

- ~6 % of net sales p.a.
- 1/3 allocated to each innovation, customer-specific applications, and cost optimization





## 4. Value assurance guarantees focus on profitability:

### Mastering the manufacturing ensures operational excellence

#### Global footprint

- Superordinated supply chain, local empowerment

#### Efficient processes

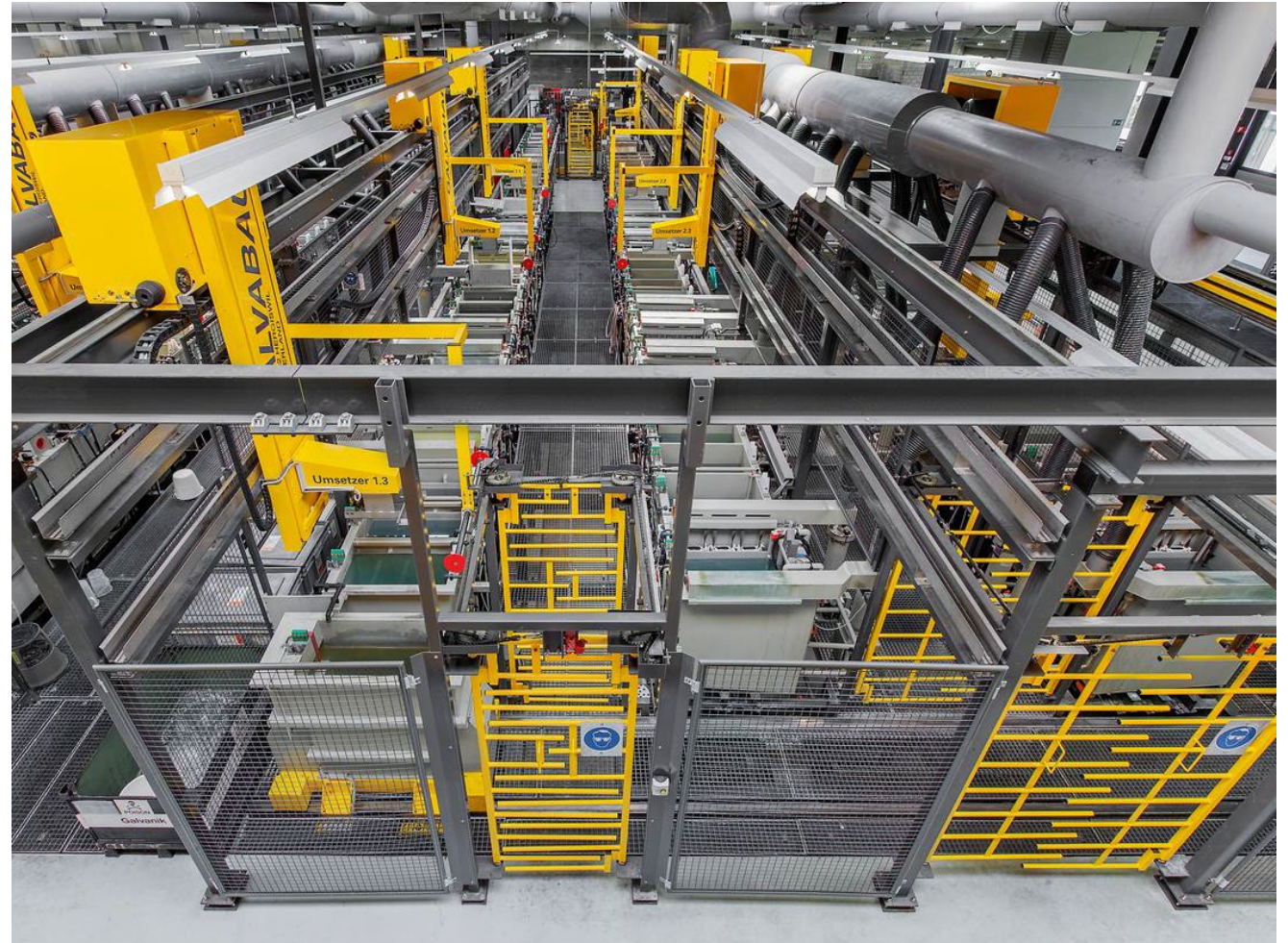
- High degree of digitalization
- Investments in improvements and automation of ~5 % of net sales p.a.

#### Continuous improvement culture

- Margin erosion prevention

#### Organizational stability

- Fine-meshed monitoring of operating performance
- Long-term comparison basis



## 4. Value assurance guarantees focus on profitability:

Direct sales secure strong position in target markets

### Know what customers need

- Consulting and support oriented agile account management
- Culture of customer focus and “can do” mentality of staff
- Engineered solutions exhibit high differentiation

### One stop shop for demanding connectivity solutions

- Seamless online and offline experience
- Ease of doing business through multiple channels

### Single point of contact

- More than 400 sales resources, local yet global
- Account management with ultimate goal to make customers successful





## 5. HUBER+SUHNER is shareholder-oriented: Significant cash returns

### Dividend policy

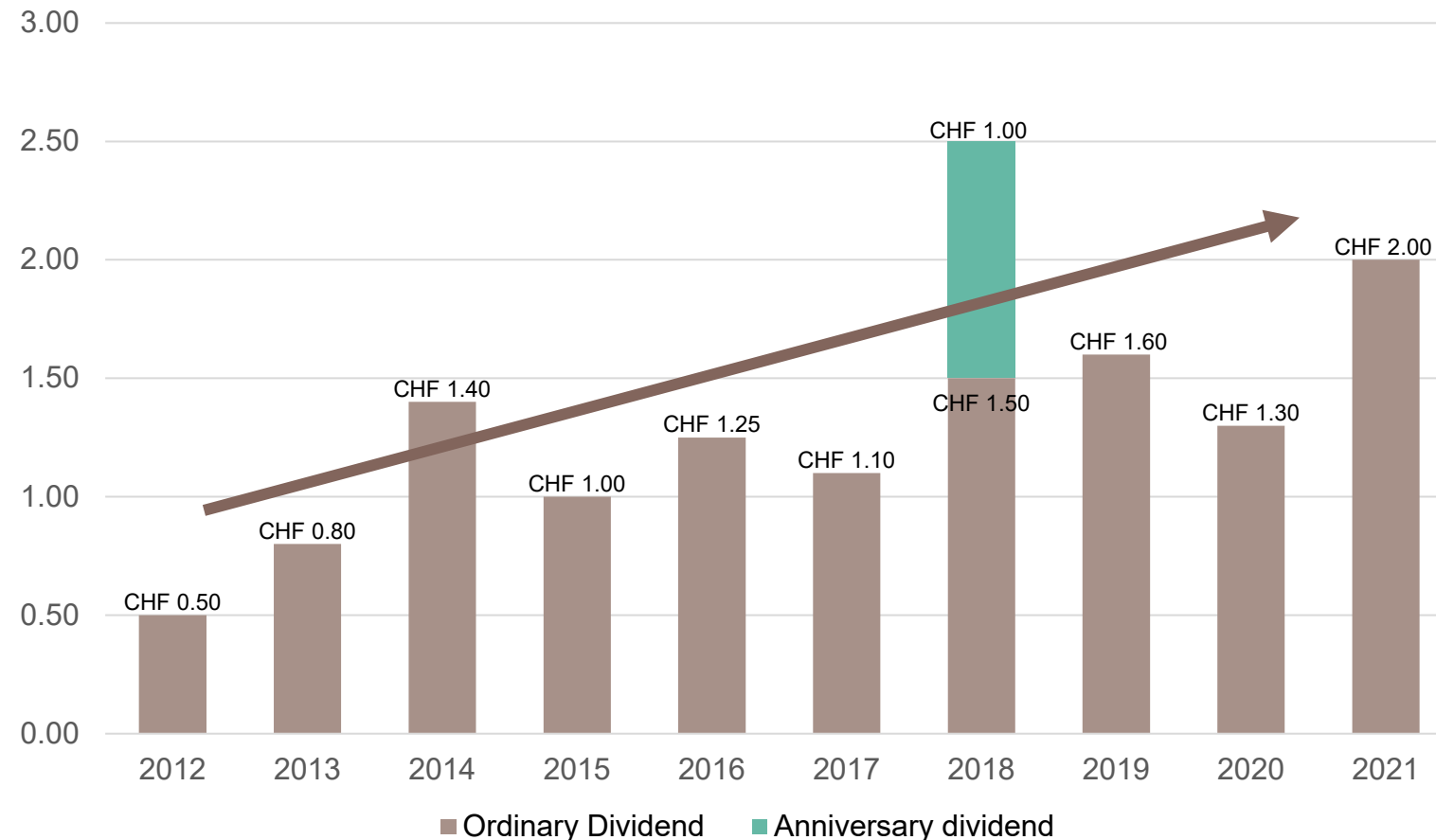
- Increasing dividends
- Profit-oriented dividend policy
- Target pay-out ratio of 40-50 % of net income

### Share buyback programme

- Ongoing share buyback programme of 5 % (>80% completed)

### Solid financing

- Strong balance sheet, high equity ratio and consistent cash flow generation  
→ provides the basis to continue the shareholder-oriented policy



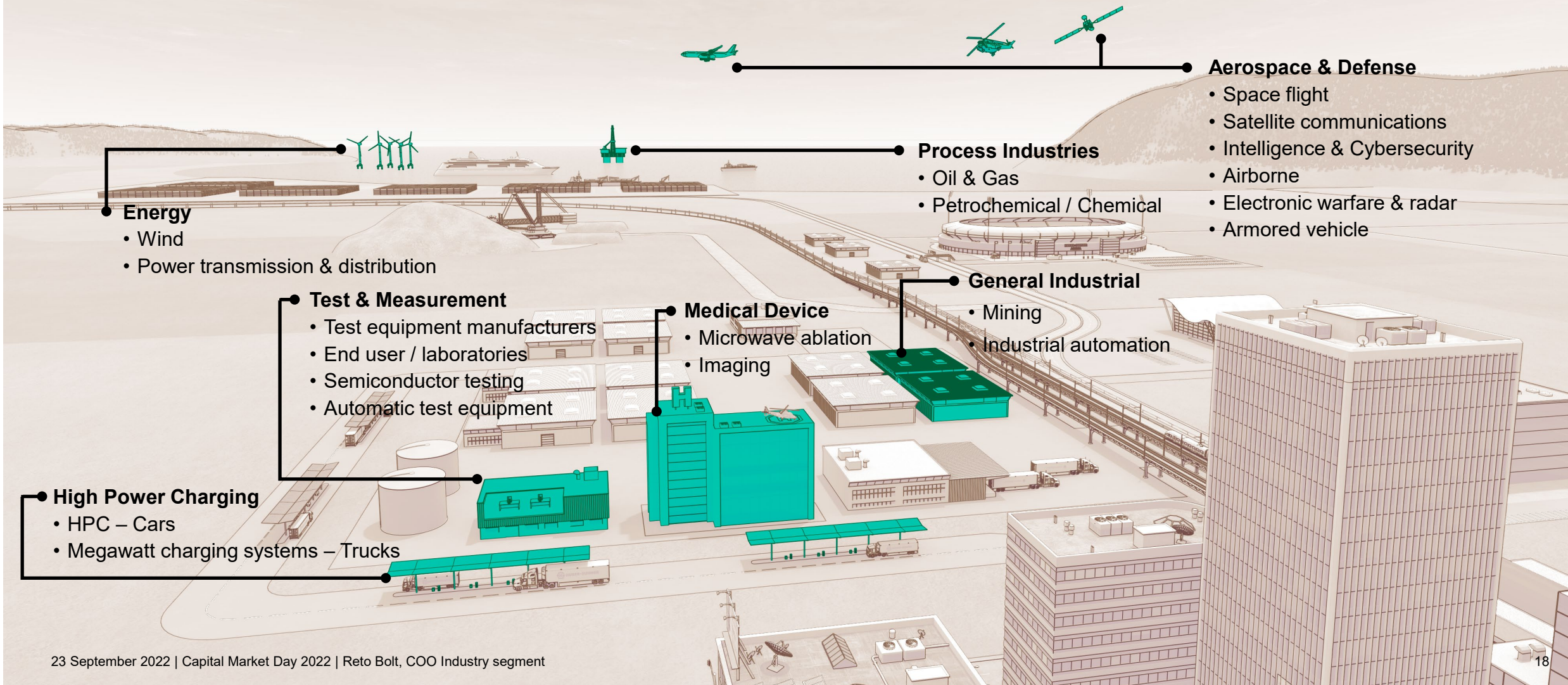


# Insight into the activities of the three market segments

Industry

# Capital Market Day 2022

# Our solutions for the Industry market





# Trends & drivers

## 24/7 reliable and available solutions for critical infrastructure



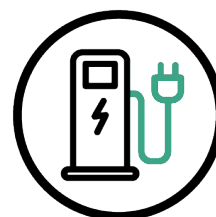
Increasing demand for internet devices, mobility & higher data rates

Drive demand for **chip & wireless** test equipment



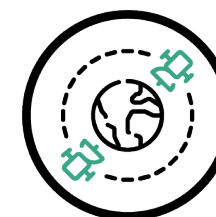
Smart grids for power generation and distribution

Means **secure communication** between products, systems, equipment and electricity networks



E-Mobility is the new reality and range requirements are **increasing**

Thousands of **new charging points annually** installed for EV charging



Accelerating growth in space market

for broad-based private and military **satellite communication** offering tangible value for businesses, society, and consumers






Geopolitics drive defense budgets up


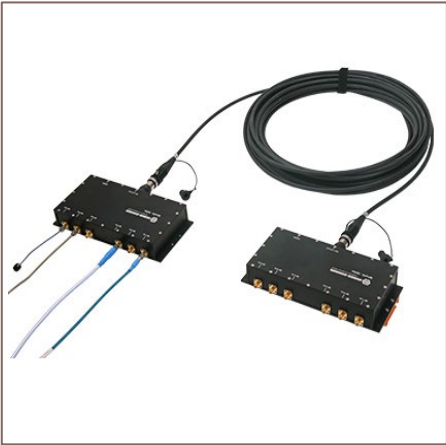



Contractors to **leverage innovation** for building advanced military capabilities

# Strategic focus

## Industry segment

	Core markets	Growth initiatives	Focused market verticals	Opportunities with growth potential
 <b>Industry</b>	Test & Measurement	Aerospace & Defense	High Power Charging Medical Device Process Industries	<ul style="list-style-type: none"> <li>• ...</li> <li>• ...</li> <li>• ...</li> </ul>
 <b>Communication</b>	CEM Components Mobile Network Fixed Access Network	Data Center		<ul style="list-style-type: none"> <li>• ...</li> <li>• ...</li> <li>• ...</li> </ul>
 <b>Transportation</b>	Rolling Stock	Rail Communications Electric Vehicle ADAS* <small>*advanced driver assistance system</small>		<ul style="list-style-type: none"> <li>• ...</li> <li>• ...</li> <li>• ...</li> </ul>

# Technology trends and strong value propositions for the different applications

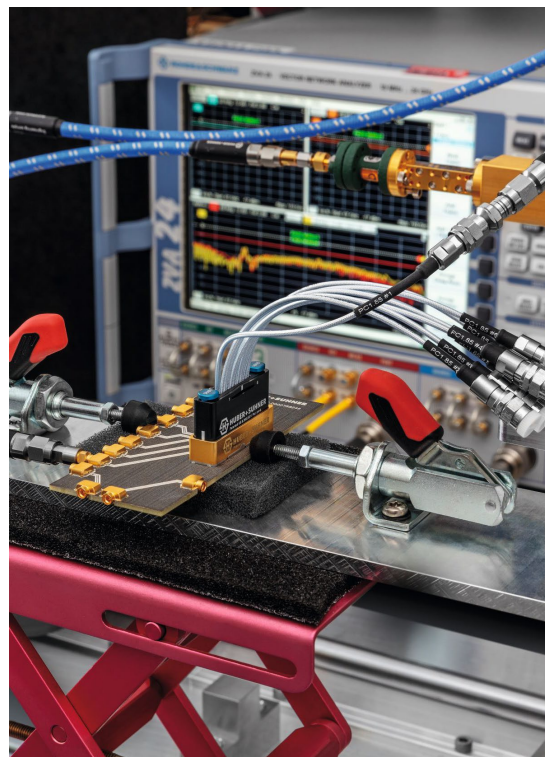
Higher density	Higher data rates lower signal loss	Signal integrity	Higher electrical power	Weight saving
				
Compact multiport connectivity combined with “bend-to-the-end” → miniaturisation and design flexibility	Modulating RF signals onto light → higher data rates over longer distances	Compact, highly shielded, multiport connectors → accurate, repeatable product verification	DC charging with cooled cable technology → faster & continuous vehicle charging	Robust, lighter cable design with thin wall insulation → total cost and CO <sub>2</sub> reduction

# Serving a wide range of customers with different channel to markets

Focus on top US and European Aerospace & Defense primes



Dual approach to cover Test & Measurement OEMs and broad end-users



Focused account base in High Power Charging

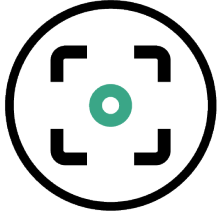


Distribution partners for a vast number of industrial accounts





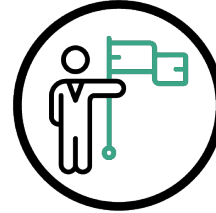
# Key take-aways



## Early mover in attractive niche markets

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- Presence in high-end verticals
- Early in the life-cycle, offering growth potential
- Generating attractive profitability



## Working with the market leaders

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- Local engineering, fully understanding the customer application
- Innovative solutions with high differentiation
- Keeping HUBER+SUHNER at the forefront of innovation



## Managed complexity

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- Bundling of all technologies offers cross-selling advantages (radio frequency, low frequency and fiber optic connectivity technologies)
- Professional global sales partner management
- Maintaining economies of scale

**Communication**

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# Our solutions for the Communication market

## Mobile Network

- In-building coverage
- Macro cells
- Small cells
- Special applications

## Data Center

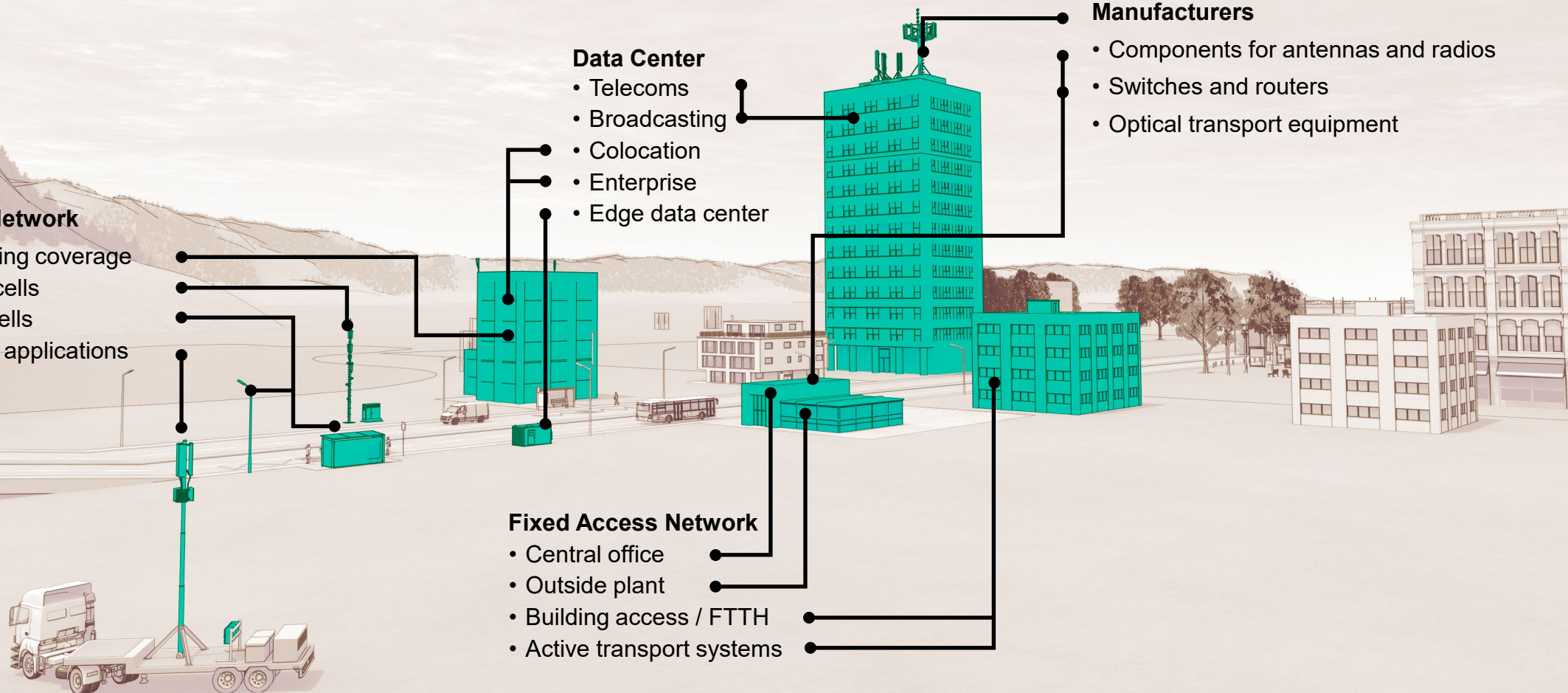
- Telecoms
- Broadcasting
- Colocation
- Enterprise
- Edge data center

## Communication Equipment Manufacturers

- Components for antennas and radios
- Switches and routers
- Optical transport equipment

## Fixed Access Network

- Central office
- Outside plant
- Building access / FTTH
- Active transport systems



# Trends & drivers

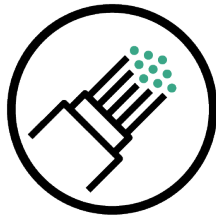
## Data bandwidth needs drive communication infrastructure



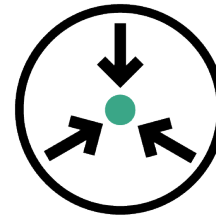
**Data traffic growth continues**, driven by **video and cloud-based applications** and by broad availability of **affordable 5G handsets** and terminals



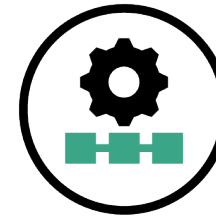
**5G will push wireless investments** for next years across the globe in consecutive waves – Fixed Wireless Access (**FWA**) a major application, accelerated by the pandemic



**Fiber is key pre-requisite** for **data connectivity** and is required for **fixed and wireless** networks



**Convergence** of IT and networking industries continues with emerging **eco-systems** (O-RAN<sup>1</sup>) and **cloud** technologies (C-RAN<sup>2</sup>)



**Demand for infrastructure**, connectivity and data center drives the need for **neutral hosts** and **private (5G) networks**






**Flexibilisation** of networks down to **physical layer** required to master complexity and costs

<sup>1</sup> open radio access network

<sup>2</sup> cloud radio access network

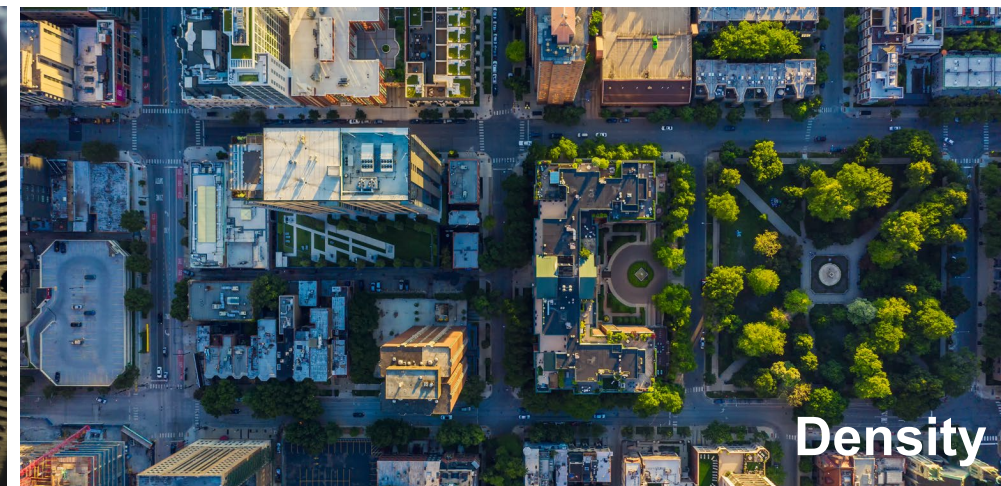
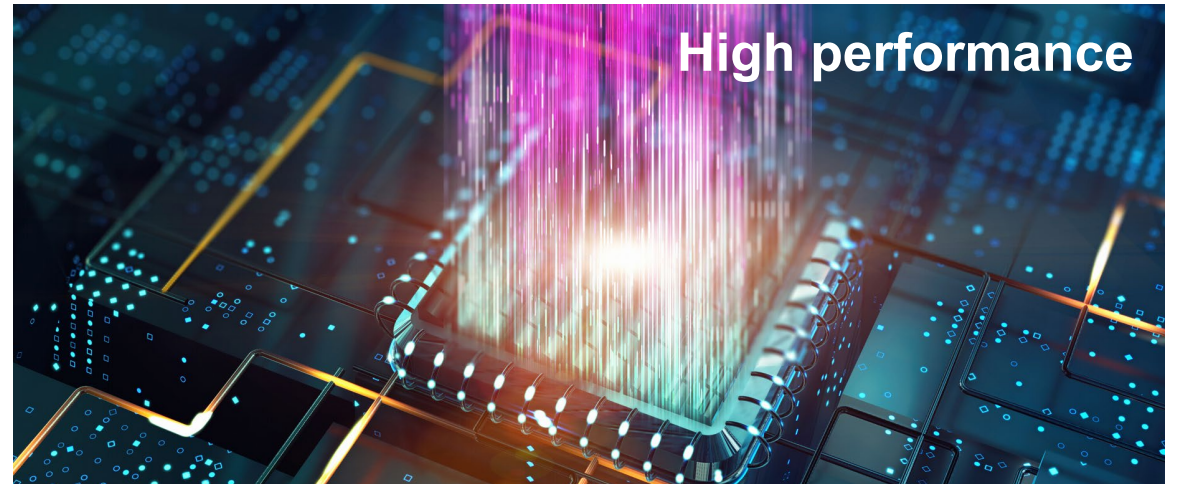
# Strategic focus

## Communication segment

	Core markets	Growth initiatives	Focused market verticals	Opportunities with growth potential
 <b>Industry</b>	Test & Measurement	Aerospace & Defense	High Power Charging Medical Device Process Industries	<ul style="list-style-type: none"> <li>• ...</li> <li>• ...</li> <li>• ...</li> </ul>
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# Key requirements for the physical layer





# Strong value propositions for the different applications

## Antenna



Compact and customisable macro and small cell antenna solutions

## Harsh environment connectivity – connectors and cable systems



Rugged and integrated connector offering, high variability and reliability



Fast, scalable and modular installation solutions for mobile (F/P/HTTA) and fixed access networks

## Hardware interconnection



Reliable, miniaturised printed circuit board (PCB) connectivity

## WDM Coupling Module



High-performance optical engines assemblies for chip on board and co-packaged optics transceivers

## Structured cabling



Highly dense, efficient and scalable cable systems and fiber management systems, tailored to customer needs

## Hybrid Fiber Coax network



Strong in RF, analogue and digital optics and transportation; form factor and outdoor fit for low power

## Bandwidth expansion



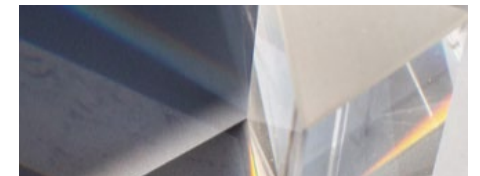
Customised solutions for increased transmission bandwidth from network to cell site

## All-optical switching



Automated, remote and secure switching of fiber connections with full signal integrity

## Wavelength selective switching

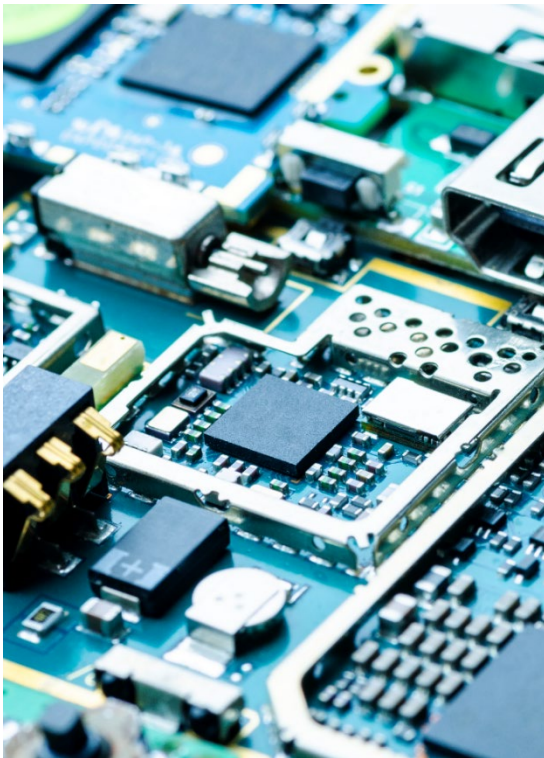


Unrivalled capacity and flexible port configurations



# Serving different customer groups with their different business models

**Communication  
Equipment  
Manufacturer (CEM)**



**Telecoms Service  
Provider**



**Neutral host**



**Enterprise**



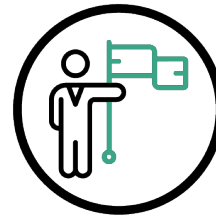
# Key take-aways



## Favourable market environment

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- Megatrends are driving the demand for communication equipment and networks globally
- Evolution of 5G infrastructure towards higher data rates will extend beyond initial roll-outs



## Well positioned

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- Differentiated and broad solution offering
- Global access to all communication customer groups
- Strong brand recognition and reputation



## Strong execution

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- Global production network
- Proven supply chain that is resilient and agile
- Tailor-made end-to-end solutions with unique value propositions



**Transportation**

# Capital Market Day 2022



# Our solutions for the Transportation market

## Rolling Stock

- In-carriage wiring solutions
- Inter-carriage wiring solutions

## Rail Communications

- Train-to-ground communication
- Ground communication
- Communication-based train control (CBTC)

## ADAS

- Wireless communication between vehicles
- V2X (vehicle to X)

## Electric Vehicle

- On-board network wiring
- High-voltage power distribution

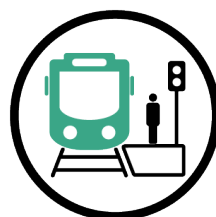
# Trends & drivers

## The world of mobility is changing!



**Decarbonisation:**  
increased  
investments into  
public  
transportation  
and infrastructure

Eco-friendliness:  
reduce, reuse and  
recycle



**Urbanisation**  
fuels build-out of  
public  
transportation

Cities as  
forerunners for  
clean vehicles



**Electrification**  
(BEV/FCEV)  
adopted by all  
types of vehicles

Increasing  
voltages: 400V –  
800V – 1000V with  
high lifetime  
expectation



**Ubiquitous**  
wireless train-to-  
ground  
communication

Means secure  
communication  
between products,  
systems,  
equipment and  
electricity networks






**ADAS pushed by**  
regulatory  
framework

V2X: Future  
vehicles are fully  
connected and  
always online;  
software to  
become key for  
OEM

# Strategic focus

## Transportation segment

	Core markets	Growth initiatives	Focused market verticals	Opportunities with growth potential
 <b>Industry</b>	Test & Measurement	Aerospace & Defense	High Power Charging Medical Device Process Industries	<ul style="list-style-type: none"> <li>• ...</li> <li>• ...</li> <li>• ...</li> </ul>
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# Customers

Global supplier to all leading OEMs, Operators and System Integrators

## Rolling Stock & Rail Communications



System Integrators



Operators



OEMs





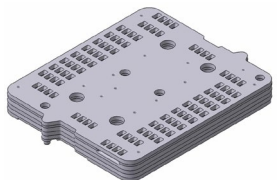
# Customers

## Global supplier to all leading Automotive manufacturers

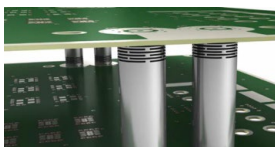
### ADAS



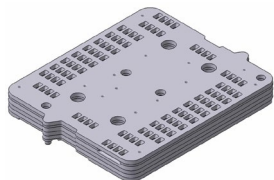
Distance radar antenna



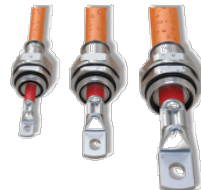
Board-to-board connector



Distance radar antenna



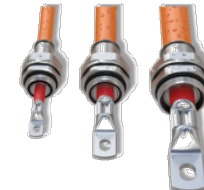
High Voltage Cable System



High Voltage Cables



High Voltage Cable System



High Voltage Charging Systems

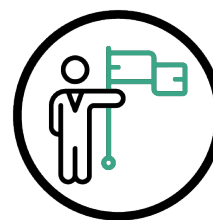


# Key take-aways



## Favourable market environment

- Megatrends are driving the demand for communication equipment and networks globally
- Ecological mobility becomes an even stronger criteria for building the transport systems of the future
- Electric drive is the future in the automotive market, regardless of vehicle type (battery vs. hydrogen)



## Well positioned

- Best in class high-voltage solutions to meet highest temperature, service life, weight and space requirements
- Differentiation with active rooftop antenna and FO rail communications products for railway OEMs and operators
- Successful transfer of long-time radio frequency experience into ADAS automotive applications



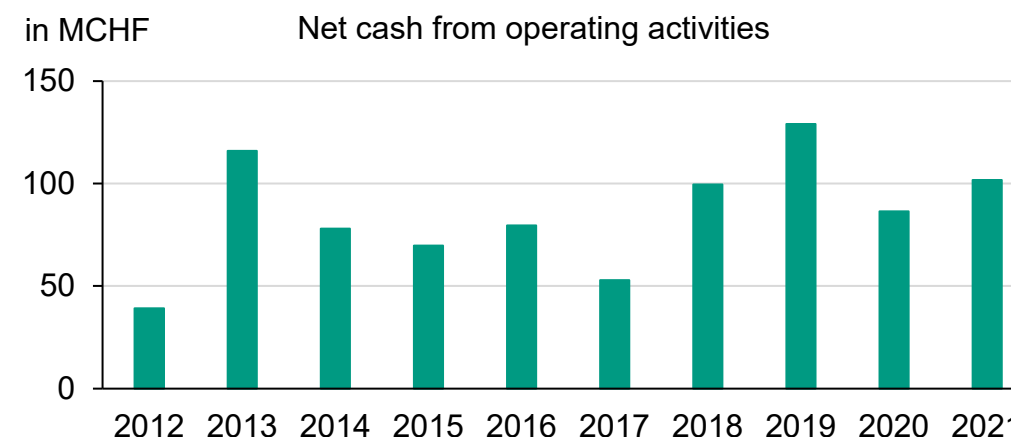
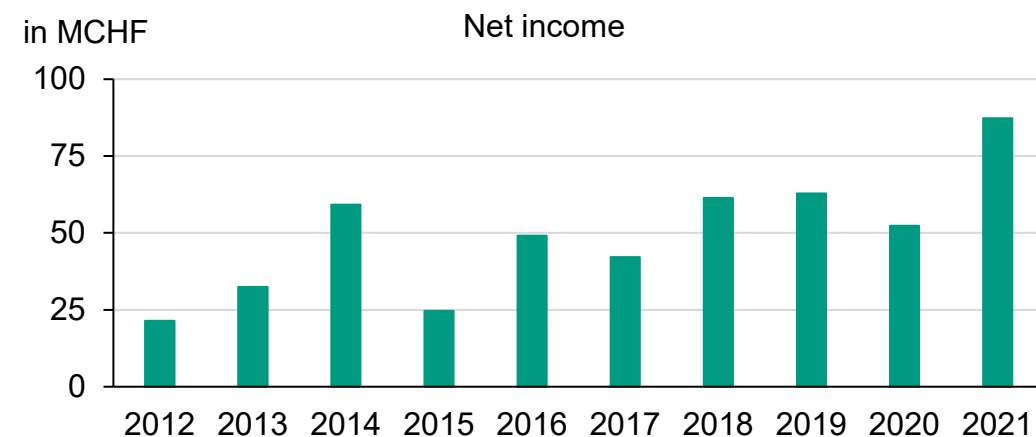
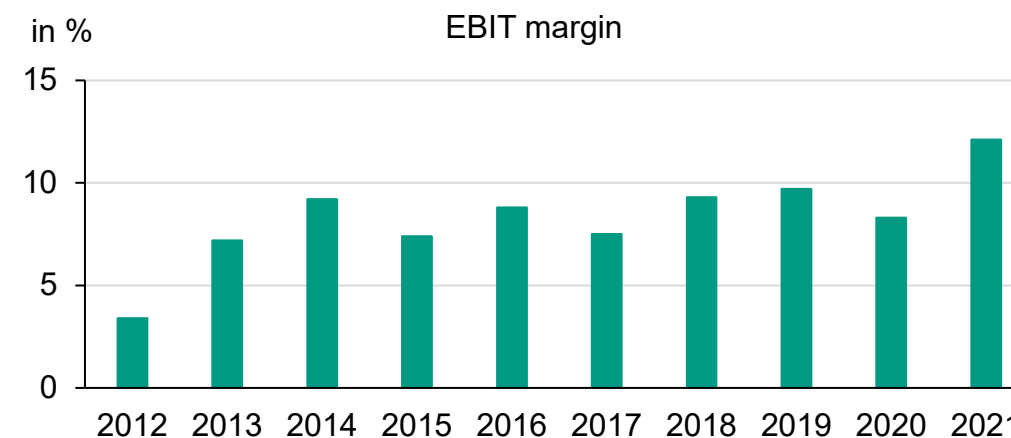
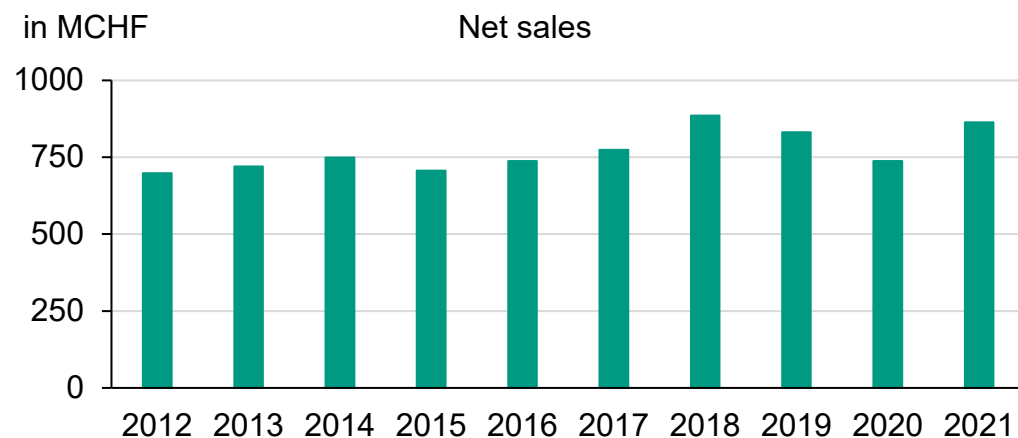
## Strong execution

- Global production network
- Proven supply chain that is resilient and agile
- Experience in highly complex, turn-key systems and solutions
- Full vertical integration: from in-house development to cost-efficient (mass volume) production

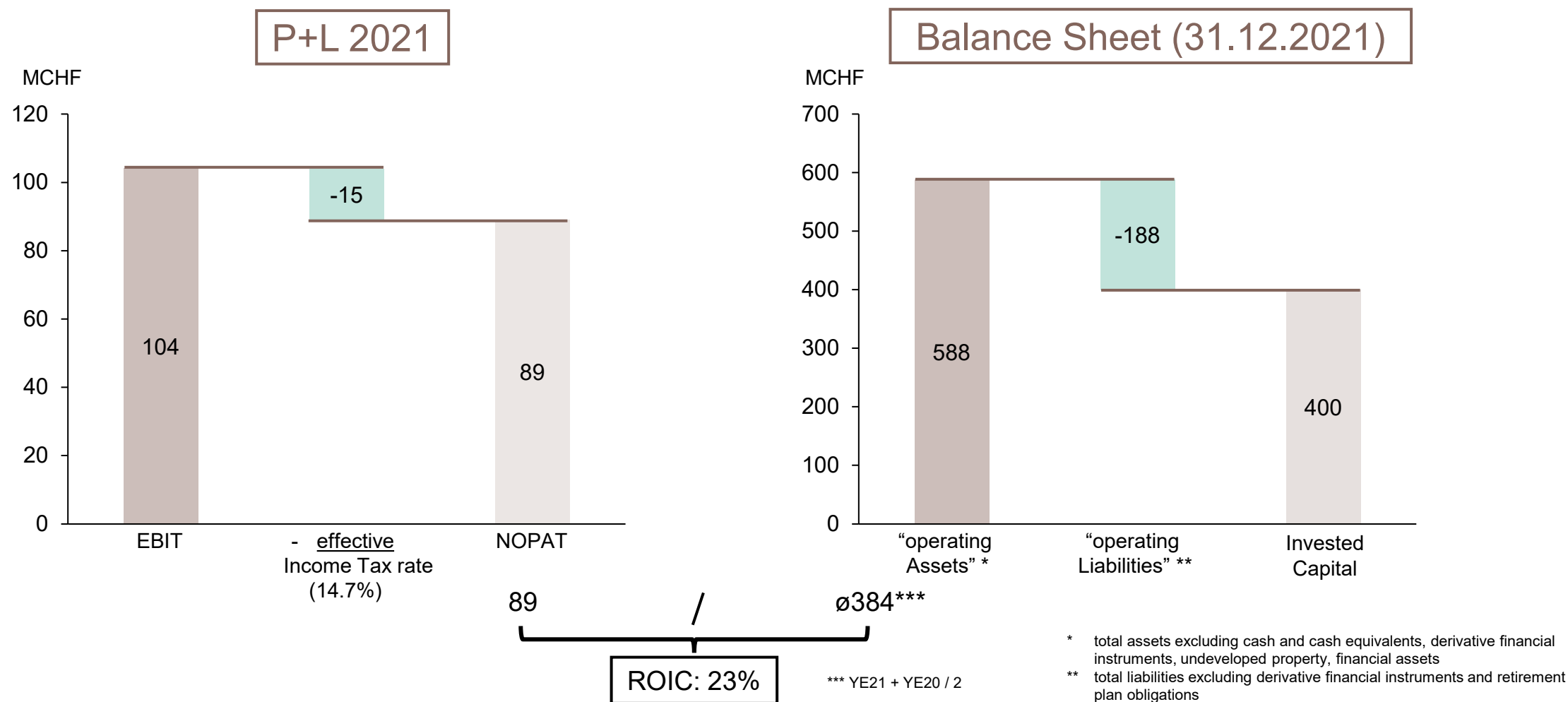
# Financial insights

**Ivo Wechsler, CFO**

# Lifting the financial profile over the last few years












# High FY 21 return on invested capital (ROIC)





# Customer markets ensure growth and operating leverage

Sales by segment	Sales by customer market	Market growth	Growth drivers
<b>Industry</b>  <b>32 %</b>	Industrials <ul style="list-style-type: none"> <li>• Test &amp; Measurement</li> <li>• Energy</li> <li>• High Power Charging</li> </ul>	<b>21 %</b> 	Increasing demand for power and data connectivity (IoT, Industry 4.0, ...)
	Aerospace & Defense	<b>11 %</b> 	Communication satellite coverage / Defense spendings
<b>Communication</b>  <b>39 %</b>	Fixed Network <ul style="list-style-type: none"> <li>• Equipment Manufacturers</li> <li>• Fixed Access Network</li> <li>• Data Center</li> </ul>	<b>19 %</b> 	Exponential data traffic growth
	Mobile Network	<b>20 %</b> 	4G → 5G
<b>Transportation</b>  <b>29 %</b>	Railway <ul style="list-style-type: none"> <li>• Rolling Stock</li> <li>• Rail Communications</li> </ul>	<b>19 %</b> 	Low-emission mobility / Communication on the move
	Automotive <ul style="list-style-type: none"> <li>• Electric Vehicle</li> <li>• ADAS</li> </ul>	<b>10 %</b> 	Electrification / Autonomous driving

Figures: Business year 2021 (as per 31 December 2021)

Expected market growth within next 3 years:  high  medium  moderate

## Guidance 2022 and mid-term targets

	2022*	Mid-term targets
Net sales	6–8%	> CHF 1 billion
EBIT margin	10–12 %	9–12 %

\* The prerequisite for achieving the targets for 2022 is that the current challenges such as rising inflation rates, geopolitical tensions, availability of raw materials, reliable energy supply or bottlenecks in the global supply and transport chains and the strength of the Swiss franc do not further accentuate.



**Connecting – today and beyond**

## Disclaimer

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