



Agenda

Overview of the first half year 2016

Financial results

Outlook

Questions

HUBER+SUHNER Polatis

Focus «Mobility in the future»

Buffet lunch

Urs Kaufmann (CEO)

Ivo Wechsler (CFO)

Urs Kaufmann (CEO)

Urs Ryffel (COO Fiber Optics)

Patrick Riederer (COO Low Frequency)

Dynamic first half year 2016

- **Significant growth**
 - Order intake and net sales clearly higher than previous year – all three divisions with organic growth
 - Growth spurt in the communication market
- **High profitability**
 - Double-digit EBIT margin – exceeds medium-term target range
 - Marked increase in net income
- **Acquired businesses show strong development**
 - Polatis: Acquisition completed in June 2016 – “Optical switching” technology leader
 - Cube Optics and Astrolab progressing successfully
- **Internal succession for key positions**
 - CEO succession defined: Urs Ryffel takes over as of 1 April 2017
 - Split of Fiber Optics into two divisions decided

Figures at a glance

CHF million

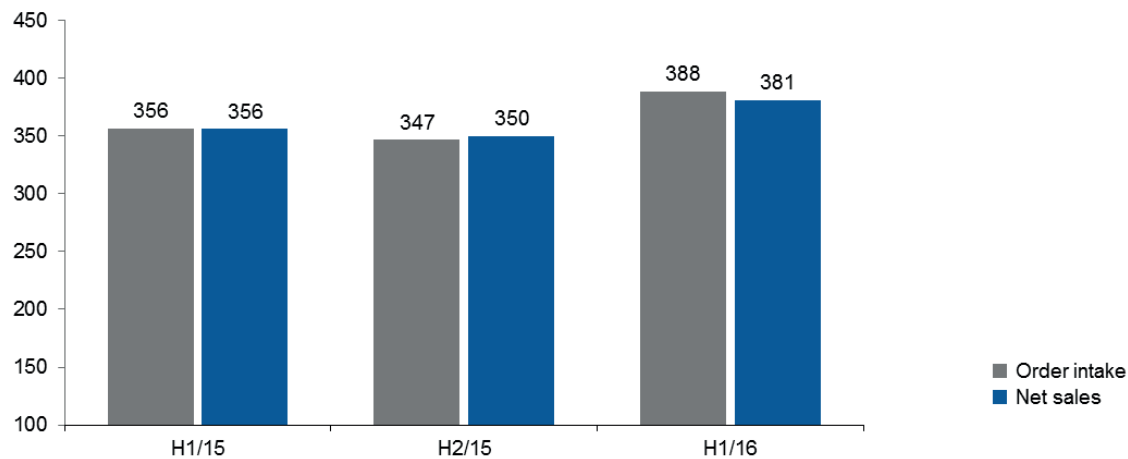
	H1/16	H1/15	Δ %
Order intake	388.4	356.3	+9.0
Net sales	381.2	356.1	+7.1
Operating profit (EBIT)	38.4	23.3	+65.2
• in % of net sales	10.1	6.5	
Net income	29.9	6.1	+392.2
• in % of net sales	7.9	1.7	

Overview of the first half year 2016



Half-year development: Significant increase in order intake and net sales

CHF million



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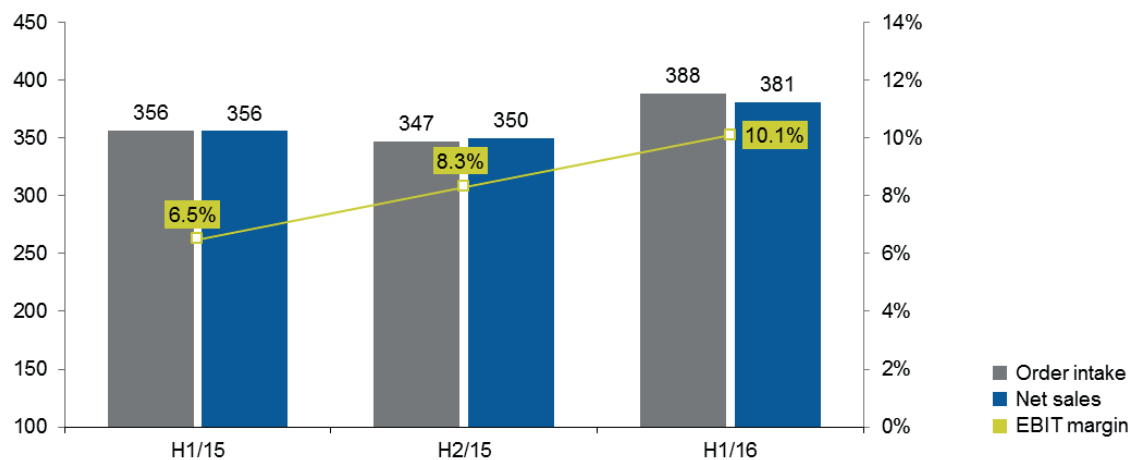
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Overview of the first half year 2016



Half-year development: Significant increase in order intake and net sales – EBIT margin at a pleasing level

CHF million



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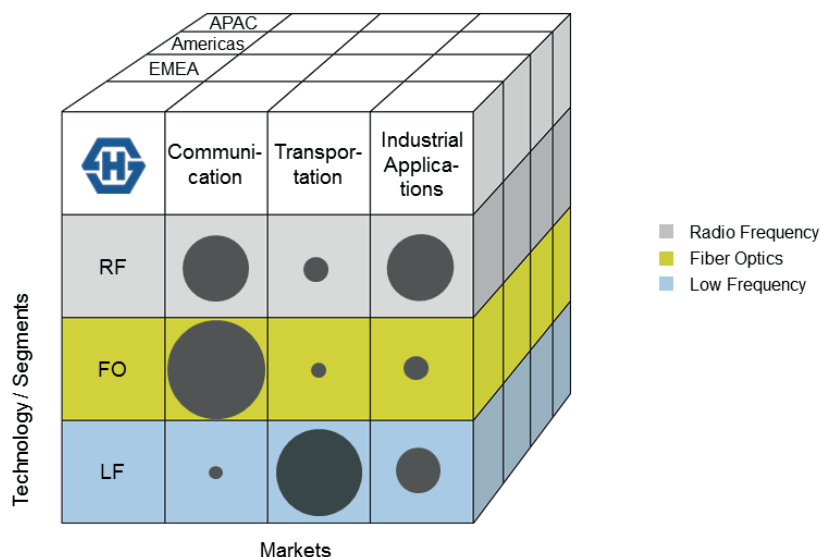
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Overview of the first half year 2016



The 3 dimensions of our business "Electrical and optical connectivity"



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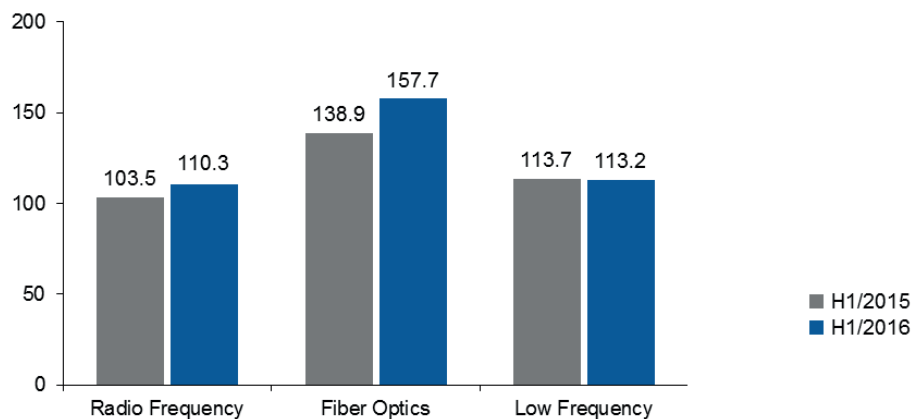
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Overview of the first half year 2016



Net sales development segments: Another net sales record for FO – RF and LF organic increase approx. 4%

CHF million	+6.5%	+13.5%	-0.4%	
	+4.2%	+10.7%	+3.9%	organic



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Overview of the first half year 2016



Radio Frequency: Return to growth path – double-digit EBIT margin

CHF million

	H1/16	H1/15	Δ %
Order intake	113.0	97.8	+15.5
Net sales	110.3	103.5	+6.5
Operating profit (EBIT)	14.0	8.8	+57.7
• in % of net sales	12.7	8.5	

Most important aspects

- Significantly higher order intake
- Most important impulse from mobile communications business
- High-tech niches stable
- Astrolab successes in Aerospace+Defense
- Marked improvement in operating results

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Overview of the first half year 2016



Fiber Optics: Boom continues – record numbers on all levels

CHF million

	H1/16	H1/15	Δ %
Order intake	170.2	137.5	+23.8
Net sales	157.7	138.9	+13.5
Operating profit (EBIT)	21.4	14.4	+48.3
• in % of net sales	13.5	10.4	

Most important aspects

- Strongest semester in divisional history
- Broad-based LTE rollout successes – India is key growth driver
- Cube Optics maintains steep growth curve
- High earning power despite price pressure
- Polatis acquisition – leading technology offers new perspectives

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Overview of the first half year 2016



Low Frequency: Stable overall net sales – improved earning power

CHF million

	H1/16	H1/15	Δ %
Order intake	105.2	121.0	-13.1
Net sales	113.2	113.7	-0.4
Operating profit (EBIT)	6.6	3.6	+81.7
• in % of net sales	5.9	3.2	

Most important aspects

- Main focus on improving earnings: Visible progress
- More organic net sales – divestment of Composites
- Lower order intake in Railway market
 - China stable
 - Europe significantly lower than previous year
- Growth in net sales in Automotive – good pipeline

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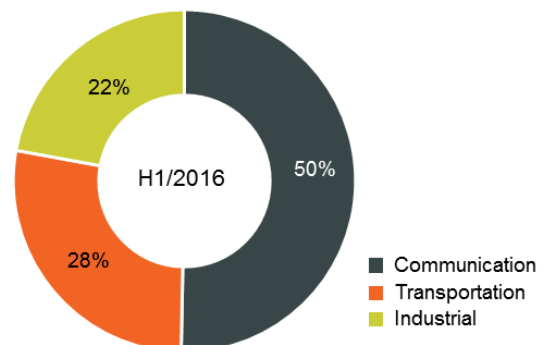
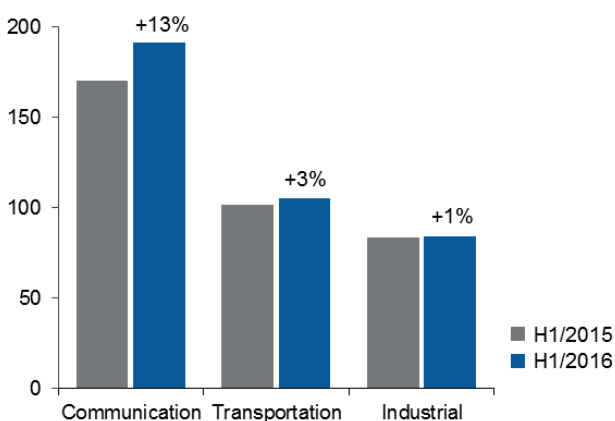
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Overview of the first half year 2016



Net sales by markets: Communication shows double-digit growth – Transportation and Industrial up slightly from previous year

CHF million



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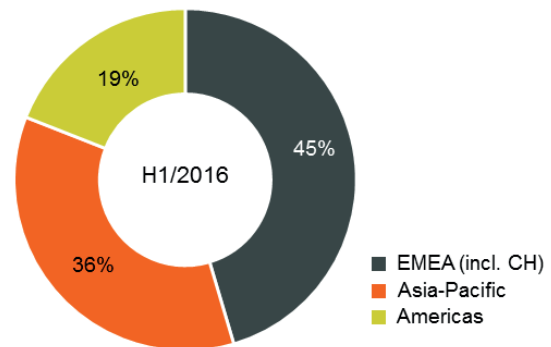
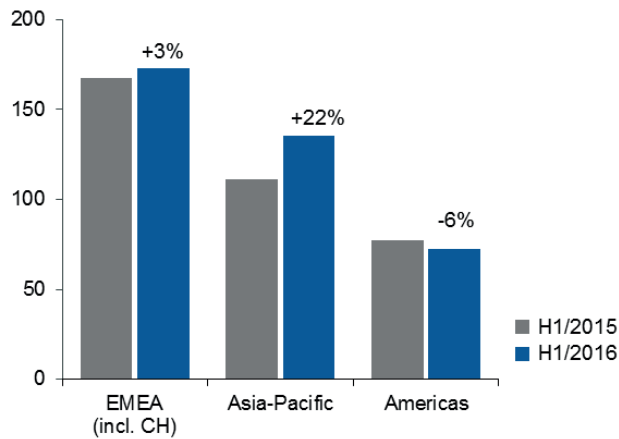
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Overview of the first half year 2016



Net sales by regions: Asia with strong growth – slight increase in Europe – decline in the Americas

CHF million



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Overview of the first half year 2016



Conclusions first half year 2016 Fit for the future

- Measures introduced after the currency crisis showing expected results
- Business volume significantly above previous year
- Profitability at a satisfyingly high level
- Polatis acquisition: New options created for the future
- Convincing succession solutions from within our own ranks

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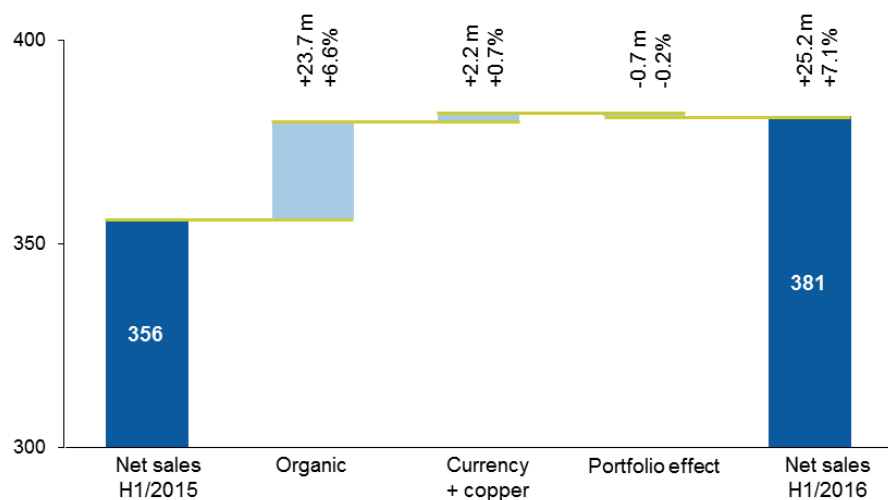


Financial results



Factors impacting on the "top line"

CHF million



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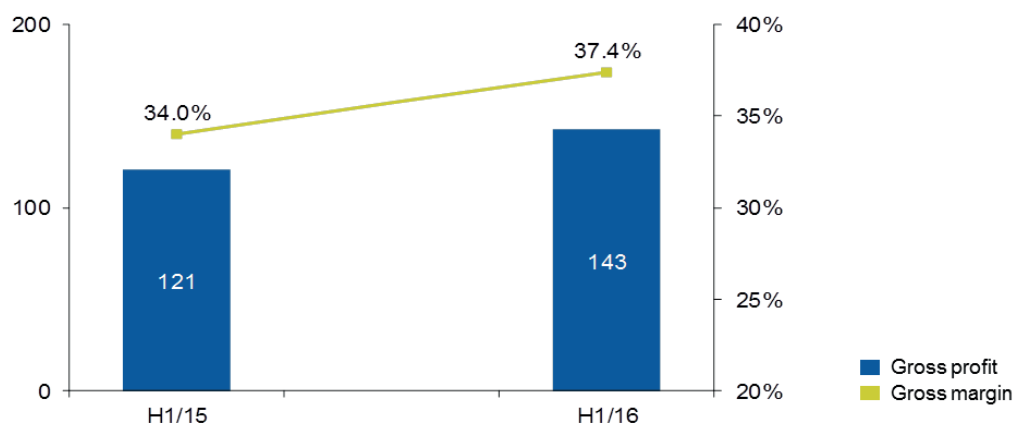
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Financial results



Marked improvement in the gross margin

CHF million



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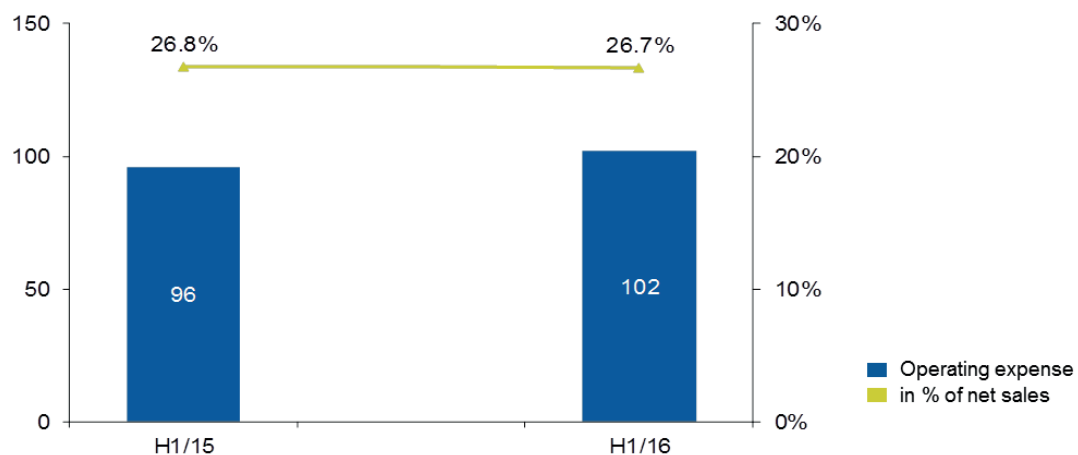
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Financial results



Constant cost ratio

CHF million



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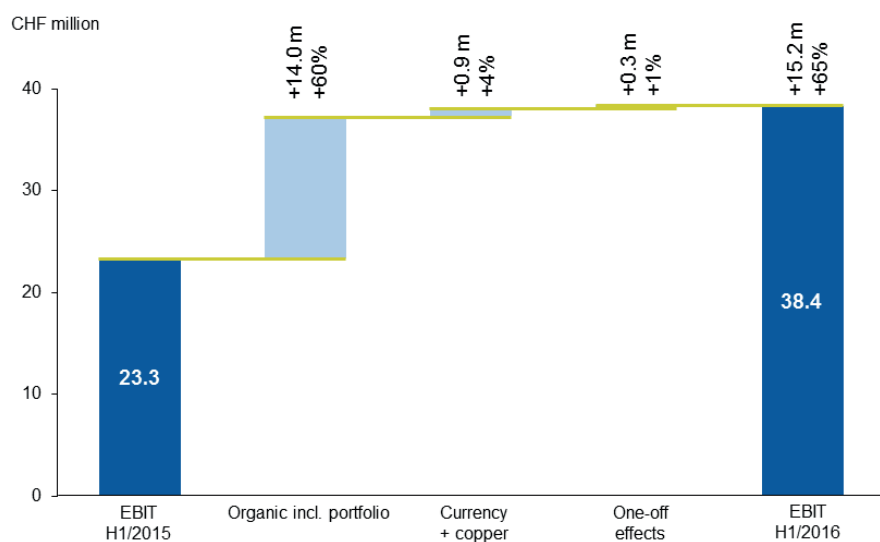
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Factors impacting on the EBIT



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Financial results



EBIT per segment

CHF million

	H1/16	in %	H1/15	in %
Radio Frequency	14.0	12.7	8.8	8.5
Fiber Optics	21.4	13.5	14.4	10.4
Low Frequency	6.6	5.9	3.6	3.2
Corporate	(3.5)		(3.7)	
Total EBIT	38.4	10.1	23.3	6.5

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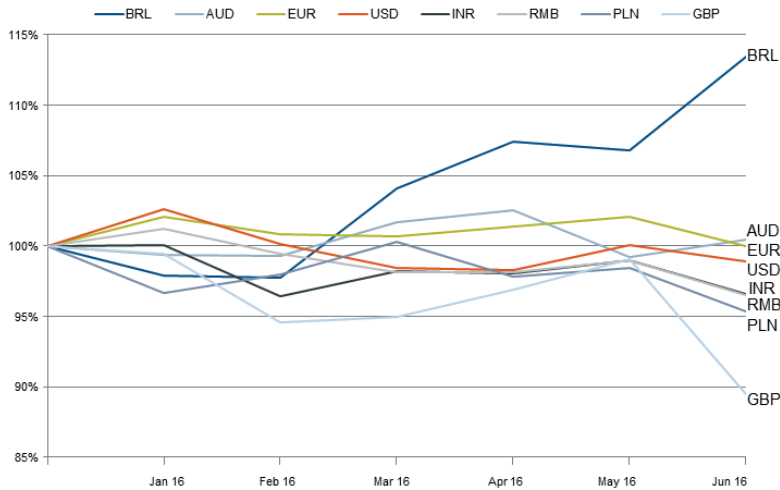
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Currency development in first semester 2016



Development vs CHF

31.12.15 vs 30.6.16

BRL 13.5%

AUD 0.5%

EUR 0.0%

USD -1.1%

INR -3.4%

RMB -3.5%

PLN -4.6%

GBP -10.5%

Ø H1/15 vs Ø H1/16

BRL -15.5%

AUD -2.0%

EUR 5.1%

USD 4.7%

INR -2.5%

RMB -0.5%

PLN -0.9%

GBP -2.9%

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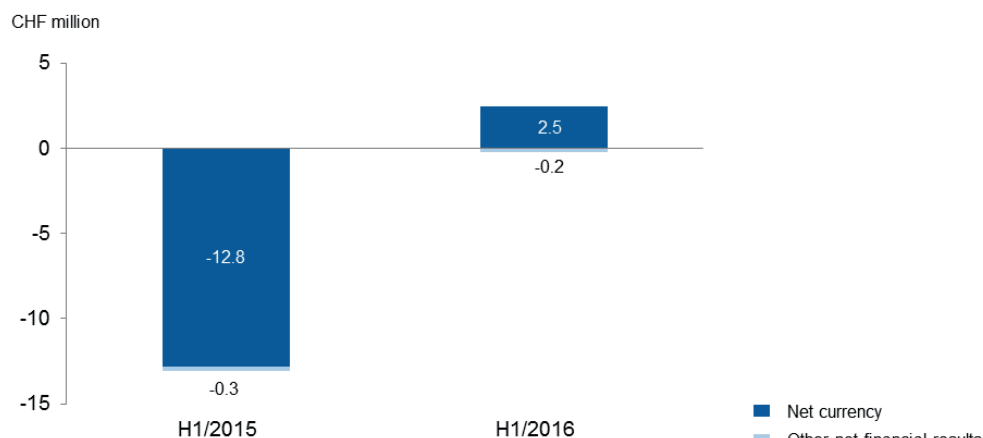
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Financial results



Positive currency effect on net financial results



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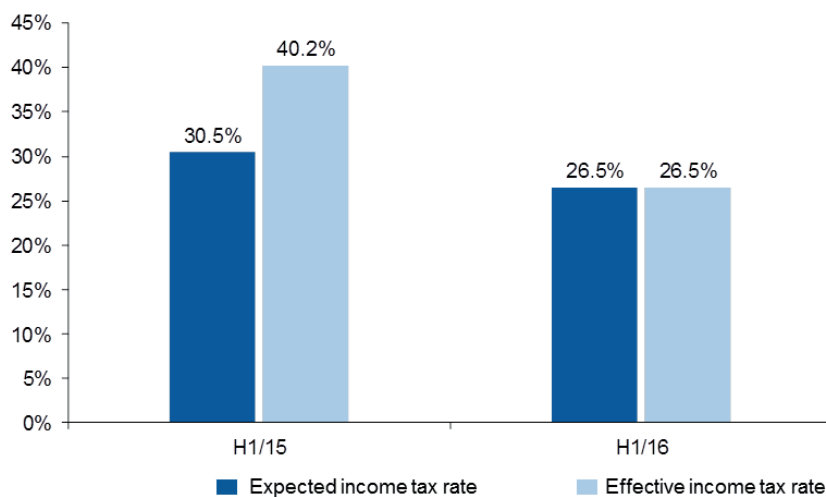
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"Normalised" income tax rate



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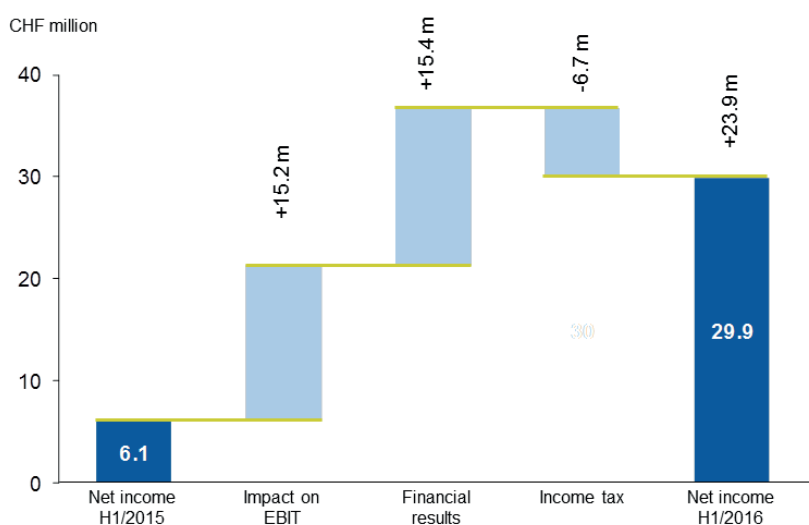
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Factors impacting on the "bottom line"

CHF million



Earnings per share (CHF)
0.31 ▶ 1.54 (+392%)

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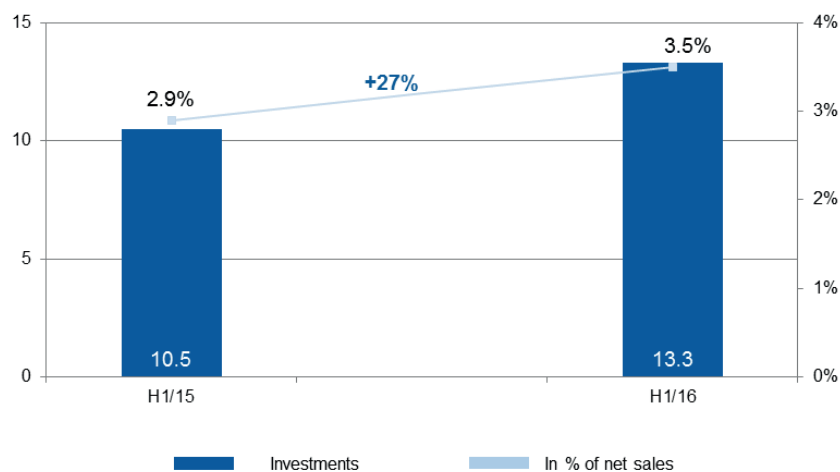
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Financial results



Once again more investments

CHF million



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Financial results



Effects of Polatis acquisition

MCHF	
Acquired net assets	0.1*
Deferred tax assets / liabilities	-0.2
Intangible assets from acquisition**	11.4
Goodwill	<u>14.3</u>
Purchase price	25.7

*incl. MCHF 0.8 cash and MCHF 3.5 bank liabilities

**technology, trademark: additional annual write-off of MCHF 1.5

P+L influence H1/2016: MCHF 1.1 net sales / MCHF -0.6 EBIT (-0.5 of which are M+A costs)

Net cash outflow H1/2016 incl. repayment of bank liabilities	27.3
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Solid balance sheet

CHF million	30/06/2016	31/12/2015	▲	30/06/2015
Liquid assets	133	160	-17%	124
Current assets	316	281	12%	307
Non-current assets	326	337	-3%	312
Financial liabilities	0	0		0
Various liabilities	160	129	24%	141
Shareholders' equity	615	650	-5%	602
in %	79%	83%		81%
Balance sheet total	775	778	0%	743
Net liquidity	133	160	-17%	124

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Overview of free operating cash flow

CHF million	H1/16	H1/15
Cash flow from operating activities	34.7	24.4
Cash flow from investing activities*	(37.9)	(12.3)
Free operating cash flow	(3.2)	12.1
Dividend paid	(19.5)	(27.3)
Change in treasury shares	(1.4)	(0.3)
Free cash flow	(24.1)	(15.5)

*without securities

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Financial results



Financial assessment H1/16

- ✓ **Significant organic growth**
- ✓ **Double-digit operating profitability**
- ✓ **Marked increase of net income**
- ✓ **Continuing high cash flow from operating activities**

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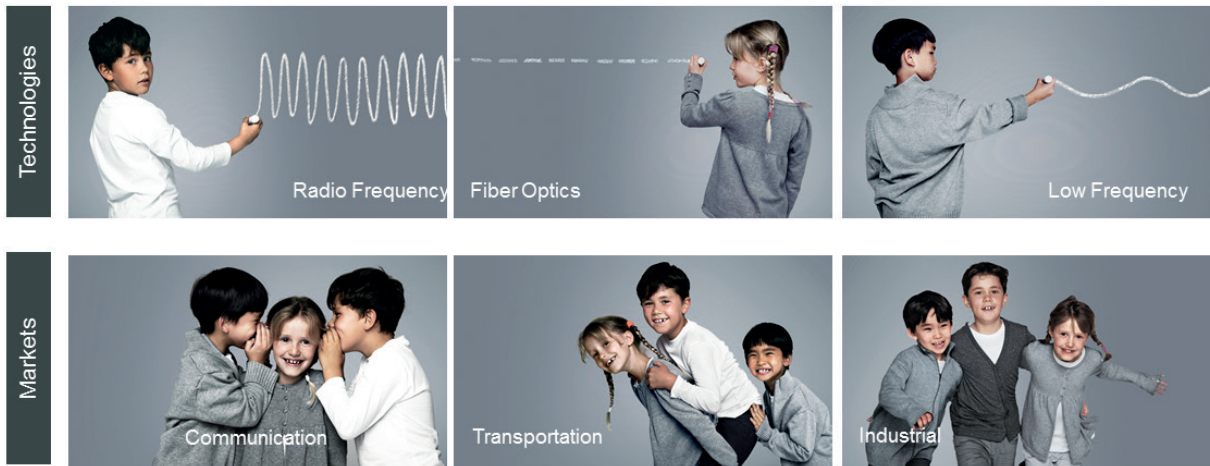
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Outlook



3x3 Strategy



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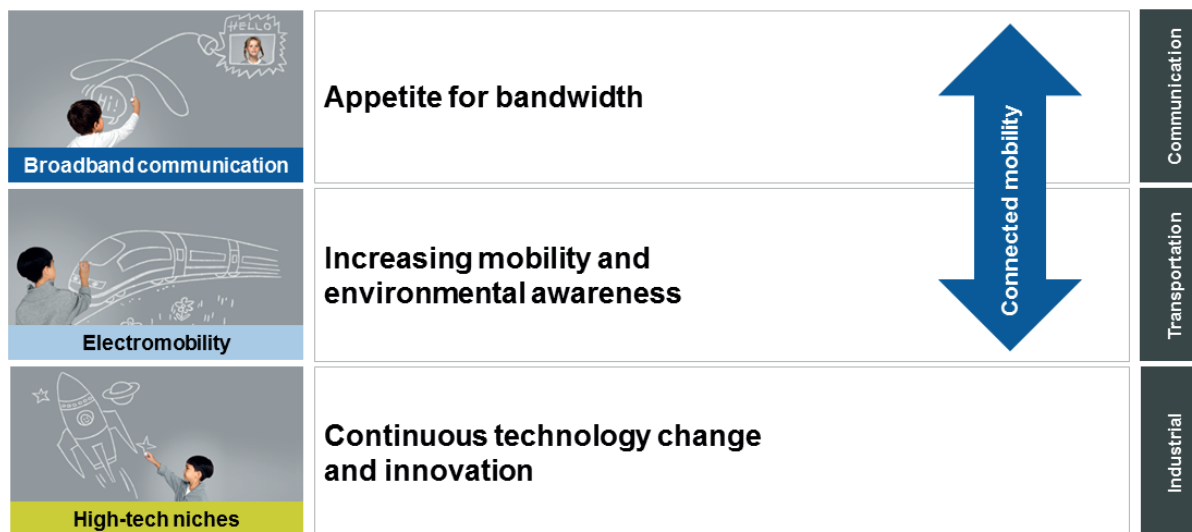
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Outlook



Our growth drivers



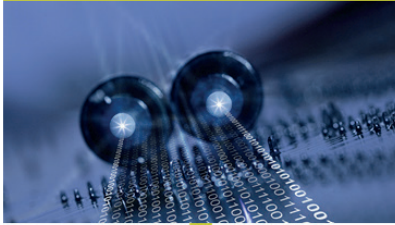
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Our competences enable the future!

FO enables Digitalization



RF enables Wireless



LF enables ECO-Mobility



Combinations and system competences enable
Smart Connectivity Solutions

Market development in second half year 2016 Continued positive development expected – key driver communication

Communication

- High business volume thanks to ongoing LTE rollouts
- Fiber to the Home – new project launches
- Cube Optics continuously strong – Polatis contributes to profits

Transportation

- Railway market temporarily weaker
- Automotive with exciting projects – medium term sales potential

Industrial

- Flat development expected due to global economic situation

Usual seasonal effects in second half year

Outlook for the full year 2016

- Assumption: unchanged currency situation

Expected development:

- Growth of at least 5%
- EBIT margin full year slightly above the medium-term target range of 6-9%

