

Alternative Performance Measures

HUBER+SUHNER uses alternative performance measures as guidance parameters for both internal and external reporting to stakeholders. HUBER+SUHNER uses the following definitions, which may differ from the one other companies use.

This document has been prepared in conformity with the Directive on the Use of Alternative Performance Measures issued by SIX Exchange Regulation Ltd.

Organic sales development

The organic sales development is calculated by adjusting the reported net sales for the impact of currency effects, copper price effects as well as portfolio effects (acquisitions and disposals). When determining the currency effects, the functional currency that is valid in the respective country is used.

Order intake

A new order is recognised as an order intake only when the contract creates enforceable obligations between the Group and its customer. When this condition is met, the order is recognised at the contract value.

Book-to-bill

The book-to-bill is the ratio of total order intake third to total net sales third.

Order backlog

The order backlog represents the amount of booked orders not yet delivered/invoiced at a closing date. The order backlog is calculated as follows:

- order backlog at the beginning of the year;
- plus order intake during the reporting period;
- less cancellations of orders recorded;
- less sales recognised during the reporting period.

EBIT

EBIT is calculated by subtracting cost of goods sold and operating expenses from net sales.

	2022	2021
Net sales	954.6	862.9
Cost of goods sold	(614.1)	(533.4)
Gross profit	340.5	329.5
Selling, administrative and research and development expense	(239.8)	(225.9)
Other operating expense / income	2.5	1.0
EBIT (= operating profit)	103.2	104.6

EBITDA

The EBITDA corresponds to the operating profit (EBIT) before depreciation of property, plant and equipment and amortisation of intangible assets.

	2022	2021
EBIT (= operating profit)	103.2	104.6
Depreciation of property, plant and equipment	27.7	27.0
Amortisation of intangible assets	4.4	6.0
EBITDA	135.3	137.6

Return on invested capital (ROIC)

The return on invested capital (ROIC) measures how efficiently the invested capital is used. It is defined as net operating profit after taxes (NOPAT) divided by the average invested capital. The average is calculated by adding the invested capital at the beginning of the period to that at the end of the period and dividing the sum by two.

Invested capital and NOPAT are defined as follows:

	2022	2021
Trade receivables	162.2	144.4
Other short-term receivables (excl. derivative financial instruments)	28.2	25.4
Inventories	193.9	172.0
Accrued income	4.1	3.5
Property, plant and equipment (excl. undeveloped property)	211.9	210.5
Intangible assets	26.3	21.9
Deferred tax assets	10.5	10.3
Operating assets	637.2	588.1
Trade payables	(76.1)	(63.9)
Other short-term liabilities (excl. derivative financial instruments)	(65.9)	(62.4)
Short-term provisions	(17.2)	(17.8)
Accrued liabilities	(19.5)	(17.5)
Other long-term liabilities	(2.7)	(2.7)
Long-term provisions (excl. retirement plan obligations)	(6.3)	(6.4)
Deferred tax liabilities	(18.9)	(17.5)
Operating liabilities	(206.5)	(188.1)
Invested capital	430.6	399.9
Average invested capital	415.3	383.8
EBIT (= operating profit)	103.2	104.6
Effective income tax rate	16.0%	14.7%
Effective income taxes	(16.5)	(15.4)
NOPAT (= net operating profit after taxes)	86.7	89.2
Return on invested capital (ROIC) in % = NOPAT / average invested capital	20.9%	23.2%

Free operating cash flow

Free operating cash flow is defined as cash flow from operating activities less cash flow from investing activities.

	2022	2021
Cash flow from operating activities	87.3	101.7
Cash flow from investing activities	(49.7)	(45.1)
Free operating cash flow	37.7	56.6

Free cash flow

	2022	2021
Free operating cash flow	37.7	56.6
Payment of dividend	(38.2)	(25.3)
Payment of dividend to minority interests	(0.6)	(0.5)
Purchase of treasury shares	(63.1)	(15.8)
Free cash flow	(64.4)	14.9

Net liquidity

	2022	2021
Cash and cash equivalents	151.1	219.8
Short-term financial liabilities	0	0
Net liquidity	151.1	219.8

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and deltas are calculated using the underlying amount rather than the presented rounded amount.