

First half year 2014

19 August 2014 | Media and analysts' conference



Agenda

Overview of first half year 2014

Urs Kaufmann (CEO)

Financial results

Ivo Wechsler (CFO)

Outlook

Urs Kaufmann (CEO)

Questions

Focus on railway

Patrick Riederer (COO Low Frequency)

Connected Mobility

Cornel Huber (Market Manager Instrumentation + Railway)

Buffet lunch

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Overview of first half year 2014



Clear increase in order intake and improved earning power

- **Significant increase in order intake**
 - Fourth generation mobile communication (LTE)
 - Railway
 - Considerable growth spurt in Asia
- **Slightly lower net sales**
 - Currency and copper
 - Base effect Fiber to the Antenna (FTTA)
- **EBIT margin improved and above medium-term target range**
 - Low Frequency achieves pleasing earnings once again
 - Radio Frequency and Fiber Optics with double-digit EBIT margin

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Overview of first half year 2014



Figures at a glance

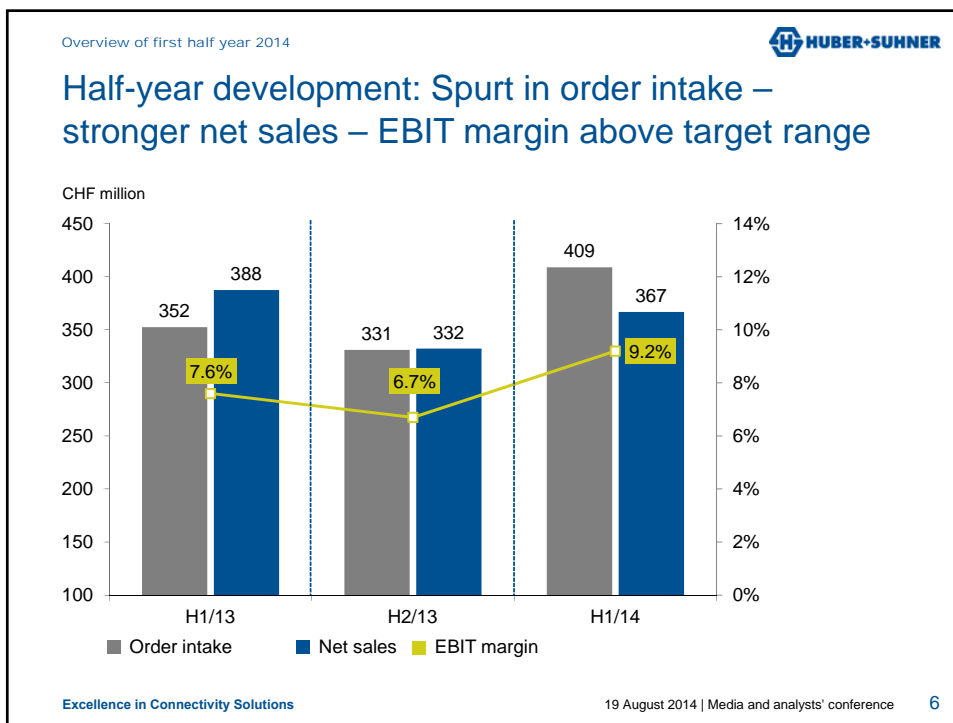
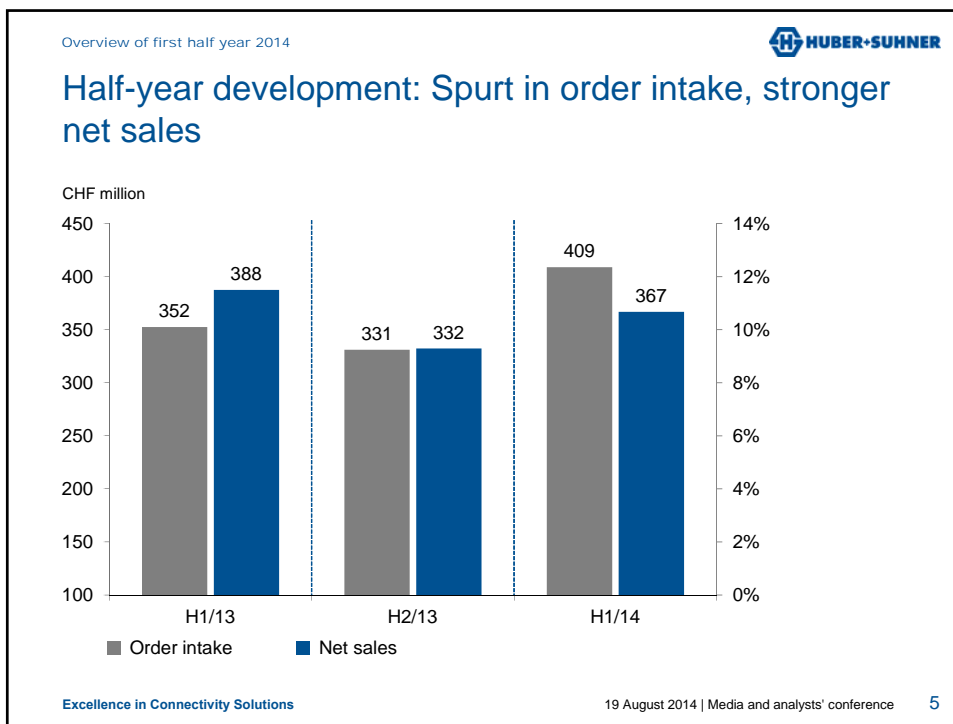
CHF million

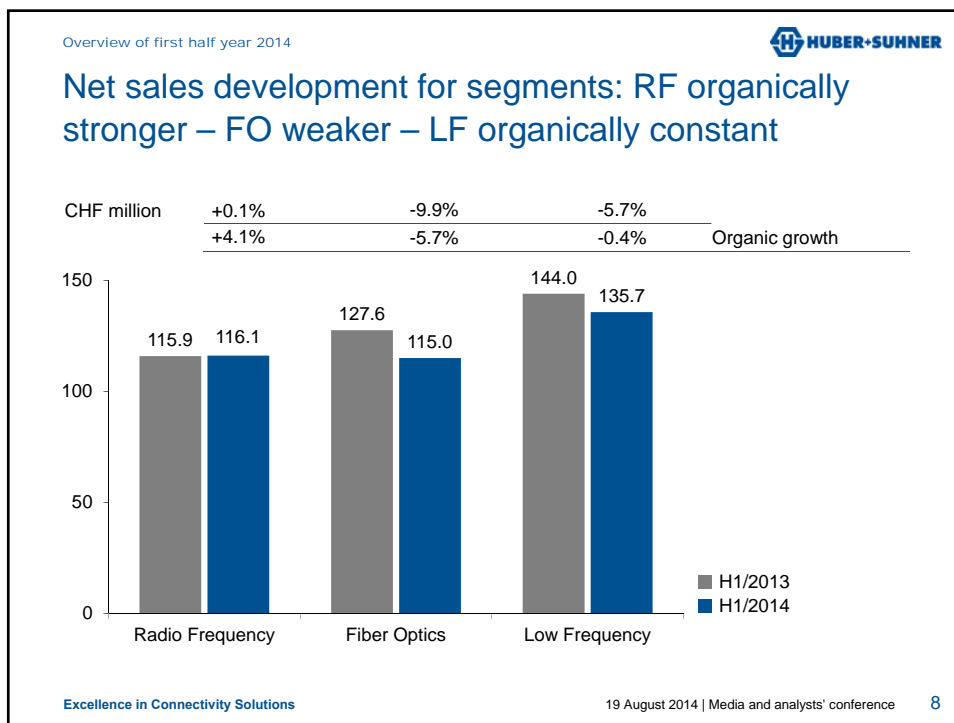
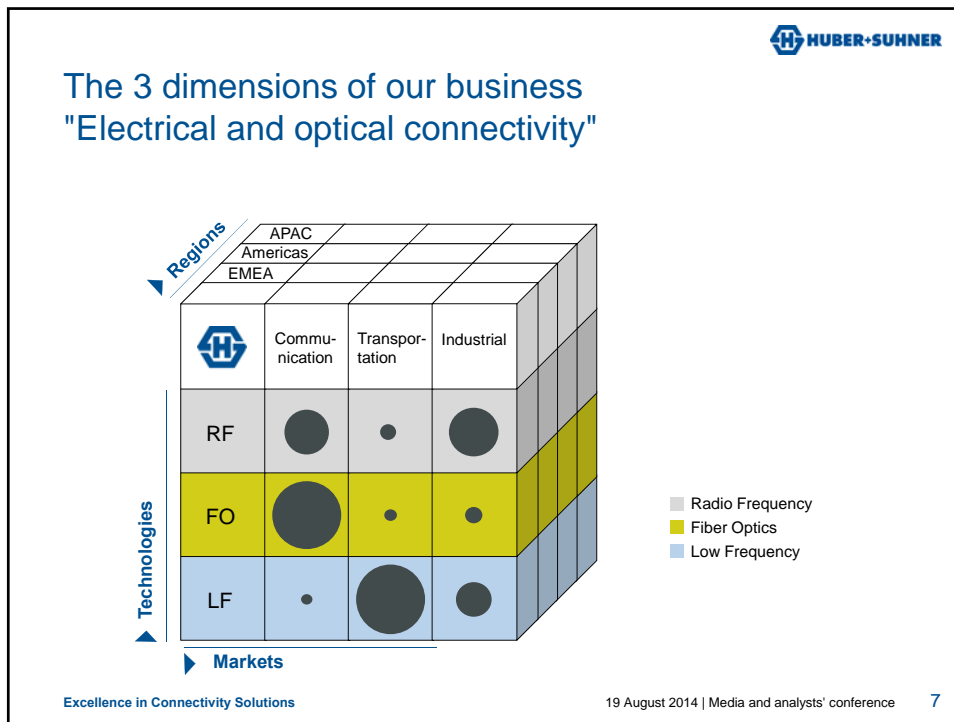
	H1/14	H1/13	Δ %
Order intake	408.9	352.4	+16.0
Net sales	366.8	387.5	-5.4
Operating profit (EBIT) <i>before one-off effects</i>	37.2	39.7	-6.3
• as % of net sales	10.2	10.2	
Operating profit (EBIT) <i>after one-off effects</i>	33.8	29.4	+14.9
• as % of net sales	9.2	7.6	
Net income	28.3	23.0	+23.0
• as % of net sales	7.7	5.9	

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Overview of first half year 2014



Radio Frequency: Higher order intake – continued high earning power

CHF million

	H1/14	H1/13	Δ %
Order intake	125.3	107.0	+17.1
Net sales	116.1	115.9	+0.1
Operating profit (EBIT)	15.7	17.3	-9.3
• as % of net sales	13.5	14.9	

Most important aspects

- Noticeable increase in order intake
- „Communication“ and „Antennas for Railway“
- Budget cuts in North America for „Space and Defence“
- Stable net sales overall
- Product mix generates slightly lower EBIT margin
- Sustained attractive earning power

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Overview of first half year 2014



Fiber Optics: Lower net sales – record-breaking order intake

CHF million


	H1/14	H1/13	Δ %
Order intake	138.6	94.6	+46.6
Net sales	115.0	127.6	-9.9
Operating profit (EBIT)	12.4	18.2	-31.7
• as % of net sales	10.8	14.3	

Most important aspects

- Spurt in order intake thanks to broader support for LTE projects
- Innovation award from Ericsson for Fiber to the Antenna (FTTA) portfolio
- Lower net sales due to FTFA base effect
- Double-digit EBIT margin

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Low Frequency: Base effect Solar – financial turnaround

CHF million	H1/14	H1/13	Δ %
Order intake	145.0	150.8	-3.9
Net sales	135.7	144.0	-5.7
Operating profit (EBIT)	8.4	-3.4	n.a.
• as % of net sales	6.2	-2.4	

Most important aspects

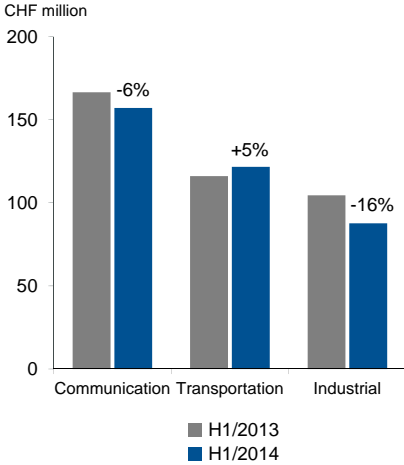
- Slightly lower order intake and net sales
- Currency and copper effect
- Base effect Solar approximately CHF 9 million each – of little significance for the future
- Railway market continues at high level
- Financial turnaround accomplished: operating progress and no one-off costs for Solar
- Pleasing EBIT margin

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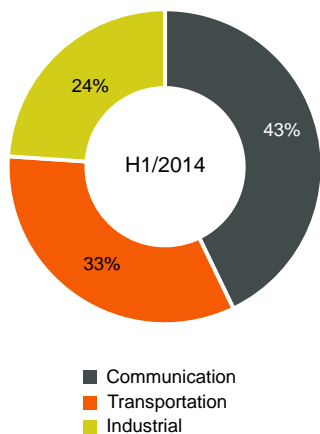
Overview of first half year 2014 

Net sales by markets: Communication and Industrial negative – Transportation once again positive

CHF million

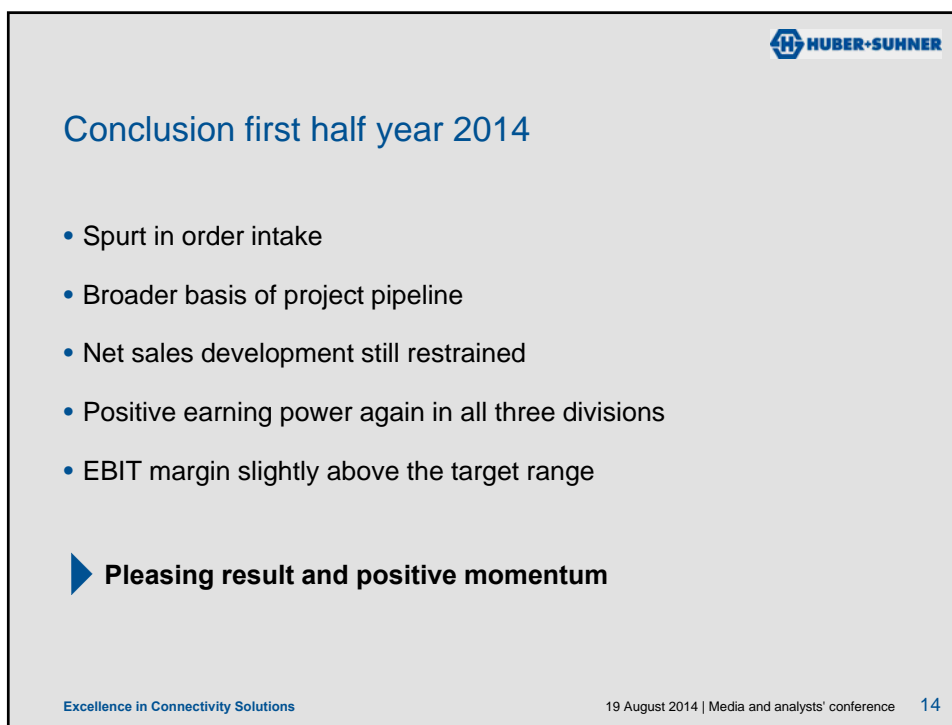
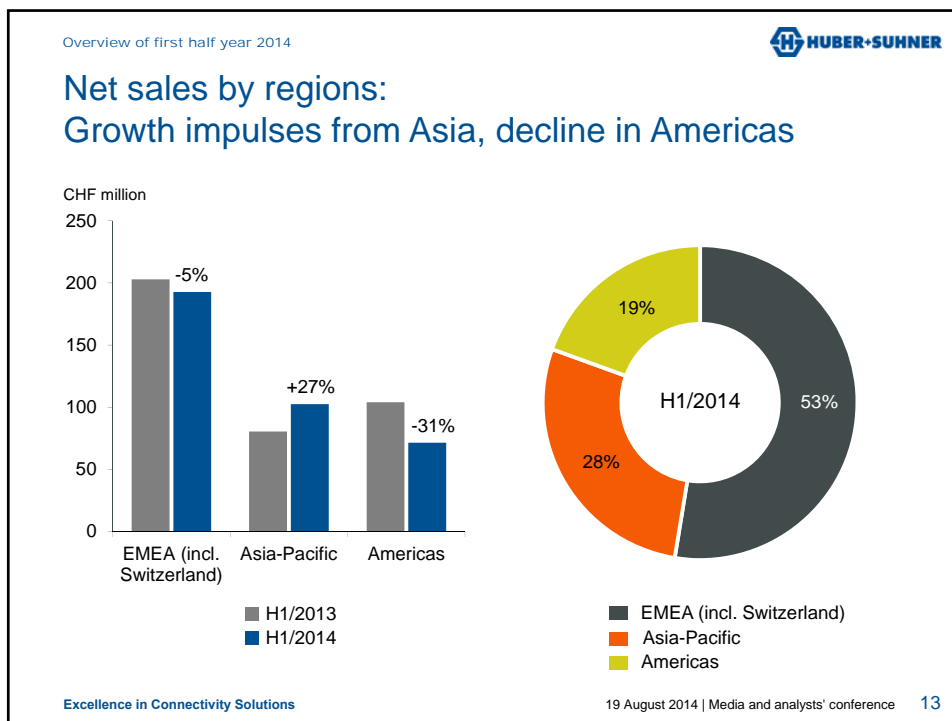


Market	H1/2013 (CHF million)	H1/2014 (CHF million)	% Change
Communication	~165	~155	-6%
Transportation	~115	~122	+5%
Industrial	~105	~88	-16%



Market	Share (%)
Communication	43%
Transportation	33%
Industrial	24%


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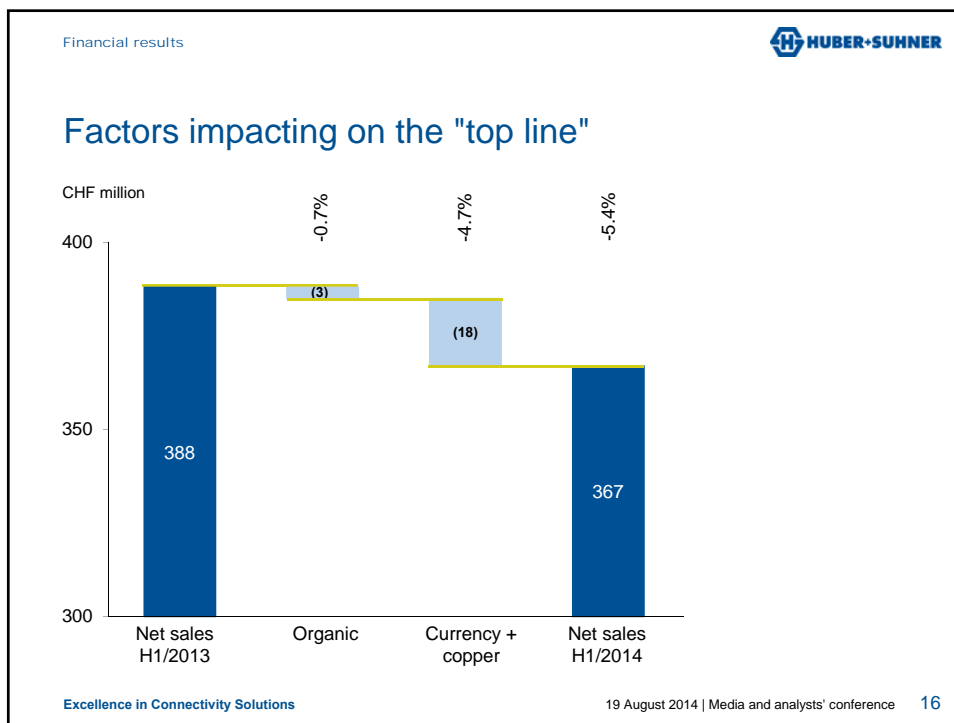
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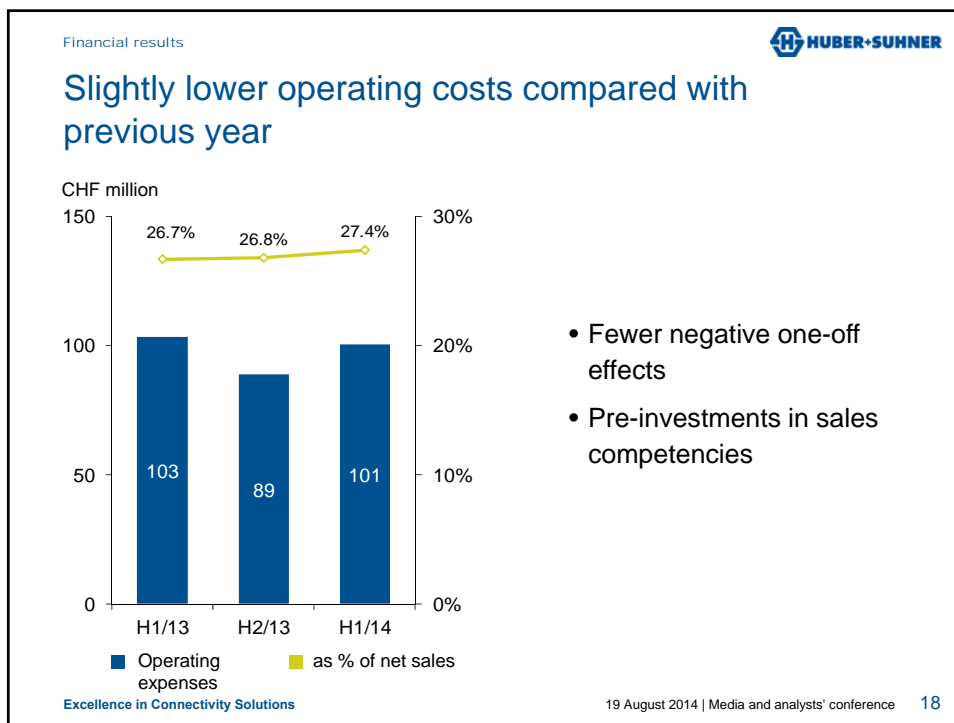
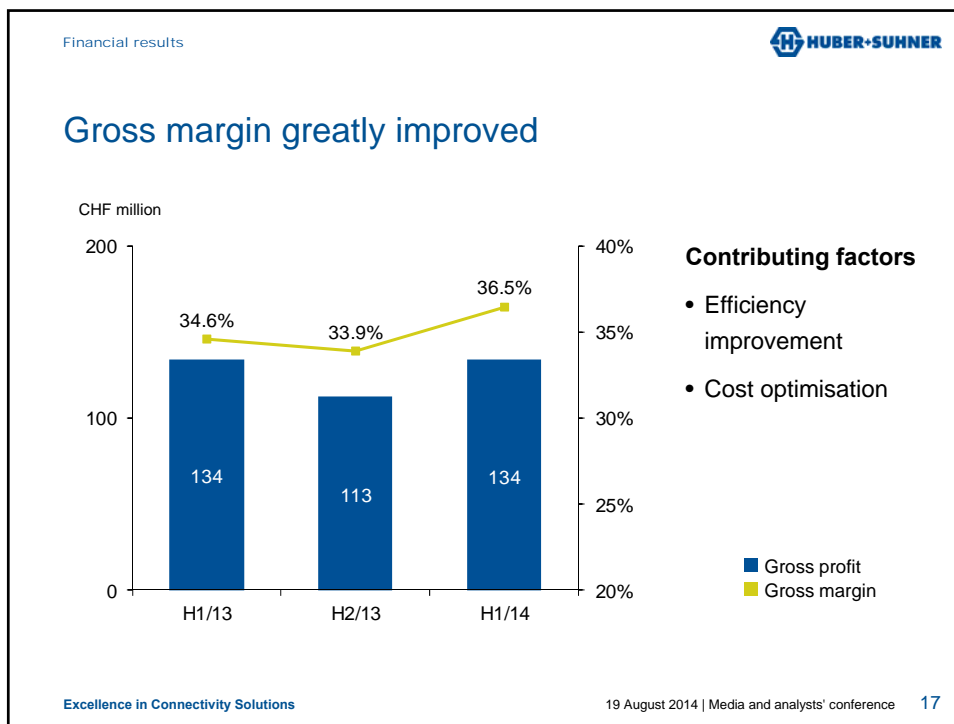
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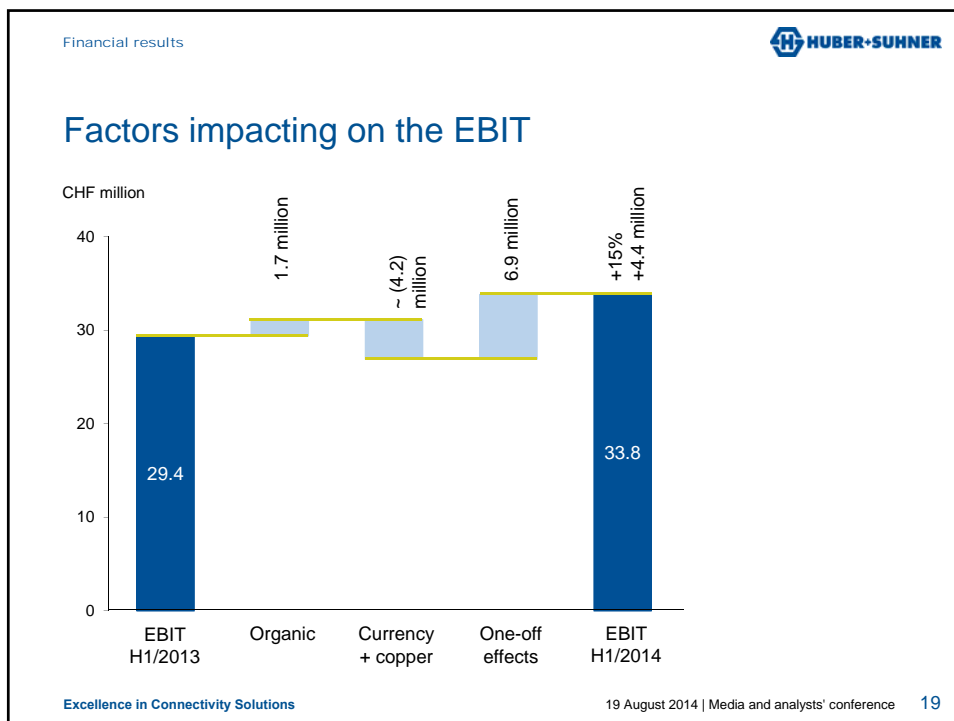
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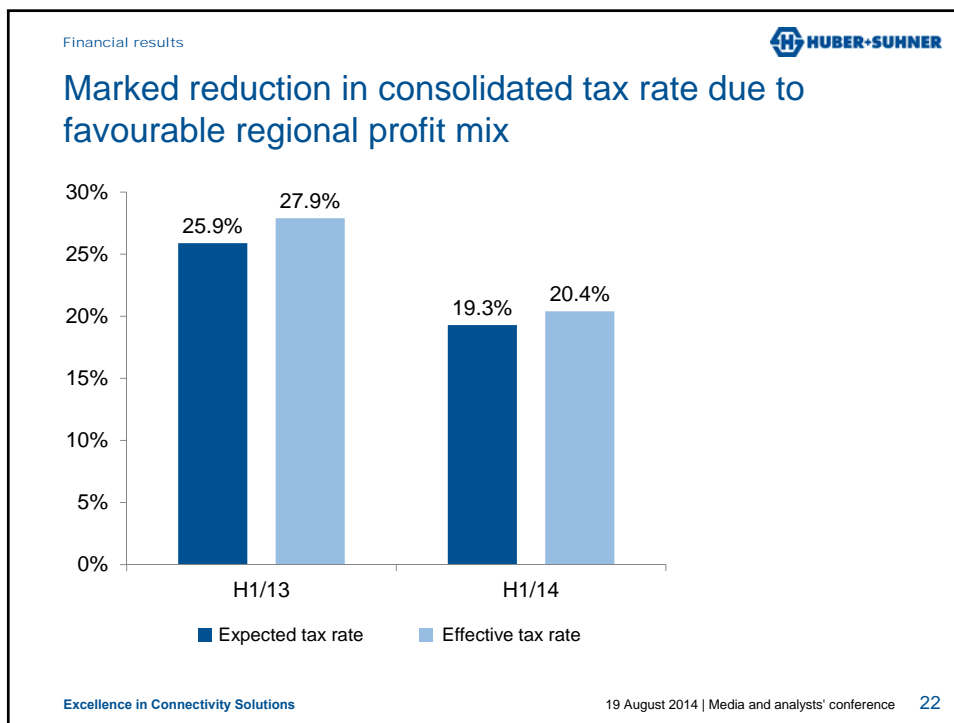
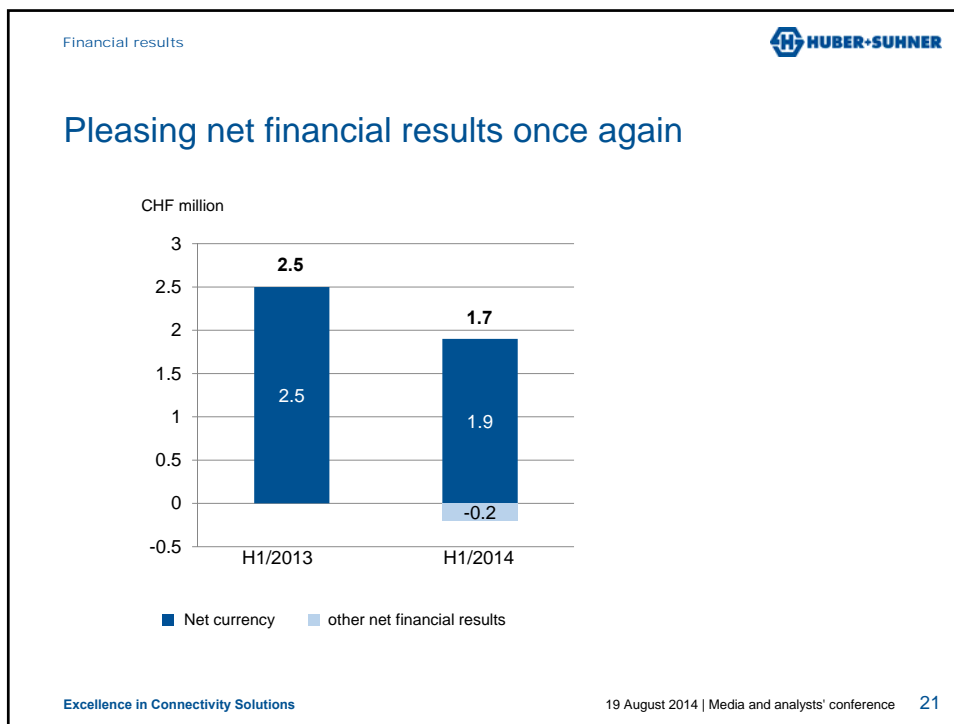
Financial results HUBER+SUHNER

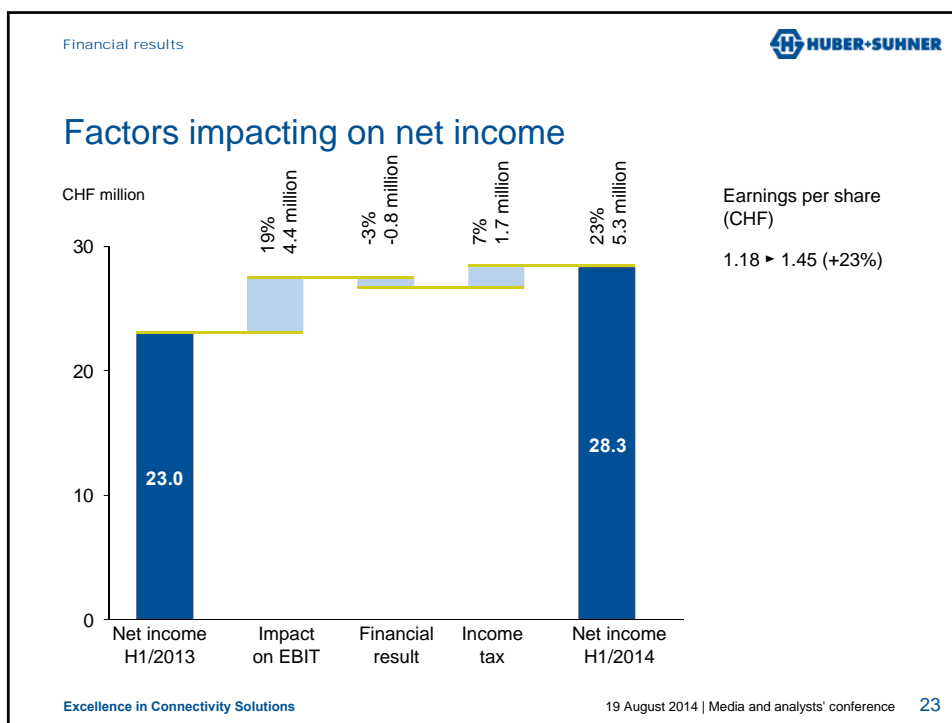
EBIT margin slightly above medium-term target range

CHF million

	H1/14	as %	H1/13	as %
Radio Frequency	15.7	13.5	17.3	14.9
Fiber Optics	12.4	10.8	18.2	14.3
Low Frequency	8.4	6.2	(3.4)	(2.4)
Corporate	(2.7)		(2.7)	
Total EBIT	33.8	9.2	29.4	7.6

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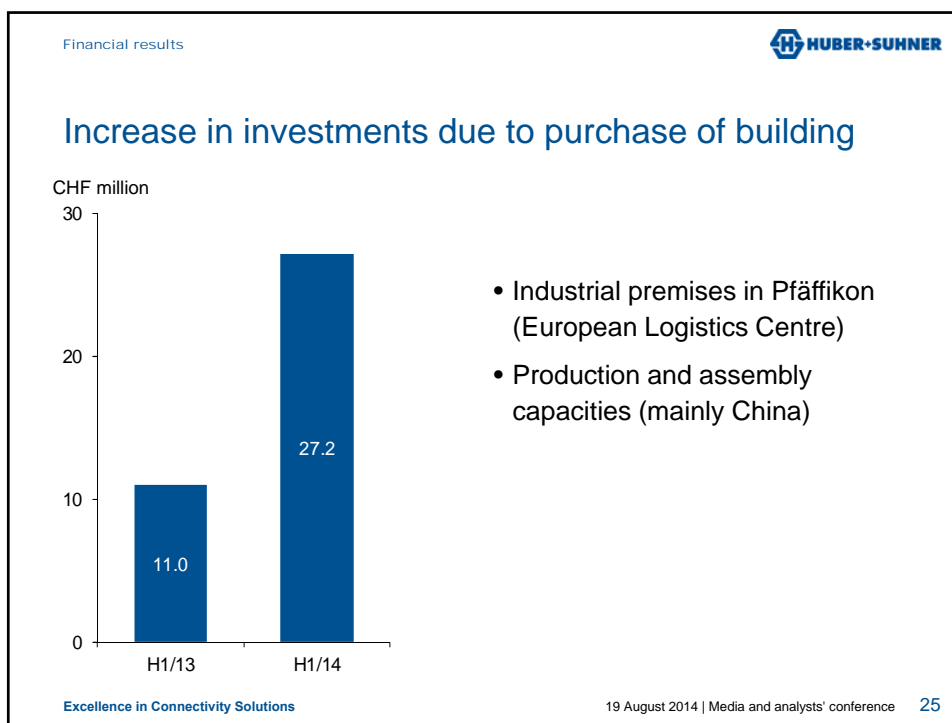


Financial results HUBER+SUHNER

Very solid consolidated balance sheet

CHF million	30/06/2014	31/12/2013	▲	30/06/2013
Cash and cash equivalents	152	170	-11%	131
Current assets	336	272	24%	319
Non-current assets	314	309	2%	286
Financial liabilities	0	0		0
Various liabilities	174	128	36%	147
Shareholders' equity	628	623	1%	589
as %	78%	83%		80%
Balance sheet total	802	751	7%	736
Net liquidity	152	170	-11%	131

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Financial results HUBER+SUHNER

Higher capital commitment in NWC and rise in investments result in slightly negative free operating cash flow

CHF million	H1/14	H1/13
Cash flow from operating activities	24.6	67.9
Cash flow from investing activities	(26.8)	(13.2)
Free operating cash flow	(2.1)	54.7
Dividend paid	(15.6)	(9.7)
Change in treasury shares	(1.4)	(0.5)
Free cash flow	(19.1)	44.4

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Financial assessment H1/14

- ✓ Marked increase in order intake
- ✓ Book-to-bill ratio > 1 in all 3 divisions
- ✓ Increased operative earning power (slightly above target range)
- ✓ Low tax rate

- ✗ No free operating cash flow

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Outlook 





Our 3x3 strategy: 3 technologies, 3 markets

 Radio Frequency	 Fiber Optics	 Low Frequency
 Communication	 Transportation	 Industrial

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Outlook 

Our growth drivers

 Broadband communication	Appetite for broadband		
 Electric mobility			Increasing mobility and environmental awareness
 High-tech niches			Continuous technology change and innovation

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Outlook HUBER+SUHNER

Current most important market factors





LTE: Global roll-outs gain momentum

- USA and Canada continue strong
- Network investments well under way:
 - China
 - India
 - Australia and others
- Potential for Fiber Optics and Radio Frequency

Railway: Consistently strong investment cycle

- Very dynamic investments in China
- European markets stable at a high level
- Potential: Brazil
- Potential: Cable systems and services
- Potential: More communication in trains – success with antennas

Industrial niches: Stable in short term – growth in medium term

- Solar: Base effect absorbed – subordinate role in future
- Space + Defence: current budget cuts – medium-term potential through market share growth
- Test and measurement technology: Potential with new technologies and broader customer base

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Additional medium-term organic growth potential within our 3x3 strategy

Data Centers



**Small-scale niches
Medical, Offshore, etc.**



Fiber to the Home



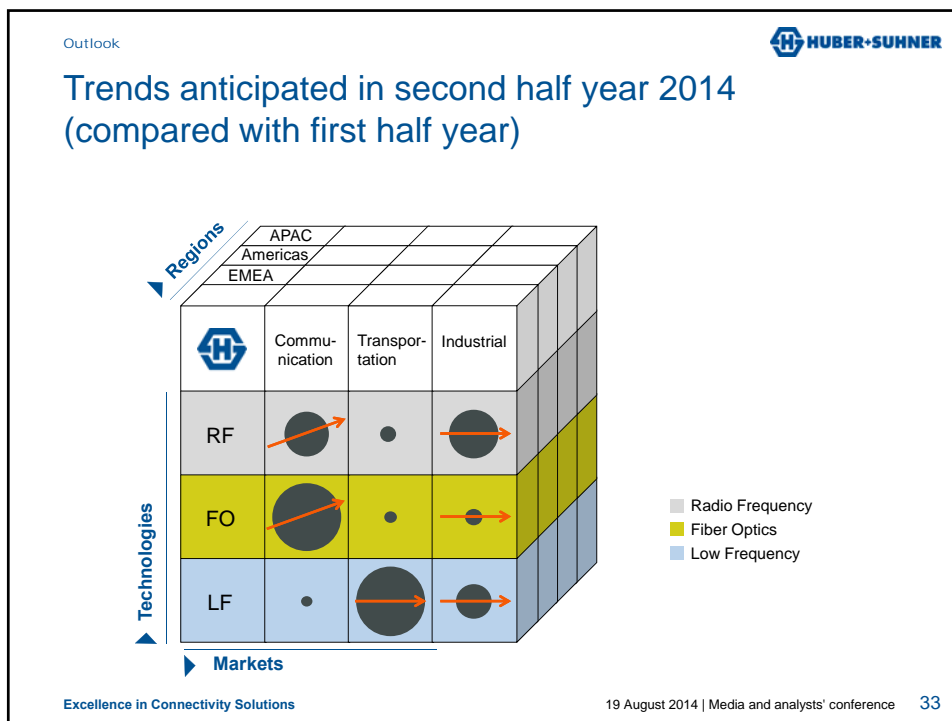
**Specialties for cars
+ commercial vehicles**



**Communication
in buildings**



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Outlook for the full year 2014

- Stable economic environment in our target markets
- Starting the second half year with a positive momentum:
Order intake and orders on hand
- All three divisions in good shape
- Currency development?

Anticipated result for 2014:

- Growth in net sales of 2-4% compared with the previous year
- EBIT margin slightly above the target range of 6-9%

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Your questions

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