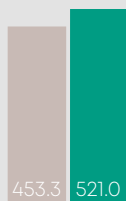


Letter to Shareholders

H1/2024

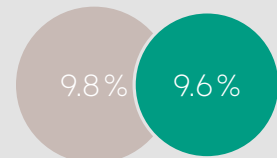
Considerable increase in order intake compared to previous year



Net sales below strong prior-year figure



Operating profit margin within medium-term target range – guidance for full year confirmed



Industry segment bottomed out in order intake, recording good profitability

High order intake and improved profitability in the Communication segment in a challenging market environment

Solid profitability at lower volumes in the Transportation segment

■ H1/2023 ■ H1/2024 in CHF million

HUBER+SUHNER reports clear upward trend compared to second half of 2023



Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

Following the low order intake of the second half of 2023, HUBER+SUHNER reported a vigorous upturn in demand in the first half of 2024, resulting in a 14.9 % increase in order intake compared to the strong previous-year period to CHF 521.0 million. This was 41.5 % higher than the second half of 2023, underscoring the clear upward trend.

Solid demand in aerospace and defense enabled the Industry segment to escape, as expected, the trough it had experienced in the second half of 2023. Despite a persistently weak global market environment, the Communication segment reported a strong upward trend thanks to individual major project wins. Following the strong recovery of the previous two years, the Transportation segment did not reach the highs of the prior-year period.

At CHF 430.6 million, net sales were 9.8 % below the previous-year level (CHF 477.3 million). Compared to the second half of 2023, however, this equalled a strong upturn of 15.2 %. The book-to-bill rate improved to 1.21 (PY 0.95), increasing the order backlog to CHF 367.4 million. Adjusted for currency, copper price and portfolio effects, the shortfall in net sales amounted to 7.3 %. Year on year, net sales share by region remained stable with EMEA at 55 % (PY 54 %), APAC at 27 % (PY 27 %) and the Americas at 18 % (PY 19 %).

At 9.6 %, the EBIT margin was within the medium-term target range of 9–12 %, which was clearly above the figure for 2023 as a whole. This was due to an improved gross margin resulting from a larger net sales share from the high-margin growth initiatives, and both reduced inventory levels and production capacities.

Net income for the first half of the year reached CHF 34.8 million (PY CHF 38.2 million), helped by an again low tax rate. After the cancellation of 5 % of shares following the 2024 Annual

General Meeting, the number of remaining shares stands at 19,190,000.

Free operating cash flow for the first six months was CHF 19.4 million (PY CHF 9.6 million). The global workforce stood at 4,150 (PY 4,278). This decline was primarily associated with China and Switzerland, where workforce fell to 1,171 (PY 1,184).

Industry segment showing good profitability after bottoming out in order intake

In the Industry market segment, incoming orders turned positive over the course of the reporting period. Of all the subsegments, the aerospace and defense growth initiative reported the strongest year-on-year growth. The sustained strong demand was driven by successes in both defense and space projects. Also the two subsegments of high power charging and test and measurement posted more orders than in the prior-year period. By contrast, the lower order intake from the second half of 2023 resulted in lower net sales in the first half of 2024 across all subsegments compared to the same period in the previous year. Order intake stood at CHF 165.7 million (PY CHF 148.6 million) and net sales at CHF 134.8 million, which was 15.5 % below the prior-year period. This resulted in a book-to-bill rate of 1.23 (PY 0.93). The reported EBIT of CHF 22.9 million (PY CHF 30.2 million) corresponds to an EBIT margin of 17.0 % (PY 18.9 %).

High order intake and improved profitability in the Communication segment in a challenging market environment

In the Communication market segment, following a severe slump in demand in the second and third quarters of 2023, order intake started improving slightly in the final quarter of 2023, rising significantly in the reporting year. This development was attributable to substantial orders associated with the expansion of mobile communications infrastructure in Asia as well as successes in the data center growth initiative. There has, as yet, been no recovery of the communication market as a whole. The data center business benefited from growing demand for optical switches resulting from the expansion of AI infrastructure. To cater to this increased demand for such high-tech products, construction of a new production site was started in Poland in the immediate vicinity of the existing site. The remaining two subsegments, communication equipment manufacturers and fixed access network, also reported a significantly higher order intake. The positive momentum of order intake in the Communication segment has not yet been fully reflected in net sales, which fell short of the previous-year period but were, however, 41.2 % higher than in the second half of 2023. Order intake in the first half of the year stood at CHF 214.9 million (PY CHF 148.1 million) and net sales at CHF 156.0 million, 8.2 % less than the previous year. The book-to-bill rate thus reached a high 1.38 (PY 0.87).

With EBIT amounting to CHF 10.4 million (PY CHF 6.2 million), the EBIT margin almost doubled year on year to 6.7 % (PY 3.7 %). This is also the result of the measures implemented in the previous year to reduce both capacity and the cost base.

Solid profitability at lower volumes in the Transportation segment

Having experienced remarkable growth during the previous year, the Transportation market segment had to contend with a decline in order and sales volumes in the first half of 2024.

In the automotive subsegment, the electric vehicle growth initiative secured further important nominations by renowned commercial vehicle manufacturers. However, despite being market-ready, the platforms are not selling as rapidly as originally planned. The same pattern was observed in the second growth initiative ADAS (advanced driver assistance system). In the railway subsegment, order intake was slightly lower and net sales slightly higher compared to the prior-year period. In the rail communications growth initiative in particular, an important milestone was reached with the Deutsche Bahn (DB) project.

The Transportation segment reported orders of CHF 140.4 million, down 10.4 % on the previous-year period, while net sales amounted to CHF 139.8 million (PY CHF 147.9 million), a shortfall of 5.5 %. The book-to-bill rate reached 1.00 (PY 1.06). With EBIT amounting to CHF 12.4 million (PY CHF 15.5 million), the EBIT margin of 8.9 % (PY 10.5 %) was slightly below the level of the Group as a whole.

Outlook

Compared with the weak second half of 2023, all segments reported growth in the first half of 2024, some even significant, in both order intake and net sales. The HUBER+SUHNER Group has thus held its ground well in an environment with diverse challenges and is in a solid position for the year as a whole. The company continues to see attractive opportunities in the target markets. In the Industry segment, the company sees further potential in the aerospace and defense sectors and, over the medium term, anticipates renewed momentum in the field of high power charging. In the global communication market, recovery across the board is likely to take a little longer.

Thanks to its unique technologies, however, HUBER+SUHNER expects to benefit from business opportunities that are decoupled from general market trends. In the transportation market, market-ready electrified commercial vehicles are now available for almost all needs, and it should only be a matter of time before e-trucks and e-buses break through.

From today's perspective, the company can confirm the guidance communicated for fiscal year 2024: organic growth in net sales and an operating profit margin in the lower half of the medium-term target range of 9–12 %. Accordingly, sales in the second half of 2024 are expected to be slightly higher than in the first six months. This guidance is based on the assumption that key influencing factors, such as inflation, exchange rates and economic and political conflicts, do not have an excessively negative impact on business development.



Urs Kaufmann
Chairman of the Board of Directors



Urs Ryffel
Chief Executive Officer

Key figures H1/2024

Group in CHF million		January–June 2024	January–June 2023	Change
Order intake		521.0	453.3	14.9 %
Order backlog as of 30.6.		367.4	288.9	27.2 %
Net sales		430.6	477.3	(9.8 %)
Gross margin		36.2 %	34.9 %	
EBITDA		58.9	63.5	(7.3 %)
as % of net sales		13.7 %	13.3 %	
EBIT		41.5	47.0	(11.7 %)
as % of net sales		9.6 %	9.8 %	
Financial result		(0.4)	(1.6)	n/m
Net income		34.8	38.2	(9.0 %)
as % of net sales		8.1 %	8.0 %	
Purchases of PP&E and intangible assets		20.2	28.5	(29.2 %)
Cash flow from operating activities		37.8	31.1	21.3 %
Free operating cash flow		19.4	9.6	100.7 %
Net liquidity as of 30.6.		151.7	111.9	35.6 %
Return on invested capital (ROIC) in %		16.2 %	17.8 %	
Equity as of 30.6.		621.9	593.4	4.8 %
as % of balance sheet total		75.4 %	75.7 %	
Employees as of 30.6.		4,150	4,278	(3.0 %)
Data per share in CHF		January–June 2024	January–June 2023	Change
Stock market price as of 30.6.		76.50	73.80	3.7 %
Net income		1.87	2.05	(8.8 %)
Segment information in CHF million		January–June 2024	January–June 2023	Change
Industry	Order intake	165.7	148.6	11.5 %
	Net sales	134.8	159.6	(15.5 %)
	EBIT	22.9	30.2	(24.1 %)
	as % of net sales	17.0 %	18.9 %	
Communication	Order intake	214.9	148.1	45.1 %
	Net sales	156.0	169.8	(8.2 %)
	EBIT	10.4	6.2	67.8 %
	as % of net sales	6.7 %	3.7 %	
Transportation	Order intake	140.4	156.6	(10.4 %)
	Net sales	139.8	147.9	(5.5 %)
	EBIT	12.4	15.5	(19.7 %)
	as % of net sales	8.9 %	10.5 %	

n/m = not meaningful

Alternative Performance Measures (APM) are key figures not defined by Swiss GAAP FER. HUBER+SUHNER uses APM as guidance parameters for both internal and external reporting to stakeholders. For the definition of APM, please visit www.hubersuhner.com/en/company/investors/publications.

Financial calendar

Capital Market Day (Herisau)	20.9.2024	Annual Report 2024	11.3.2025
Net sales and order intake (9 months) 2024	22.10.2024	Media and analysts' conference	11.3.2025
Net sales and order intake (12 months) 2024	23.1.2025	Annual General Meeting (Rapperswil SG)	2.4.2025

Figures are available online at www.hubersuhner.com/en/company/investors/publications.
This letter to shareholders is also available in German. The German version is binding.