

HUBER+SUHNER

2024 half-year results

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Considerable increase in order intake – Net sales below strong prior-year figure

MCHF

	H1/2024	H1/2023	Δ %
Order intake	521.0	453.3	14.9
Net sales	430.6	477.3	(9.8)
Operating profit (EBIT) as % of net sales	41.5 9.6	47.0 9.8	(11.7)
Net income as % of net sales	34.8 8.1	38.2 8.0	(9.0)

Strong upturn in demand

- Book-to-bill rate improved to 1.21 (PY 0.95)
- Order backlog increased by almost CHF 80 million
- Organic shortfall in net sales 7.3 %
- Net sales up 15.2 % compared to second half of 2023, underlying the upward trend

Operating profit margin on H1/2023 level

- Profitability good in Industry, improved in Communication, and solid in Transportation
- EBIT margin within medium-term target range of 9–12 %

Industry segment

Showing good profitability after bottoming out in order intake

MCHF

	H1/2024	H1/2023	Δ %
Order intake	165.7	148.6	11.5
Net sales	134.8	159.6	(15.5)
Operating profit (EBIT) as % of net sales	22.9 17.0	30.2 18.9	(24.1)

Key aspects

- Order intake overall turned positive in first half of 2024
- Solid demand in aerospace and defense growth initiative enabled the segment to escape the trough it had experienced in the second half of 2023 – successes in both defense and space projects
- Test and measurement and high power charging (HPC) subsegments with more orders year on year
- Net sales was impacted by lower order intake in second half of 2023 for all subsegments
- Slightly weaker EBIT margin, but still on a high level, resulting from lower net sales

Communication segment

High order intake and improved profitability in a challenging market environment

MCHF

	H1/2024	H1/2023	Δ %
Order intake	214.9	148.1	45.1
Net sales	156.0	169.8	(8.2)
Operating profit (EBIT) as % of net sales	10.4 6.7	6.2 3.7	67.8

Key aspects

- Global communication market environment persistently weak; no recovery yet of the market as a whole
- Strong upward trend in orders thanks to individual major project wins in the area of mobile communication infrastructure in India
- Data center growth initiative benefiting from growing demand for optical switches resulting from the expansion of AI infrastructure
- EBIT margin almost doubled due to implemented measures to reduce both the capacity and cost base

Transportation segment

Solid profitability at lower volumes

MCHF

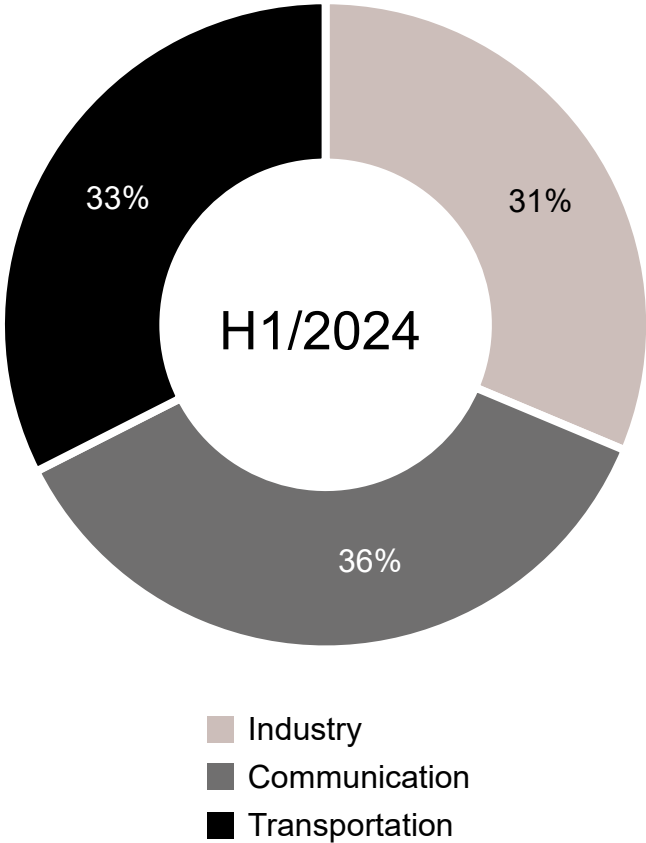
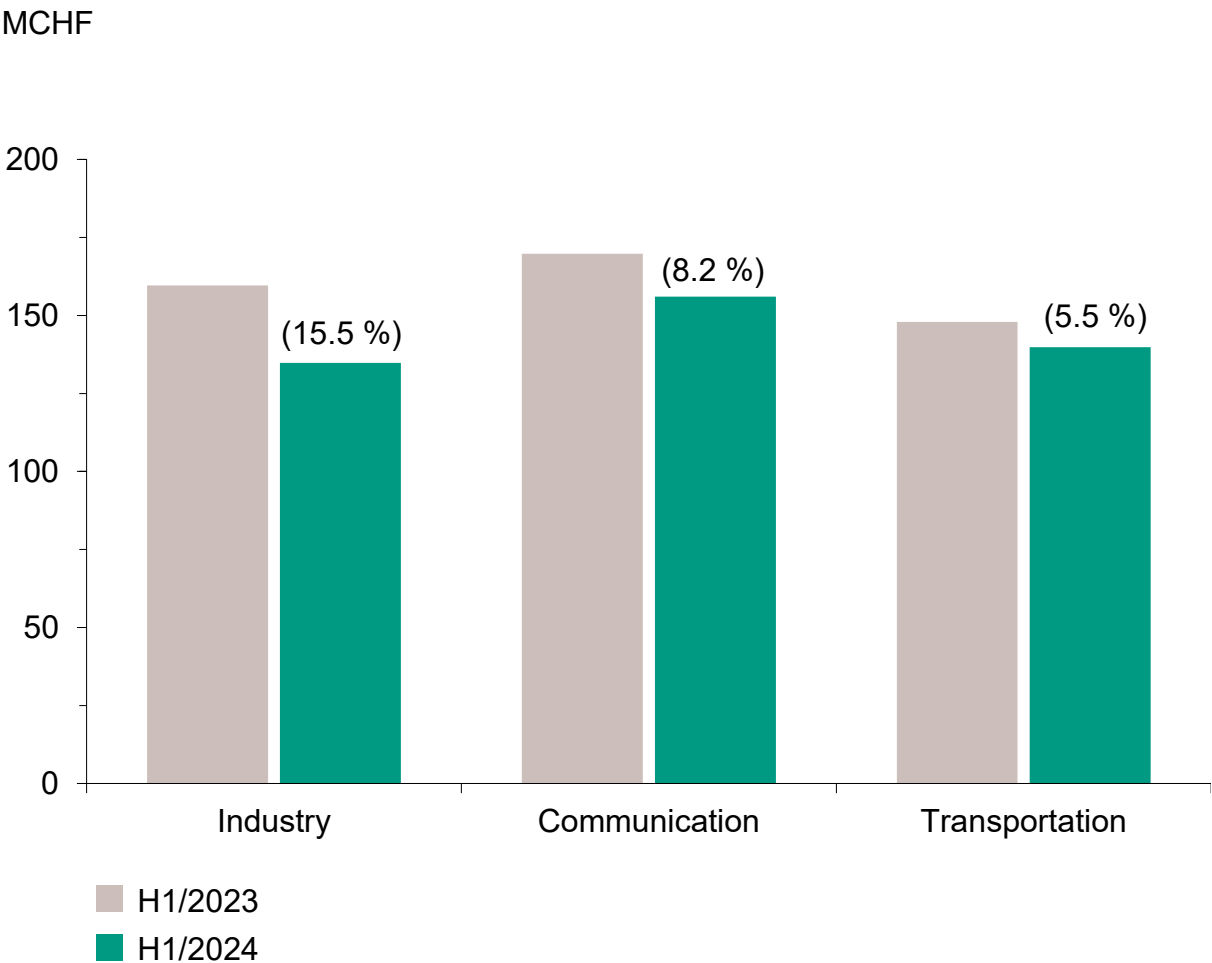
	H1/2024	H1/2023	Δ %
Order intake	140.4	156.6	(10.4)
Net sales	139.8	147.9	(5.5)
Operating profit (EBIT) as % of net sales	12.4 8.9	15.5 10.5	(19.7)

Key aspects

- Following the strong recovery of the previous two years, orders did not reach the highs of the prior-year period
- Automotive subsegment secured further important nominations by renowned commercial vehicle manufacturers; platforms are market-ready but not selling as rapidly as originally planned
- ADAS growth initiative experiencing similar pattern
- Railway subsegment with slightly lower order intake, but slightly higher net sales
- Rail communications growth initiative reached important milestone with project for Deutsche Bahn
- Slightly lower EBIT margin due to price pressure in railway cabling

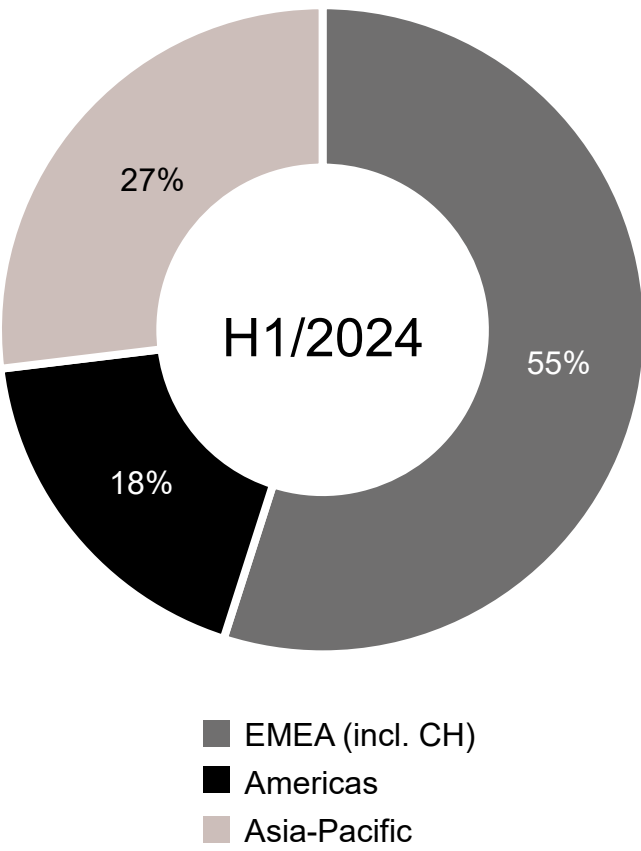
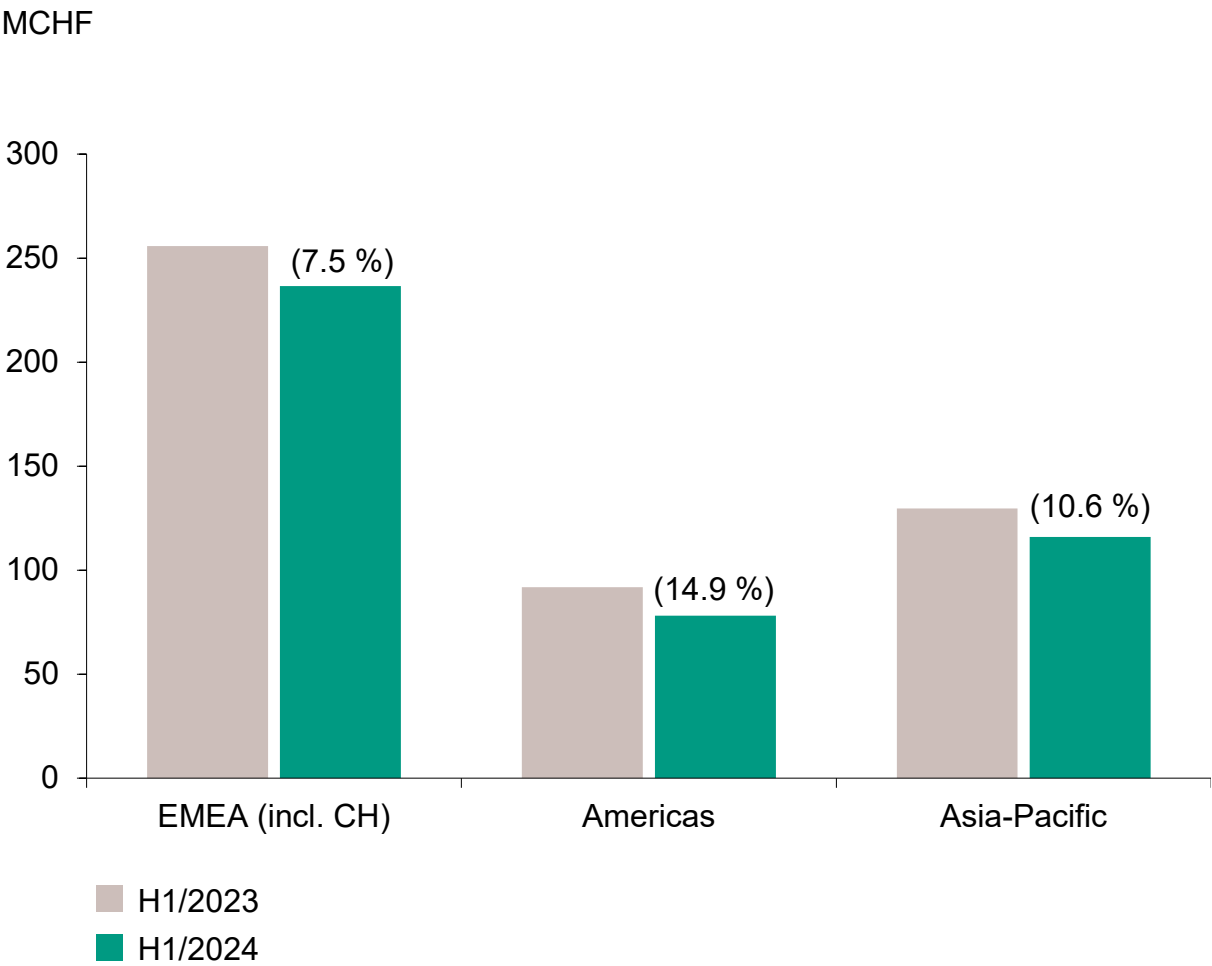
Net sales by market segment

Year-on-year decline reflected across the three segments



Net sales by region

Little shift between the regions



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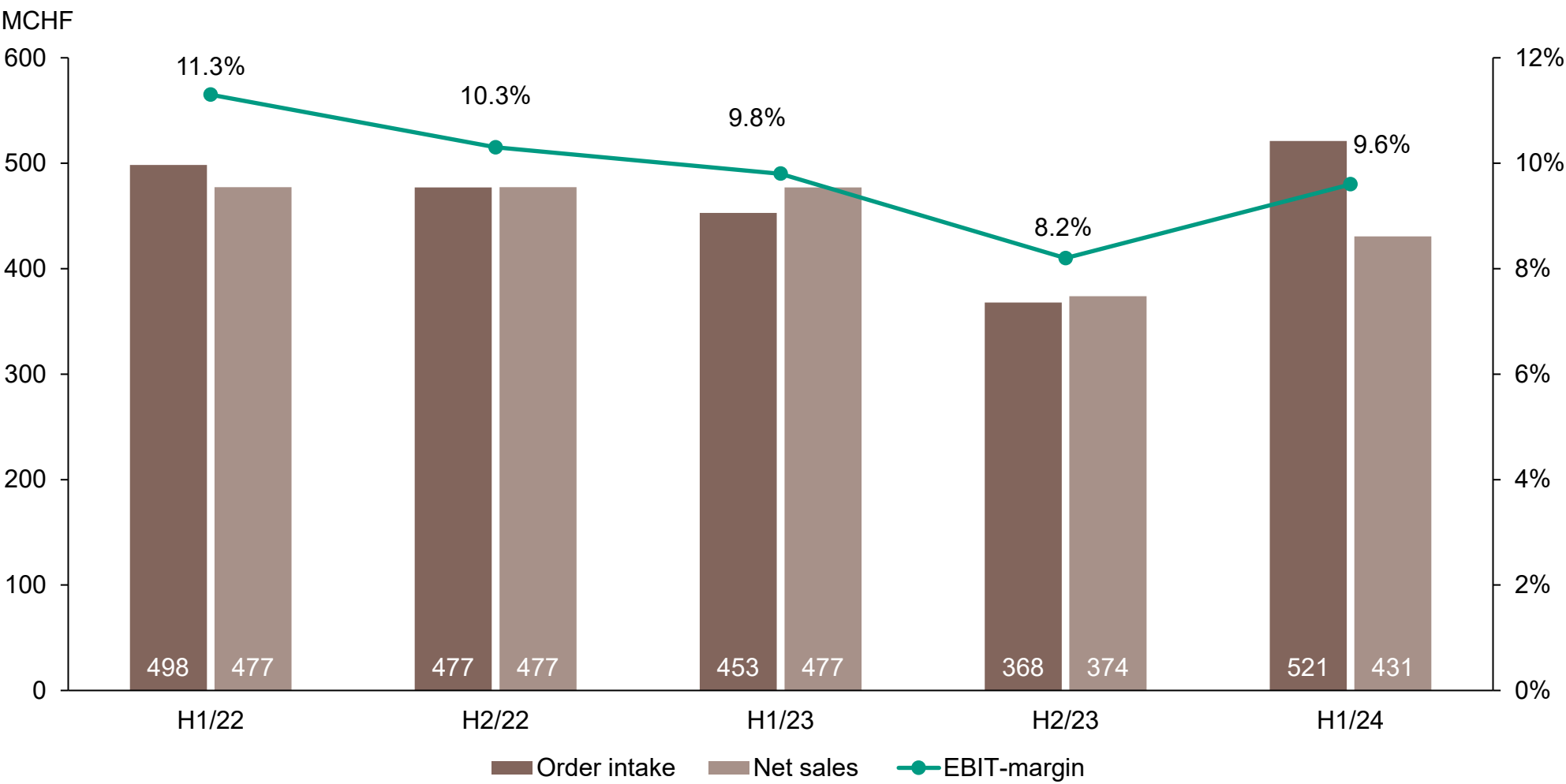
Urs Ryffel (CEO)

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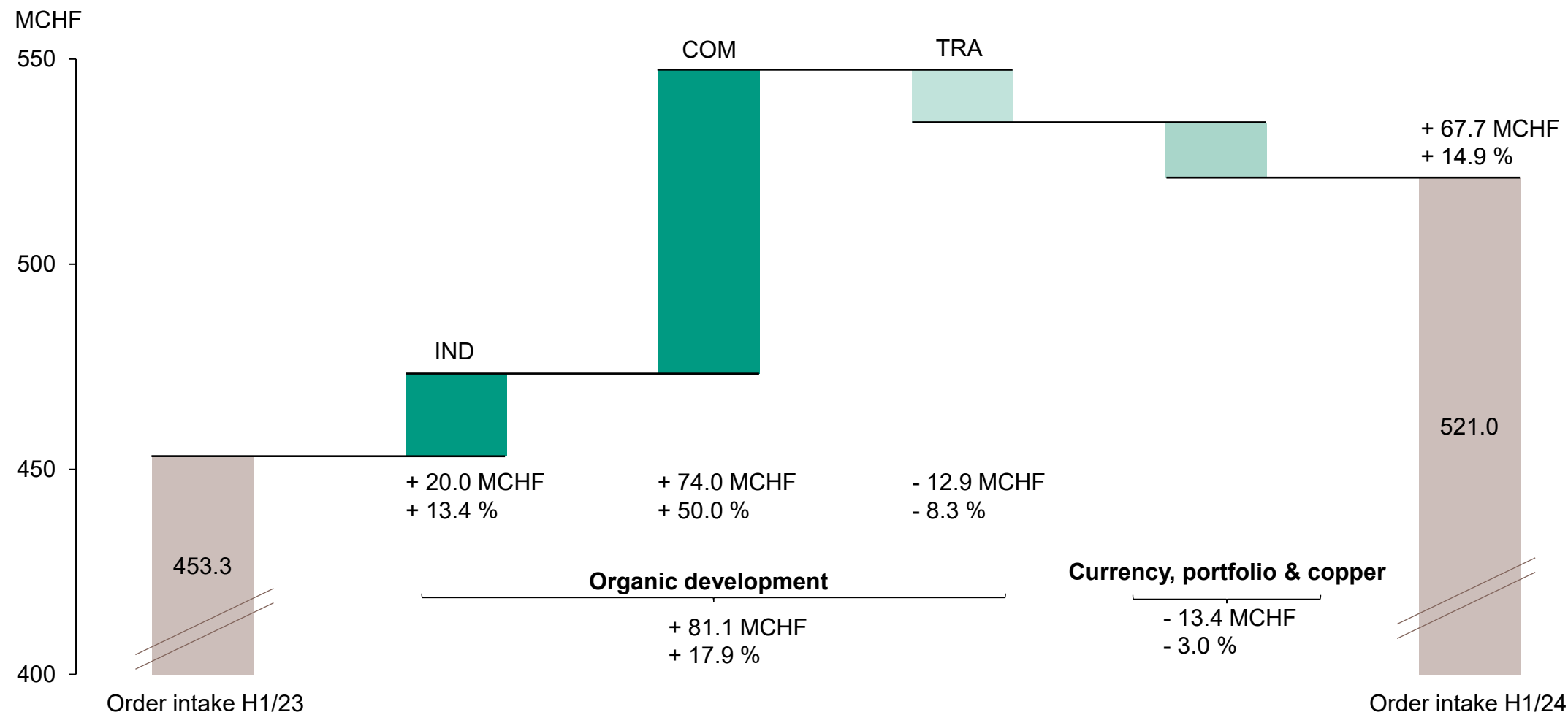
Trend reversal achieved

Turnaround compared to second half of 2023



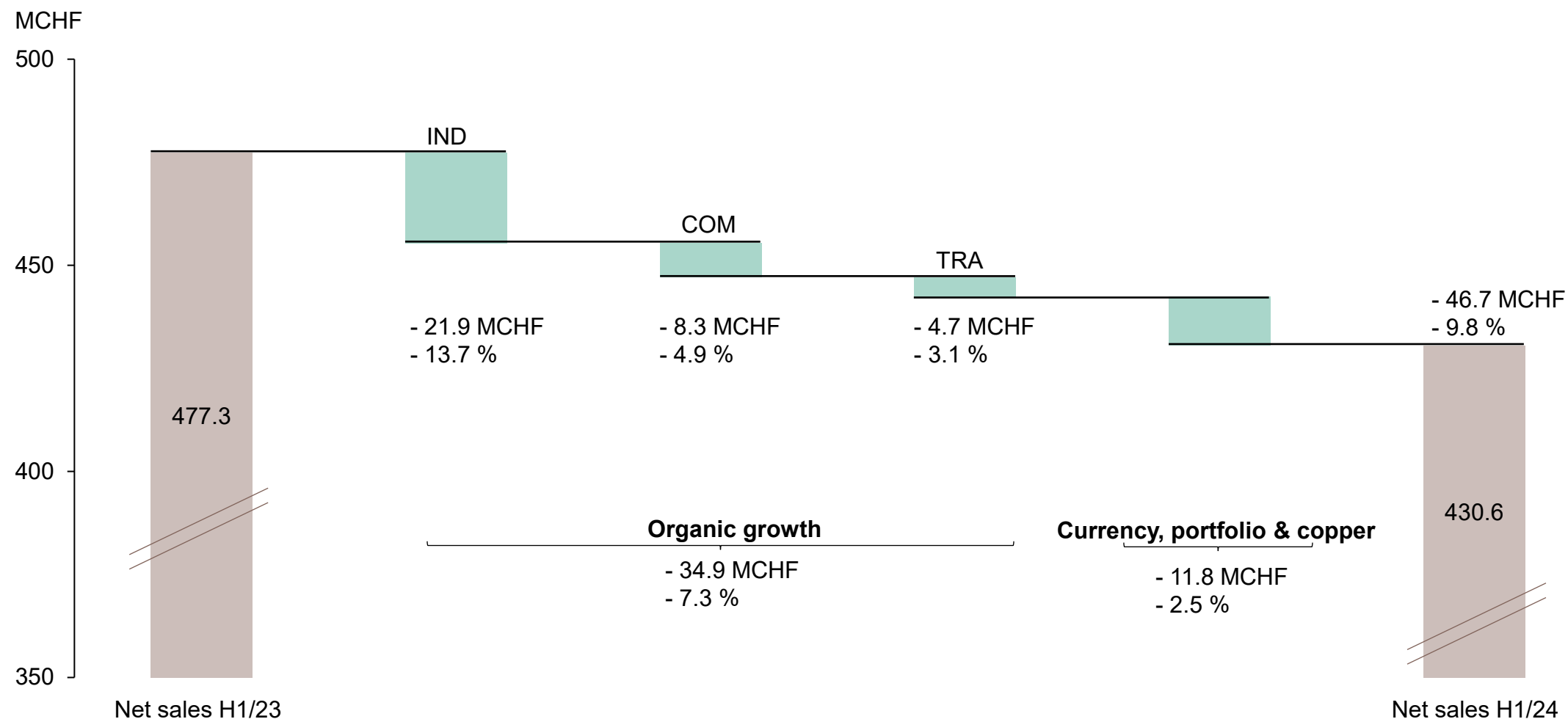
Factors impacting order intake

Strong organic growth in Communication and Industry segment, adverse FX



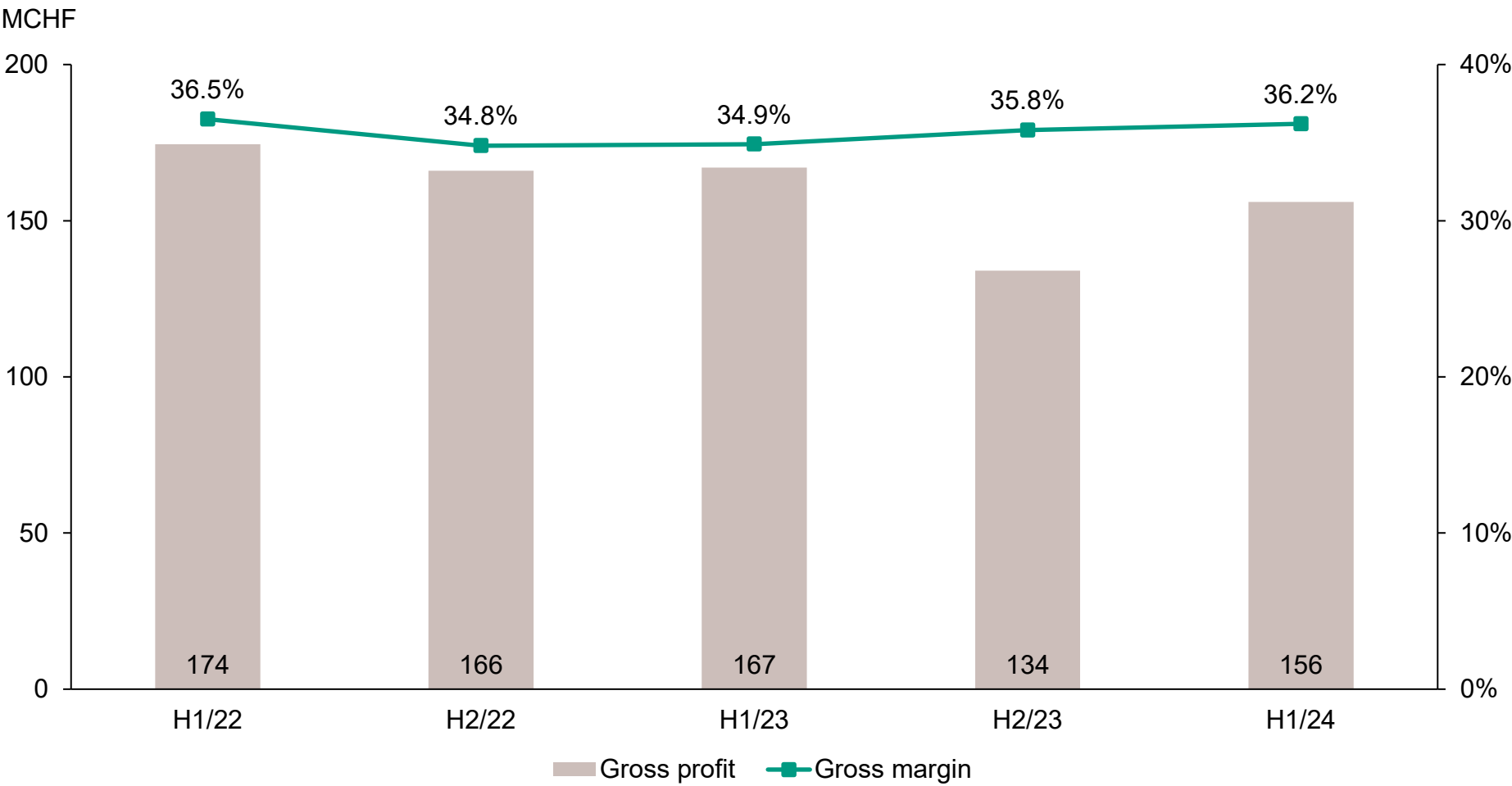
Factors impacting net sales

Organic decline in all three market segments due to weak order intake in H2/2023



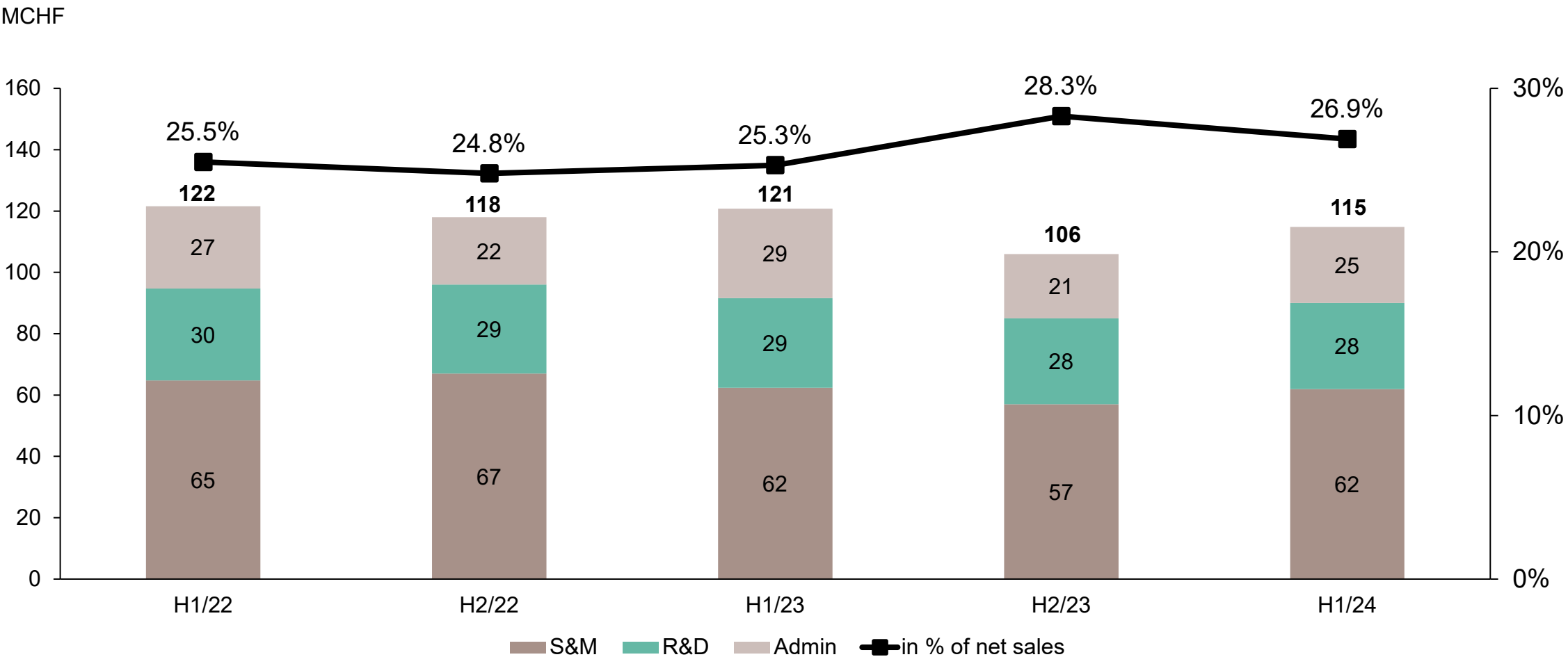
Improved gross margin

Reduced cost base, lower material prices, and less inventory value adjustments



Operating expenses

Proactive cost management



EBIT by market segment

Good in Industry, improved in Communication, solid in Transportation

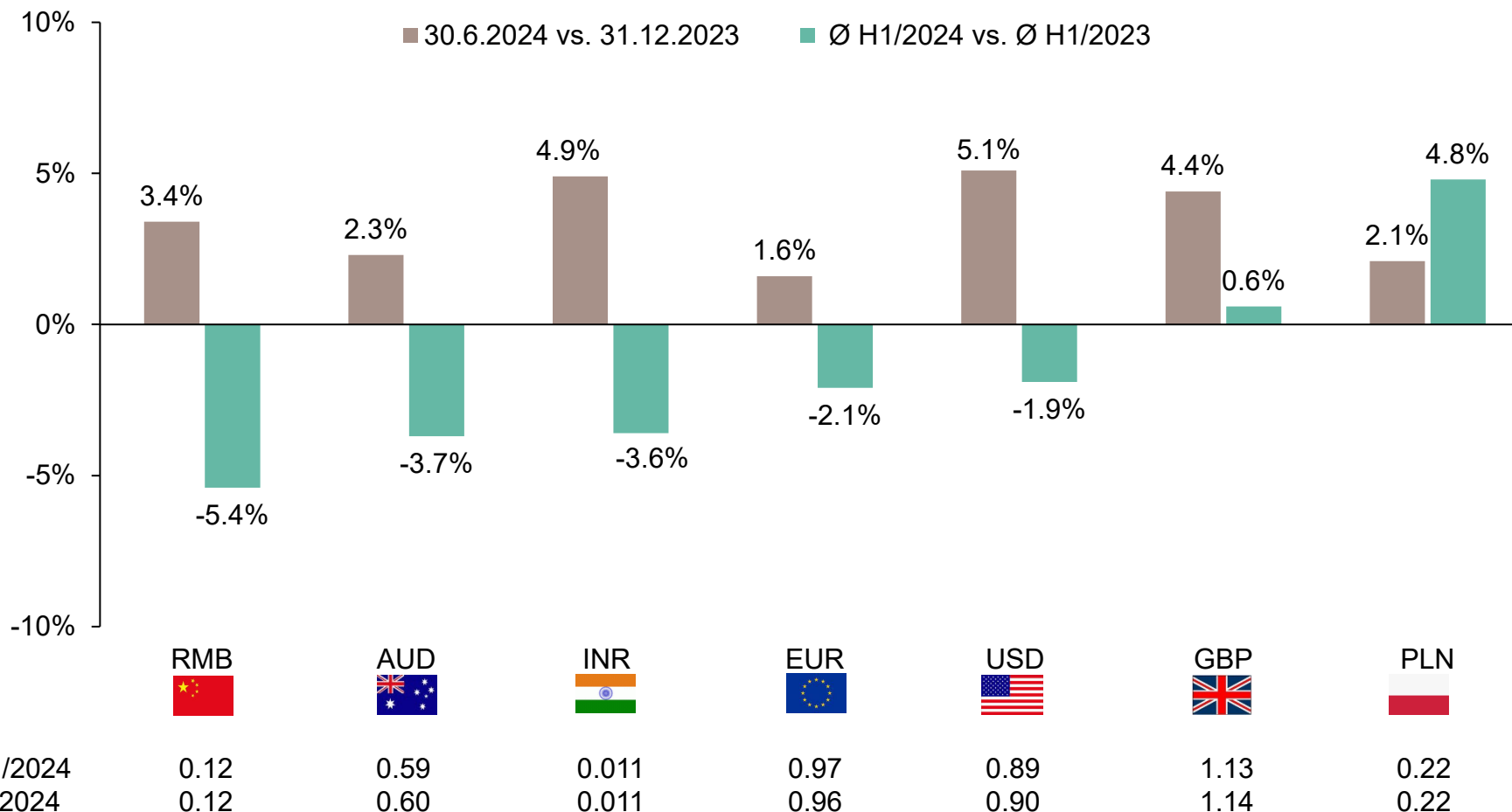
MCHF

	H1/2024	in %	H1/2023	in %
Industry	22.9	17.0	30.2	18.9
Communication	10.4	6.7	6.2	3.7
Transportation	12.4	8.9	15.5	10.5
Corporate	(4.3)		(4.9)	
Total EBIT	41.5	9.6	47.0	9.8

Currency situation 2024

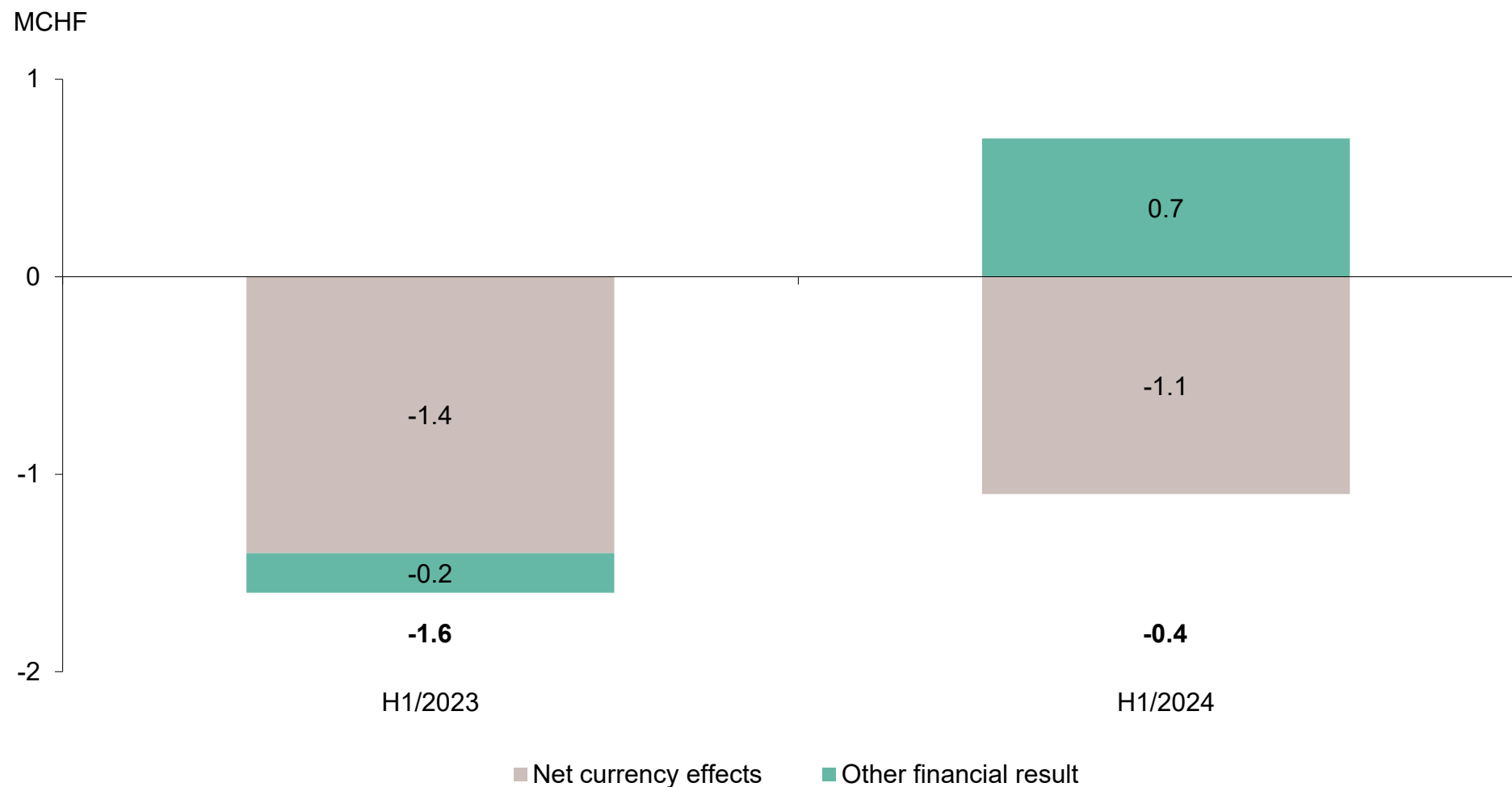
CHF depreciated against all relevant currencies; most average rates still behind H1/2023

FX / MCHF



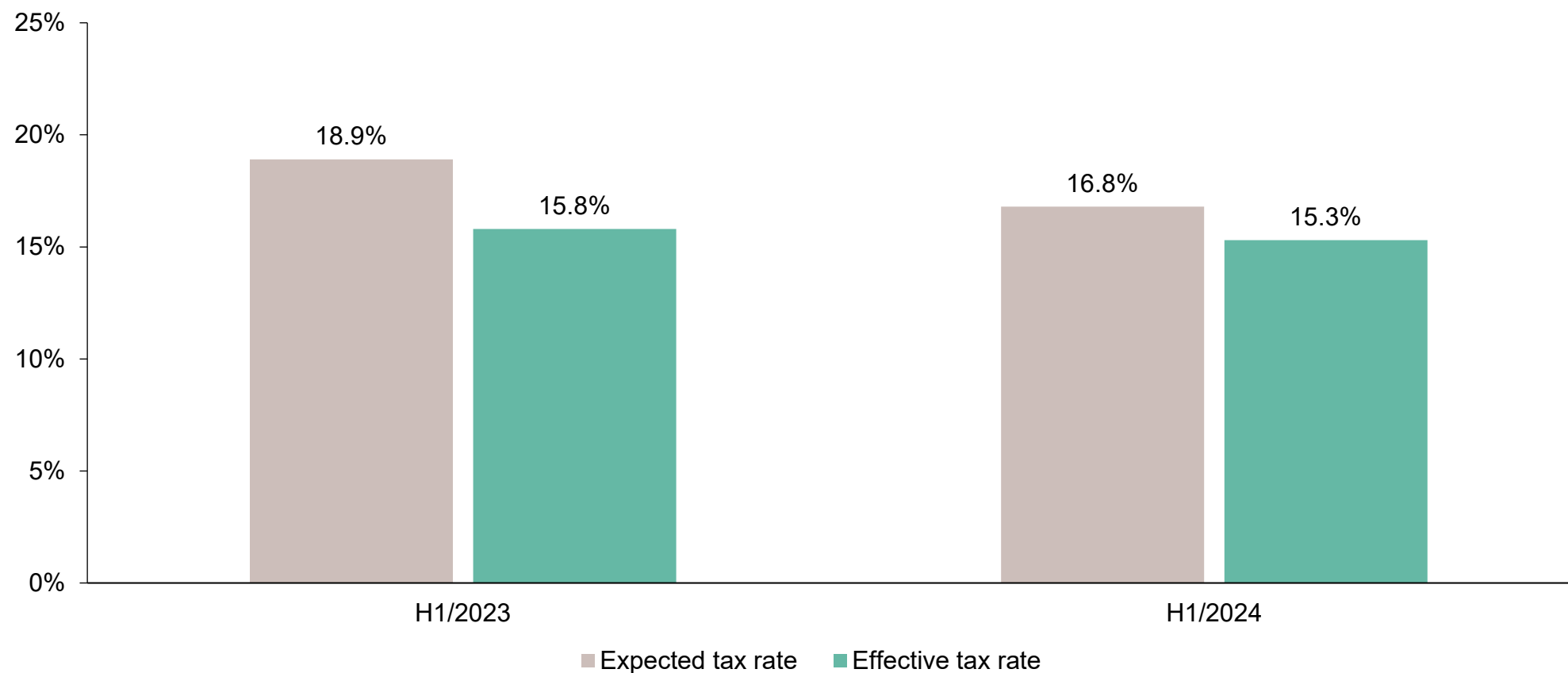
Financial result

Higher interest rate income and lower FX losses led to improved financial result



Group tax rate

Favourable country mix and positive contribution from R&D tax benefits



Overview balance sheet

Unchanged high cash position

MCHF	30.6.2024	31.12.2023		30.6.2023
Cash and cash equivalent / marketable securities	152	163	(7 %)	112
Other current assets	372	321	16 %	384
Non-current assets	301	293	3 %	287
Financial liabilities	-	-		-
Other liabilities	202	167	21 %	190
Equity*	622	610	2 %	593
in %	75 %	78 %		76 %
Balance sheet total	824	777	6 %	783
Net liquidity	152	163	(7 %)	112

*thereof minority interest

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Overview cash flow

Doubling of free operating cash flow

MCHF	H1/24	H1/23
Cash flow from operating activities	37.8	31.1
Cash flow from investing activities (excl. marketable securities)	(18.4)	(21.5)
Free operating cash flow	19.4	9.6
Dividend payment	(31.4)	(38.8)
Dividend payment to minorities	-	(0.3)
Change in treasury shares	(0.9)	(8.2)
Free cash flow	(12.9)	(37.6)

Financial assessment H1/2024

Strong operational performance – with clear upward trend



Organic order growth of 17.9 %

EBIT margin of 9.6 % well within medium-term target range

Continuous low effective tax rate of 15.3 %

Free operating cash flow doubled to CHF 19.4 million



Organic sales decline of 7.3 %

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Market trends in Industry

Different dynamics in the various submarkets

- Industry markets generally less dynamic with some individual exceptions
- After overstocking due to longer delivery times post-Covid, inventory levels in supply chains have largely normalised
- Test and measurement market stabilised at a lower level – upturn will depend on the development of the electronics and telecommunications market – complete automation solutions offer HUBER+SUHNER the chance to scale business opportunities
- Aerospace and defense market with good demand as expected – great potential in cross-technology solutions (RF - FO - LF)
- High power charging market in North America gradually reviving after decision in favour of Tesla interface – European HPC market lagging behind the requirements but slowly picking up speed – HUBER+SUHNER ready to accelerate the spread of commercial EVs with megawatt charging technology

Market trends in Communication

Regional diversification / differentiated technologies mitigate weak market demand

- Structurally, the communications market is only recovering very slowly from last year's slump – no significant improvement in sight for the coming months
- Inventory levels in supply chains largely normalised
- Global market access enables HUBER+SUHNER to compensate somewhat for the major fluctuations in demand caused by cyclical roll-outs in individual regions – H2/2023 decline in volume in the US market was offset by a significant project in the Indian market from the beginning of 2024
- Challenges of densification, higher capacity, and shorter latency in communication networks will, sooner or later, require significantly higher investments compared to actual spendings
- Data centers offer strong growth and margin potential – requirements on data centers from AI are massive in terms of technology and capital expenditures
- HUBER+SUHNER has a great value proposition to address the market challenges based on unique technologies

Market trends in Transportation

Progress on ecological mobility, but slower than planned

- Ecological mobility remains a strong fundamental driver; however, progress is not as projected due to several factors (substantial investments in infrastructure in combination with fast technological progress creates incentive to delay investments)
- Mobility based on public transportation back to or even beyond 2019 levels – substantial investments in rail infrastructure will be required (tracks and rolling stock) – market has returned to growth mode
- Considerable investments of train operators into connectivity solutions will take place to enhance passenger experience – HUBER+SUHNER claims market leadership in such applications
- All commercial car manufacturers have market-ready platforms for battery-electric vehicles now – buses are in reasonable demand – market acceptance of EV trucks takes more time
- Megawatt charging for commercial vehicles emerges
- Assistance system technology to support autonomous driving level 3 is becoming a standard beyond premium cars – Western ADAS solution providers (Tier 1 suppliers) together with their key customers under severe pressure from Chinese car manufacturers

Outlook 2024

Business outlook for 2024 and beyond

- Strategy of balanced diversification provides the company with resilience in a still volatile economic environment
- Strong order intake and increased backlog in the first half of 2024 represent the base for slightly higher sales in the second half-year
- Mid- to long-term outlook subject to various uncertainties. However, quotation activity still high, indicating solid medium-term growth opportunities in many submarkets
- Personal security, seamless communication and environmentally friendly mobility remain growth drivers
- HUBER+SUHNER is focusing on the relevant applications. Increases in government defense budgets, the recent rapid development of AI, or the increasing electrification of rail and road transport are examples of applications where the company's highly differentiated connectivity solutions are providing attractive potential for sustainable growth

Net sales and EBIT guidance for full year 2024 unchanged

- 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 %
- 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

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Capital Market Day (Herisau)	20.9.2024
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Net sales / Order intake (9 months) 2024	22.10.2024
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Net sales / Order intake (12 months) 2024	23.1.2025
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Annual Report 2024	11.3.2025
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Media and analysts' conference	11.3.2025
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Annual General Meeting (Rapperswil SG)	2.4.2025
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Figures are available online at www.hubersuhner.com/en/company/investors/publications



Connecting – today and beyond

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