

Ad hoc announcement pursuant to Art. 53 LR

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

Operating profit margin within medium-term target range – Industry segment bottomed out in order intake, recording good profitability – High order intake and improved profitability in the Communication segment – Solid profitability at lower volumes in the Transportation segment – Guidance for full year confirmed

Key figures

in CHF million	H1 2024	H1 2023	Change in %
Group			
Order intake	521.0	453.3	14.9
Net sales	430.6	477.3	(9.8)
EBIT	41.5	47.0	(11.7)
in % of net sales	9.6	9.8	
Net income	34.8	38.2	(9.0)
in % of net sales	8.1	8.0	
Free operating cash flow	19.4	9.6	100.7
Industry segment			
Order intake	165.7	148.6	11.5
Net sales	134.8	159.6	(15.5)
EBIT	22.9	30.2	(24.1)
in % of net sales	17.0	18.9	
Communication segment			
Order intake	214.9	148.1	45.1
Net sales	156.0	169.8	(8.2)
EBIT	10.4	6.2	67.8
in % of net sales	6.7	3.7	
Transportation segment			
Order intake	140.4	156.6	(10.4)
Net sales	139.8	147.9	(5.5)
EBIT	12.4	15.5	(19.7)
in % of net sales	8.9	10.5	

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 the 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. As yet, there has 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.

This media release can also be found under www.hubersuhner.com/en/newsroom/company-news/news-ad-hoc-news

Half-year Report 2024 online interactive reports.hubersuhner.com

Half-year Report 2024 as PDF [link](#)

Letter to shareholders H1/2024 as PDF [link](#)

Presentation media and analysts' conference as PDF [link](#)

All publications as well as the definition of Alternative Performance Measures can be found under www.hubersuhner.com/en/company/investors/publications

This media release is also available in German. The German version is binding.

Further calendar dates

20 September 2024	Capital Market Day (Herisau)
22 October 2024	Net sales and order intake (9 months)
23 January 2025	Net sales and order intake (12 months)
11 March 2025	Publication Annual Report 2024, Media and analysts' conference on fiscal year 2024
2 April 2025	Annual General Meeting (Rapperswil SG)

HUBER+SUHNER Group

The globally active Swiss company HUBER+SUHNER develops and produces components and system solutions for electrical and optical connectivity. The company serves the three main markets Industry, Communication and Transportation with applications from the three technologies of radio frequency, fiber optics and low frequency. HUBER+SUHNER products excel in excellent performance, quality, reliability and long service lives - even under the most demanding conditions. Through a global production network, combined with subsidiaries and representatives in over 80 countries, the company is close to its customers worldwide.