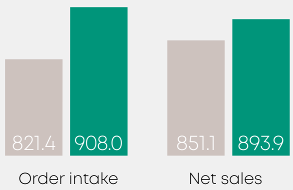
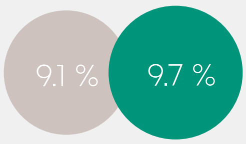
Management Report 2024

Key facts at a glance

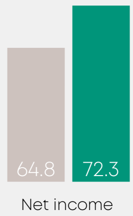
5.0 % increase in net sales and 10.5 % growth in order intake



EBIT margin at 9.7 %, a year-on-year improvement of 60 basis points



Net income margin rises to 8.1 % – higher dividend of CHF 1.90 proposed



Cash flow from operating activities of CHF 90.2 million – net liquidity of CHF 184.1 million

Industry sees significant order growth – Communication substantially improves profitability – Transportation with sales and profit decline

Positive development in three of the four growth initiatives

2023 2024 in CHF million

HUBER+SUHNER

HUBER+SUHNER increases sales and profit


Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

In a challenging economic environment, HUBER+SUHNER saw a positive development with higher order intake and net sales as well as improved profitability in the 2024 financial year. The Group's balanced diversification and focus on attractive growth initiatives provided the basis for the successful year.

At CHF 908.0 million, order intake in 2024 was 10.5 % above the prior-year level (CHF 821.4 million) and 1.6 % above net sales, resulting in a book-to-bill rate of 1.02 (PY 0.97). The first half year was particularly strong, following a much lower business volume in the second half of 2023. The positive results for 2024 were mainly due to the good momentum in the Communication segment as well as successes in the aerospace and defense growth initiative within the Industry segment. At the end of the year, the order backlog amounted to CHF 291.0 million.

HUBER+SUHNER achieved solid growth in net sales in 2024, with the second half in particular benefiting from the strong order situation at the start of the year. Net sales totalled CHF 893.9 million, representing a gain of 5.0 % compared to 2023 (CHF 851.1 million). The strengthening of the Swiss franc during the reporting period had a slight negative impact. Adjusted for currency, copper price and portfolio effects, sales rose by 6.4 %. Assisted by the development in the Communication segment, net sales in the APAC region increased by 26.0 %. In the American market, net sales grew by 6.1 %, while Europe saw a decline of 5.2 %. This resulted in the following net sales share by region: 50 % (PY 55 %) in EMEA, 31 % (PY 26 %) in APAC, 19 % (PY 19 %) in the Americas.

Operating profit (EBIT) grew by 11.7 % to CHF 86.6 million (PY CHF 77.6 million), resulting in an EBIT margin of 9.7 % (PY 9.1 %), which is within the medium-term EBIT target range. Thanks to a continuously low tax rate, net income rose to CHF 72.3 million (PY CHF 64.8 million), corresponding to a margin of 8.1 % as a percentage of net sales (PY 7.6 %).

Despite the large share of business volume in Asia, the gross margin remained stable at 35.4 % (PY 35.3 %). With investments in research and development reaching CHF 56.2 million in 2024, the company continued to invest heavily in innovations for the future, with a particular focus on strengthening its growth initiatives. At the end of the reporting period, the company had 3,975 (PY 4,109) employees worldwide, of which 1,164 (PY 1,153) were in Switzerland.

The cash flow from operating activities of CHF 90.2 million was impacted by longer payment terms in the growing Asian market. Nevertheless, net liquidity was still high at CHF 184.1 million at the end of 2024.

Market environment sees normalising inventory levels while visibility remains low

Following the delays in the placement of customer orders resulting from the previous year's high inventory levels, the situation returned to normal in the course of 2024. However, investment activity in some markets remained cautious due to uncertainties in the economic and geopolitical environment. This prompted short-term planning by many market players which, in turn, resulted in continuously low visibility for HUBER+SUHNER.

Strong order intake and sustained profitability in the Industry segment

In the Industry segment, a weaker start was followed by a more positive development in the second half of 2024. Overall, order intake rose by 18.6 % to CHF 306.1 million (PY CHF 258.1 million). Net sales declined slightly by 3.0 % to CHF 276.7 million (PY CHF 285.3 million) and were thus almost on par with the previous year. The book-to-bill rate was high at 1.11. The aerospace and defense growth initiative recorded an increase in both order intake and net sales, as the subsegment benefits from rising defense spending and continued investments in commercial satellite programmes. Higher order intake was also achieved in all other subsegments, but did not consistently lead to an increase in net sales. In particular, sales in the high power charging subsegment have not yet followed the recovery in orders. The EBIT margin in the Industry segment rose slightly to 17.0 % (PY 16.4 %).

Significantly higher business volume and improved EBIT margin in Communication segment

The Communication segment recorded double-digit growth in order intake and net sales, making a significant contribution to the Group's overall development. Order intake increased by 21.1 % to CHF 343.2 million (PY CHF 283.4 million), while net sales rose by 26.1 % to CHF 353.6 million (PY CHF 280.3 million). This was mainly due to a major project to expand the mobile communications infrastructure in India and successes in the data center growth initiative thanks to investments in artificial intelligence (AI). The subsegments of communication equipment manufacturers and fixed access network also generated higher orders compared to 2023 – despite weak global demand in the communications market, which continued through 2024. Based on the increase in business volume, the EBIT margin improved significantly to 8.1 % (PY 4.9 %), representing a clear turnaround following the weak level in the previous year.

Transportation segment sees decline following good performance in 2023

After the positive development in the previous year, the Transportation segment achieved a lower result. Overall, order intake and net sales each decreased by 7.6 % to CHF 258.7 million (PY CHF 279.9 million) and CHF 263.6 million (PY CHF 285.5 million), respectively, due to the development of the automotive subsegment. The electric vehicle (EV) growth initiative was impacted by sluggish demand for commercial vehicles, while progress in the ADAS (advanced driver assistance system) business was slower than expected. In contrast, the larger railway subsegment developed positively, closing 2024 with a slight increase in order intake and net sales. In this market, HUBER+SUHNER saw good demand in the rail communications growth initiative. Compared to the strong previous year, the EBIT margin decreased to 7.3 % (PY 9.1 %), which does not meet the long-term ambition level of HUBER+SUHNER.

Sustainability reporting

HUBER+SUHNER's connectivity solutions serve human needs for personal safety, seamless communication and environmentally friendly mobility. The company's business model centres on customer value creation alongside a strong focus on sustainability. The 2024 Non-financial Report describes the progress being made by HUBER+SUHNER in its sustainability strategy and includes the obligations formulated under Article 964b of the Swiss Code of Obligations, the Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO), as well as the Climate Ordinance.

In January 2025, HUBER+SUHNER reached an important milestone with the validation of its new climate targets by the Science Based Targets initiative (SBTi), which had been submitted in summer 2024. By 2030, the company aims to reduce its Scope 1+2 emissions (operational emissions) by 55 % and its Scope 3 emissions (emissions that arise in the upstream and downstream value chain) by 25 %. The company has also prepared for sustainability reporting in accordance with ESRS (European Sustainability Reporting Standards). The 2024 Nonfinancial Report is available at https://reports.hubersuhner.com/2024/ar/.

Risk management

At its meeting on 4 December 2024, the Board of Directors assessed the business risks as part of its ongoing risk management and approved the 2024 risk report, including defined measures.

CFO change

At the start of the 2025 financial year, Richard Hämmerli took over as Chief Financial Officer, succeeding Ivo Wechsler, who is retiring from operational activities at his own request. We welcome Richard Hämmerli to the team. At the same time, we thank Ivo Wechsler for his valuable contribution over many years and wish him all the best for his future endeavours.

Dividend

The Board of Directors proposes to the Annual General Meeting a higher dividend of CHF 1.90 (PY CHF 1.70) per share, resulting in a payout ratio of 49 %. This is at the upper end of the defined range of 40–50 %.

Outlook

Despite a difficult economic environment, HUBER+SUHNER achieved solid growth in order intake and net sales as well as an improved operating profit margin in the 2024 financial year. This development was significantly supported by the aforementioned major project in India, which will end in 2025. However, the company is confident that its growth initiatives have the potential to fill this gap. The Industry segment is expected to benefit from the strong order situation of the previous year and return to a path of growth, driven primarily by the aerospace and defense growth initiative. In the Communication segment, the aim is to build on the success of 2024 and, in addition to new business to compensate for the India project, to make further progress in the data center growth initiative. In the Transportation segment, electromobility solutions continue to offer great potential in the medium term, even as the automotive market may not experience a substantial recovery in the current financial year. Conversely, the rail communications growth initiative is expected to support momentum in the railway business.

HUBER+SUHNER's innovative capacity, customer proximity and operational excellence are strengths which are embedded in corporate culture and supported by the respective investments. Alongside balanced diversification and a focus on attractive growth markets, these strengths underpin the company's long-term success and resilience, even in challenging times.

For 2025, considering ongoing market uncertainties, HUBER+SUHNER expects net sales to remain at the previous year's level. The medium-term target range of 9–12 % for the operating profit margin remains unchanged. For the current financial year, the company is aiming for an operating profit margin within the target range. This EBIT guidance assumes that key influencing factors such as inflation, exchange rates and geopolitical tensions do not have an excessively negative impact on business development.

Thank you

On behalf of the Board of Directors and the Executive Group Management, we would like to thank our employees around the world for their tireless dedication and commitment to our company. Our strong performance over the past financial year is thanks to their hard work and unrivalled commitment. Special thanks also go to our shareholders, customers and suppliers for their valued cooperation, loyalty and continued trust.

Urs Kaufmann
Chairman of the Board of Directors

Urs Ryffel
Chief Executive Officer

Market segment Industry

Gradual recovery throughout the year, with a positive contribution from aerospace and defense

The segment gained momentum over the course of 2024 as customer inventories returned to normal levels. This development was driven in particular by the aerospace and defense growth initiative, which benefits from growing defense budgets and continued investments in commercial satellite programmes. Furthermore, communication solutions for military use are growing in importance.
The test and measurement subsegment gradually recovered from the sluggish development in the communications and electronics markets, reporting higher order intake and stable sales development compared to the previous year. Additional opportunities are emerging in lab automation.
Despite increased order intake in the high power charging subsegment in 2024, this recovery was not yet reflected in net sales. Demand has been negatively impacted by prevailing market uncertainties since 2023, e.g. regarding regulatory requirements and charging standards in the United States.

Key figures		2024	2023	%
Order intake	CHF million	306.1	258.1	18.6
Net sales	CHF million	276.7	285.3	(3.0)
Operating profit (EBIT)	CHF million	47.0	46.8	0.4
EBIT margin	%	17.0	16.4	

Market segment Communication

Strong performance despite lower volumes in the global communications market

In 2024, the Communication segment benefitted from two primary factors: a major project to expand the mobile infrastructure in India and progress in the data center growth initiative. This positive development contrasted with a continuing challenging environment. After high levels of investment in previous years, the global communications market had already experienced a slump in 2023 that impacted the entire supply chain.
Following on from the India project, which will come to an end in 2025, HUBER+SUHNER sees opportunities in the steady upgrades of 5G infrastructure in the mobile network target market driven by rising data volumes as well as in the preparation for the 6G mobile communication standard.
The proliferation of AI applications also brings new challenges for data center architectures, which, offers the company attractive prospects in this growth initiative. HUBER+SUHNER has unique solutions to address these market demands, such as all-optical switching technology.

Key figures		2024	2023	%
Order intake	CHF million	343.2	283.4	21.1
Net sales	CHF million	353.6	280.3	26.1
Operating profit (EBIT)	CHF million	28.7	13.7	108.9
EBIT margin	%	8.1	4.9	

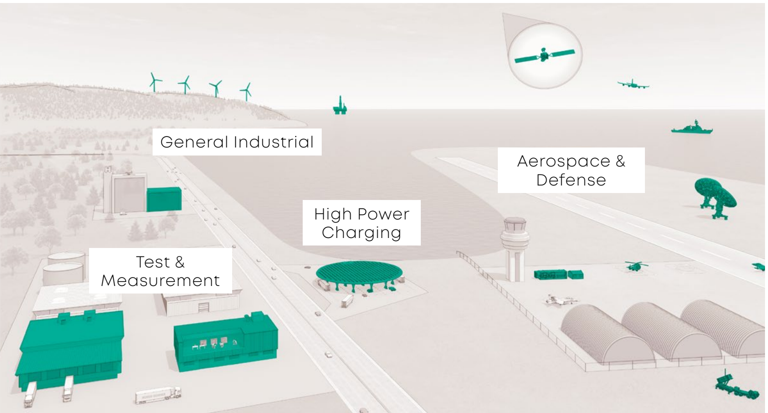
Market segment Transportation

Decline due to weak demand in the automotive market

The positive development of the railway business did not compensate for the significant downturn in the automotive subsegment, resulting in a decline for the Transportation segment following a good 2023.
The global railway business saw good demand for rail communications solutions, which was reflected in the result of the respective growth initiative. Significant investments are expected in this area in the coming years regarding both retrofitting existing fleets and equipping new rolling stock. The HUBER+SUHNER solutions address passenger demand for connectivity while also connecting the moving train to the fixed rail infrastructure.
Challenges faced by the automotive market in 2024, which affected both manufacturers and suppliers, were also felt by HUBER+SUHNER. This was reflected in weaker demand for high-voltage cable system solutions for commercial vehicles in the electric vehicle growth initiative, even though these solutions are expected to become established in the long term and manufacturers are already working on the next generation of e-trucks. Progress in the ADAS (advanced driver assistance system) business, which develops radar antennas for automated driving in passenger vehicles, was slower than expected, and it is therefore no longer classified as a growth initiative.

Key figures		2024	2023	%
Order intake	CHF million	258.7	279.9	(7.6)
Net sales	CHF million	263.6	285.5	(7.6)
Operating profit (EBIT)	CHF million	19.1	25.9	(26.1)
EBIT margin	%	7.3	9.1	

Our solutions for the Industry market

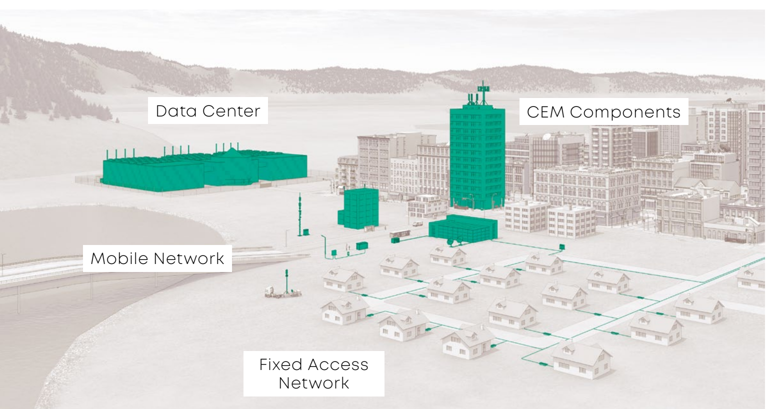


Weiterführende Informationen finden Sie in unserem Online-Geschäftsbericht 2024 ↗

Connecting to beyond: mapping the origins of the universe with SKAO

HUBER+SUHNER's decades of experience with radio frequency connectors and cables helped secure our multi-year contract with antenna manufacturer Sirio Antenne. The Square Kilometre Array Observatory (SKAO) is an intergovernmental organisation with a mission to study how the earliest galaxies were formed. The vital electronic components we supply for SKAO's low-frequency radio telescope in Western Australia enable the constant collection and analysis of signals from space. The durability of technology is especially important for SKAO due to the challenging conditions of the Australian outback. Backed by deep expertise in satellite and space component manufacturing and engineering, our cables and connectors have been ruggedised to perform in the most demanding environments.

Our solutions for the Communication market

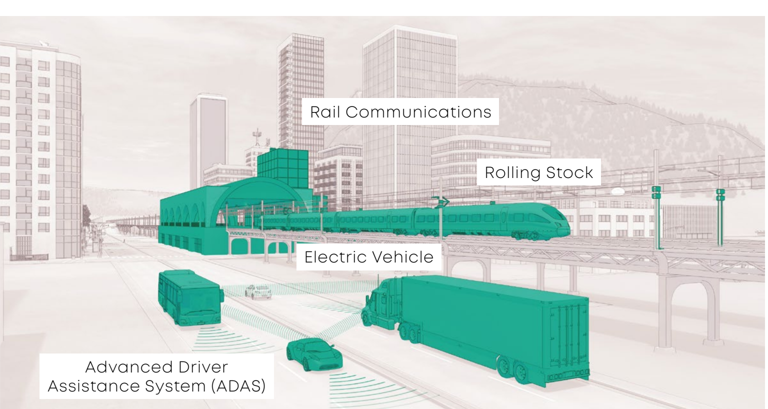


Weiterführende Informationen finden Sie in unserem Online-Geschäftsbericht 2024 ↗

Connecting India: BharatNet brings the digital revolution to rural communities

Local production capabilities are essential for international companies operating in India due to the government's 'Make in India' policy. HUBER+SUHNER's mobile infrastructure and fibre optics solutions, manufactured at our Gurgaon facility, are involved in one of the biggest rural telecoms initiatives in the world. The goal of the BharatNet project is to provide access to broadband or wi-fi for more than 900 million citizens who live beyond India's urban centres. Our solutions help connect villages to a national optical fibre network. Getting online opens up new commercial, education and employment opportunities for people in rural areas. This technology is also upgradeable and compatible with the next generation of network equipment, ensuring the longevity of BharatNet.

Our solutions for the Transportation market



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Connecting every journey: reliable data transmission for Deutsche Bahn's high-speed fleet

Rail communications is a driver of growth for HUBER+SUHNER within the transportation market. Our work for Germany's national rail operator Deutsche Bahn illustrates the strong brand we are building within rail. Deutsche Bahn wanted next generation mobile connectivity for its entire intercity fleet. We used our experience to implement a system attuned to the very specific demands of high-speed rail travel. Our rooftop antennas, in-carriage access points and industrial gateways provide constant train-to-ground communication and uninterrupted wi-fi for passengers and operational applications. Proving that innovation and sustainability can work hand in hand, our solution is being retrofitted to the existing long-distance fleet and new rolling stock as part of Deutsche Bahn's green transformation plan.

Key figures and financial calendar

Group in CHF million	2024	2023	Change
Order intake	908.0	821.4	10.5 %
Order backlog as of 31.12.	291.0	271.9	7.0 %
Net sales	893.9	851.1	5.0 %
Gross margin	35.4 %	35.3 %	
EBITDA	122.6	110.5	11.0 %
as % of net sales	13.7 %	13.0 %	
EBIT	86.6	77.6	11.7 %
as % of net sales	9.7 %	9.1 %	
Financial result	(0.8)	(2.9)	n/m
Net income	72.3	64.8	11.5 %
as % of net sales	8.1 %	7.6 %	
Purchases of PP&E and intangible assets	44.7	51.4	(13.1 %)
Cash flow from operating activities	90.2	115.7	(22.0 %)
Free operating cash flow	53.4	63.7	(16.2 %)
Net liquidity as of 31.12.	184.1	163.1	12.9 %
Return on invested capital (ROIC) in %	16.8 %	15.8 %	
Equity as of 31.12.	656.5	609.6	7.7 %
as % of balance sheet total	73.8 %	78.4 %	
Employees as of 31.12.	3 975	4 109	(3.3 %)
Market capitalisation as of 31.12.	1 369.2	1 254.7	9.1 %

Data per share in CHF	2024	2023	Change
Stock market price as of 31.12.	74.20	68.0	9.1 %
Net income	3.87	3.48	11.3 %
Dividend	1.90[1]	1.70	11.8 %

[1] Proposed dividend

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 the website under www.hubersuhner.com/en/company/investors/publications

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Financial calendar

Annual General Meeting (Rapperswil SG)	02.04.2025
Half-year Report 2025	19.08.2025
Media and analysts' webcast	19.08.2025
Sales and order intake (9 months) 2025	21.10.2025
Sales and order intake (12 months) 2025	22.01.2026
Annual Report 2025	10.03.2026

Detailed figures are available online at www.hubersuhner.com/en/company/investors/publications.
This management report is also available in German. The German version is binding.