

HUBER+SUHNER achieves solid annual result despite a difficult environment

5.6 % net sales decrease in Swiss francs – EBIT margin at the upper end of the announced target range of 6–7.5 % – net income significantly reduced due to currency impacts – measures for cushioning the negative currency impacts are showing effect – high free operating cash flow – Fiber Optics with a new net sales record

in CHF million	2015	2014	Change %
Group			
Order intake	702.8	768.1	-8.5
Net sales	706.3	748.5	-5.6
Operating profit	52.3	69.0	-24.2
EBIT margin	7.4 %	9.2 %	
Net income	24.7	59.2	-58.3
Radio Frequency			
Order intake	201.2	238.7	-15.7
Net sales	206.6	235.0	-12.1
Operating profit	21.7	33.0	-34.3
EBIT margin	10.5 %	14.0 %	
Fiber Optics			
Order intake	270.8	271.0	-0.1
Net sales	280.7	249.9	+12.3
Operating profit	34.4	26.6	+29.5
EBIT margin	12.3 %	10.6 %	
Low Frequency			
Order intake	230.8	258.4	-10.7
Net sales	219.0	263.6	-16.9
Operating profit	2.4	12.2	-80.1
EBIT margin	1.1 %	4.6 %	

2015 was heavily influenced by the appreciation of the Swiss franc. Net sales (CHF 706.3 million) decreased by 5.6 % compared with the previous year. It was possible to limit the fall in net sales to 2.4 % at constant currency exchange rates. Order intake (CHF 702.8 million) declined significantly compared with the previous year (-8.5 %), but stabilised at the same level as net sales. The Fiber Optics division continued to grow and once again exceeded the previous year's net sales record, with a plus of 12.3 %. Cube Optics, which was acquired in October 2014, displayed extremely dynamic growth. Thanks to the rapidly introduced measures following the "Swiss franc shock", the EBIT margin once again improved considerably in the second half year, and with 7.4% it was at the upper end of the announced target range of 6-7.5 % for 2015. The EBIT reached CHF 52.3 million (previous year CHF 69 million). The influence of currency and copper prices on EBIT-level came to CHF -9.4 million (-14 %). Net income fell in 2015 to CHF 24.7 million, at a high free operating cash flow of CHF 47.9 million.

Communication market continued to grow – transportation and industrial declined

The communication market gained slightly, thanks in particular to high growth rates in India and South-East Asia. In addition, Cube Optics, acquired in October 2014, grew very successfully. The demand for solutions for data centers and access networks also rose significantly. Net sales amounted to CHF 340.5 million, corresponding to an increase of 3.1 % compared with the previous year.

In the transportation market, which is heavily influenced by project business, net sales (CHF 202.2 million) declined by 14.2 % compared with 2015. Large-scale projects commissioned by Chinese railway manufacturers were delayed, and various projects in Europe came to an end. New orders secured in various countries and a book-to-bill ratio of over 1 signal an improvement of the situation in this important market. The automotive market saw a marked increase in order intake, while net sales fell, primarily for currency reasons.

Net sales in the industrial market (CHF 163.6 million) declined by 10.3 % during the past year. While demand in the Aerospace+Defense market segment improved, Test+Measurement weakened last year. As in all areas, this was added to by the currency effect and repeated base effect from the now insignificant solar market segment.

Double-digit margin despite reduced net sales for the Radio Frequency division

Radio Frequency had to cope with a fall in net sales of 12.1 % to CHF 206.6 million in 2015. Order intake reached CHF 201.2 million. Thanks to consistent cost management, pleasingly the EBIT margin could be kept in the double-digit area at 10.5 %. In 2015, significant design-in successes were recorded for innovative radio frequency products: with V+E band antennas for mobile telephony, board-to-board connectors within the communication and industrial markets, the SENCITY antenna family in the transportation market, as well as high-performance coaxial cables in the Aerospace+Defense market segment. The integration of HUBER+SUHNER Astrolab into the global sales network is also showing increasingly positive results.

Fiber Optics surpasses the previous year's net sales record and further improves profitability

With striking growth of 12.3 %, the Fiber Optics division once again generated record net sales (CHF 280.7 million). At CHF 270.8 million, order entry was in line with the previous year's level. The EBIT margin increased to 12.3 % (previous year 10.6 %). The HUBER+SUHNER Cube Optics subsidiary acquired in 2014 was successfully integrated and exceeded the high expectations regarding net sales and profits. The strong position in the development of mobile communication infrastructure towards the Long Term Evolution (LTE) standard was expanded to more countries. Following its disappointing development in previous years, the Fiber to the Home business also showed pleasing growth. The strategic development of the data center market segment took a major step forward.

Downturn in the Low Frequency division – countermeasures initiated

With its high share of net sales in the euro region and a large proportion of its costs in Swiss francs, the Low Frequency division was hit particularly hard by the currency upheavals. Additionally, there was a notable decline in railway business. Net sales fell to CHF 219.0 million (-16.9 % compared to the previous year). The order intake of CHF 230.8 million was more than 5 % above net sales. Profitability was also affected by the challenging business situation; however it remained in the profit zone with an EBIT of CHF 2.4 million. Various measures to strengthen profitability long-term were implemented in 2015, with the reorganisation in Switzerland and the sale of the fiber composite

business in Fehraltorf. An important success on the market was the large order from Bombardier for cabling the SBB Twindexx double-deck trains. The project pipeline for automotive business was clearly improved, and initial success was achieved with the new RADOX marine cable family.

Changes to the Board of Directors

At the Annual General Meeting 2015, Dr. Beat Kälin was elected as the new Chairman of the Board. Following his long-standing and highly commendable activities on the Board of Directors, Dr. Peter Altorfer will not stand for re-election in April 2016. The election of Jörg Walther as a new Board Member will be proposed to the shareholders.

Dividend

The Board of Directors will propose to the Annual General Meeting a disbursement of CHF 1.00 per share as per the new dividend policy. This represents a payout ratio of 79 %.

Outlook for 2016

Following the challenging financial year 2015, HUBER+SUHNER started from a robust position into 2016. The 3x3 strategy and trends in the target markets communication, transportation and industrial still offer considerable opportunities for the future. The most important growth drivers remain the unrestrained appetite for bandwidth, dynamically increasing data quantities, the growing need for environmentally friendly mobility, and the constant requirement for innovation in industry's high-tech niches. Although the current situation on the global markets shows a varied picture, HUBER+SUHNER is confident to return to the path of growth in 2016 and to increase operating profitability to the upper half of the mid-term EBIT margin target range of 6-9 %.

This media release is also available on the website below Company/Media.

HUBER+SUHNER's annual report is available under the following link:

<http://annualreport2015.hubersuhner.com/en>

HUBER+SUHNER Group

HUBER+SUHNER is a global company with headquarters in Switzerland which develops and manufactures components and system solutions for electrical and optical connectivity. With cables, connectors and systems – developed from the three core technologies of radio frequency, fiber optics and low frequency – the company serves customers in the communication, transportation and industrial sectors. The products deliver high performance, quality, reliability and long life – even under harsh environment conditions. Our global production network, combined with group companies and agencies in over 60 countries, puts HUBER+SUHNER close to its customers. Further information on the company can be found at www.hubersuhner.com.