

HUBER+SUHNER

Half-year conference 2022

Agenda

Overview 1st half-year 2022**Urs Ryffel (CEO)**

Financial results

Ivo Wechsler (CFO)

Outlook 2022

Urs Ryffel (CEO)

Questions and discussion

Financial calendar

Strong half-year results 2022

MCHF

	H1/2022	H1/2021	Δ %
Order intake	498.4	494.2	0.8
Net sales	477.4	424.4	12.5
Operating profit (EBIT) as % of net sales	54.0 11.3	51.7 12.2	4.5
Net income as % of net sales	43.8 9.2	41.9 9.9	4.6

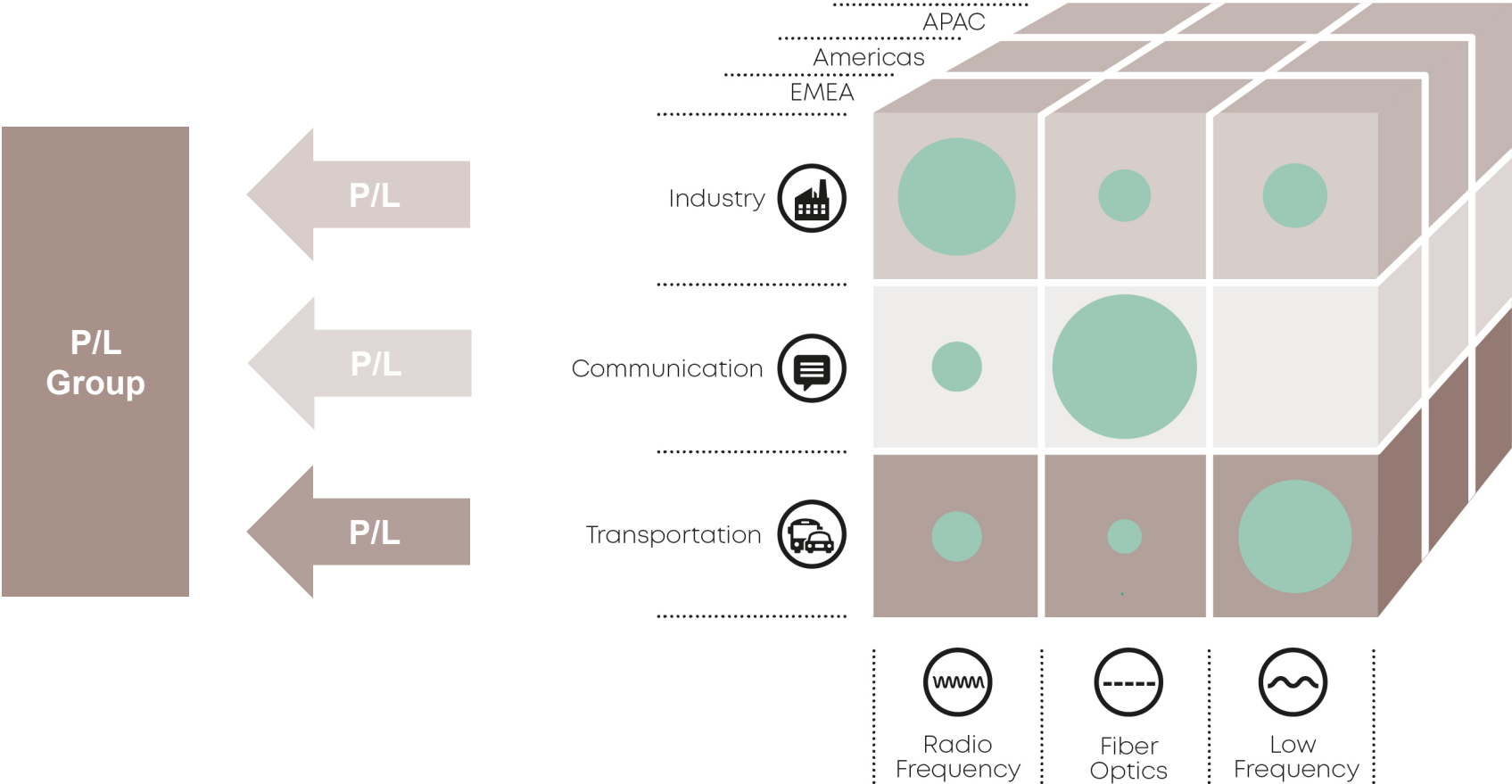
Orders and sales continue to show strong momentum

- Order intake matched strong performance of previous year; high order backlog maintained
- Double-digit sales growth; supply bottlenecks counteracted
- Enforcement of consistent price increases; cushioning of pressure on margins

Double-digit operating profit margin maintained

- Operating profit above excellent figure of prior year
- EBIT margin at 11.3 % in upper half of medium-term target range of 9–12 %
- Net income slightly above prior-year period

The three dimensions of our business



Industry segment

Continuous growth and maintained high profitability

MCHF

	H1/2022	H1/2021	Δ %
Order intake	157.6	153.1	2.9
Net sales	145.0	137.0	5.8
Operating profit (EBIT)	28.7	28.7	0.1
as % of net sales	19.8	21.0	

Key aspects

- The test and measurement, general industry and energy market verticals recorded double-digit growth
- The main drivers of demand were the need for high-precision measurement systems for the expansion of the 5G mobile communications network and equipment for the charging infrastructure for fast charging of electric vehicles
- Aerospace and defense activities fell short compared to high values of the previous period
- The limited availability of raw materials, components and logistics capacities and the associated pressure on purchasing prices were successfully countered

Communication segment

Strong increase in net sales and profitability

MCHF

	H1/2022	H1/2021	Δ %
Order intake	193.1	191.4	0.9
Net sales	197.0	165.6	18.9
Operating profit (EBIT) as % of net sales	24.8 12.6	19.7 11.9	25.6

Key aspects

- Strong demand related to 5G mobile network rollouts in North America fuels communication segment growth
- Data center growth initiative continues to benefit from sustained growth in data volumes in communications networks, triggered by the growing number of connected devices and the boom in streaming services
- Asia business with communications equipment manufacturers declining
- Profitability increases strongly in the communication segment as operational leverage from volume growth more than offsets general negative sourcing and supply chain effects

Transportation segment

Increase in net sales, profitability still insufficient

MCHF

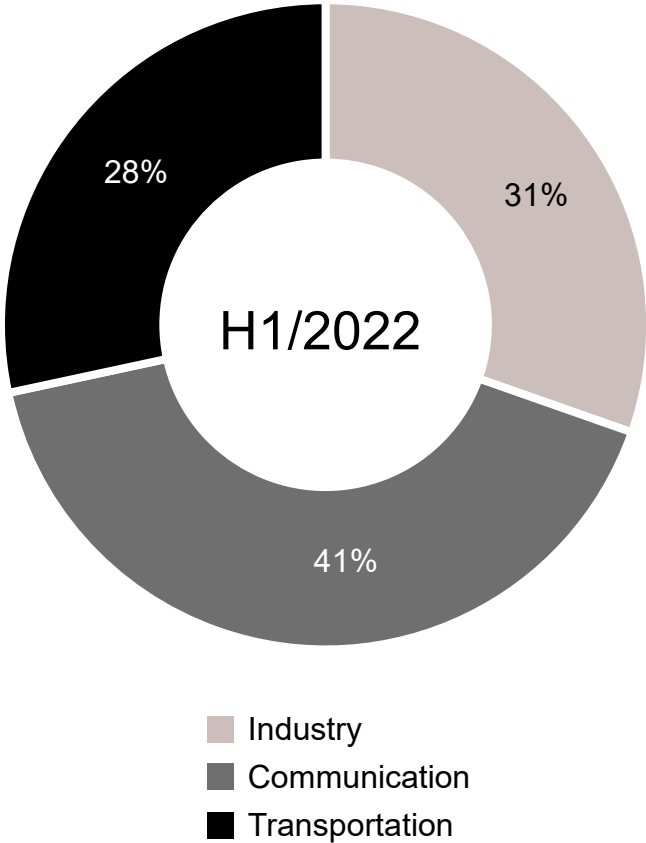
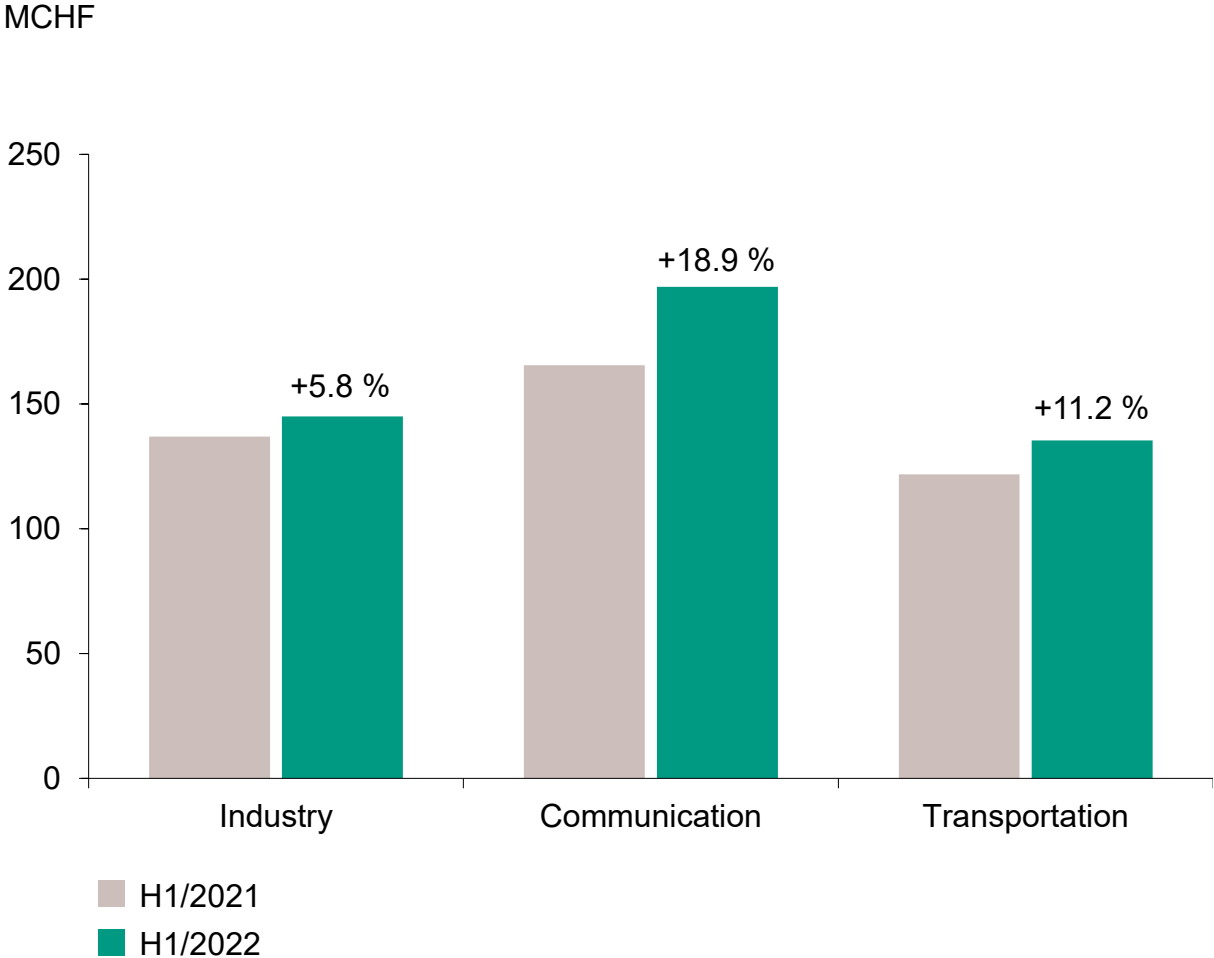
	H1/2022	H1/2021	Δ %
Order intake	147.7	149.7	-1.3
Net sales	135.4	121.8	11.2
Operating profit (EBIT) as % of net sales	4.7 3.4	7.8 6.4	-40.2

Key aspects

- Increased use of public transportation after Corona pandemic in Europe leads to re-dynamization of market – Discontinuation of Russian business has a negative effect
- Volume of new rolling stock projects awarded in Asia, especially China, remains low
- Demand for mobile communications on trains confirmed – focus on tailored cross-technology solutions for new rail communications growth initiative
- Significantly higher sales in automotive market vertical
- Successful start of distance radar antenna volume production – sales contribution from ADAS growth initiative not yet substantial – upfront investments compared with still low volumes burdened earnings
- Over-proportionally negative effect from material price increases

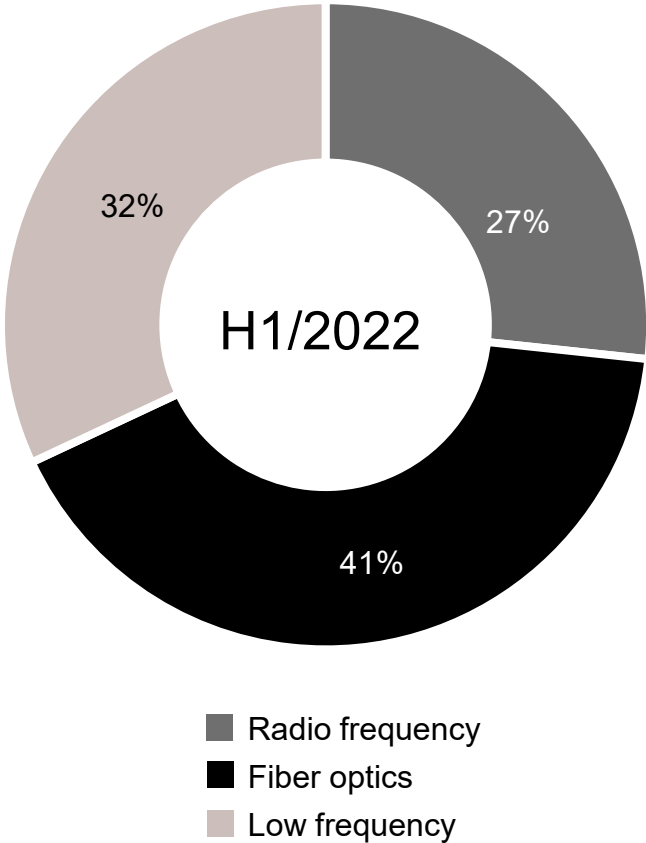
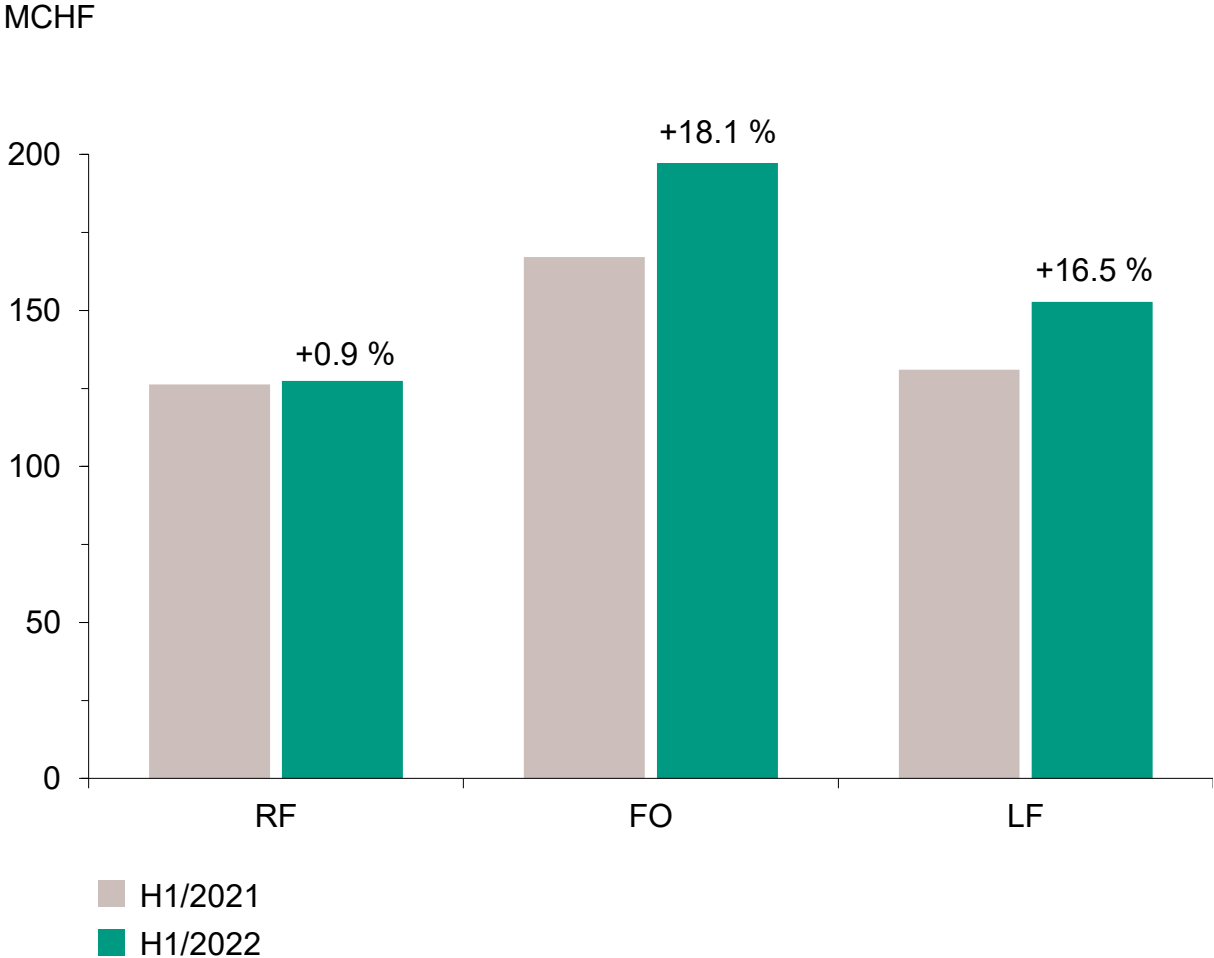
Net sales by market segment

Growth in all three market segments



Net sales by technologies

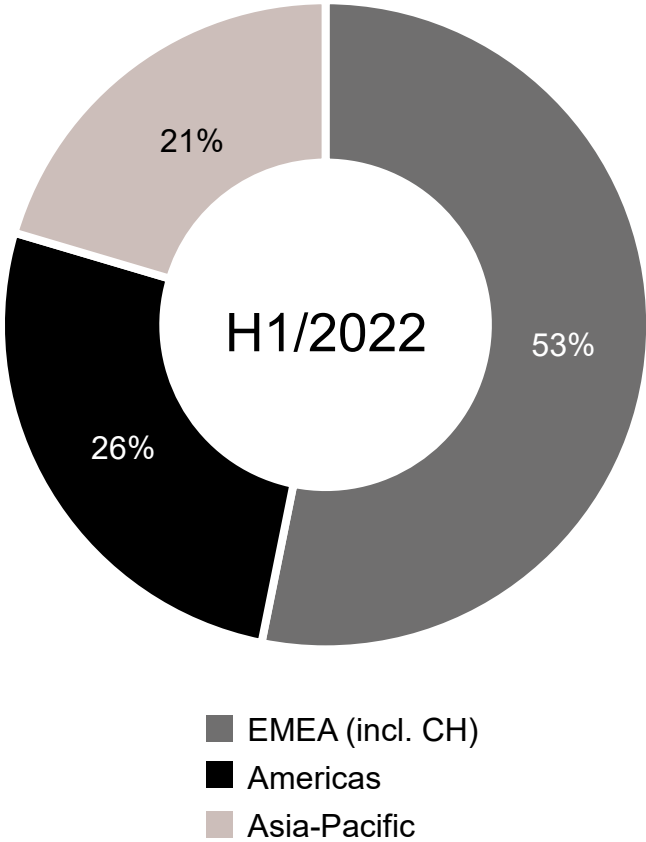
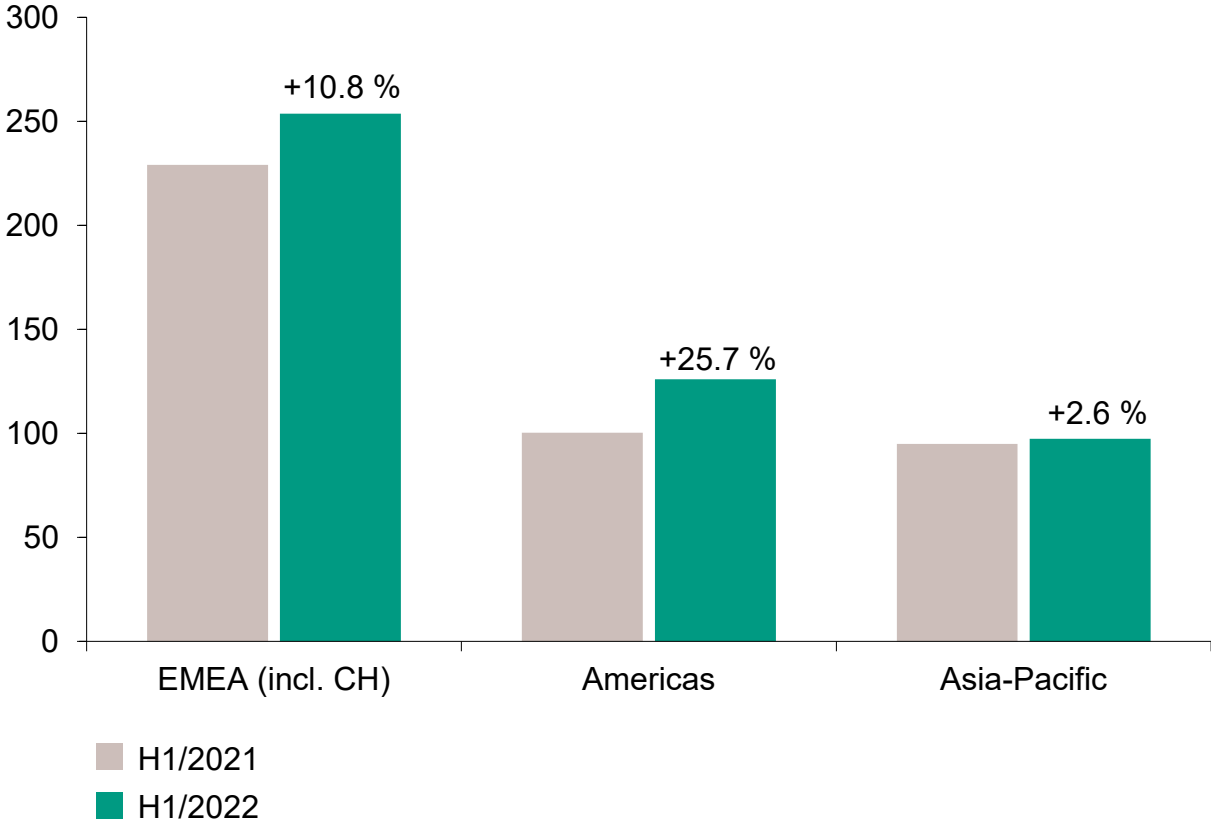
Growth in all three technologies with major increases in FO and LF



Net sales by region

Different dynamics in world regions

MCHF



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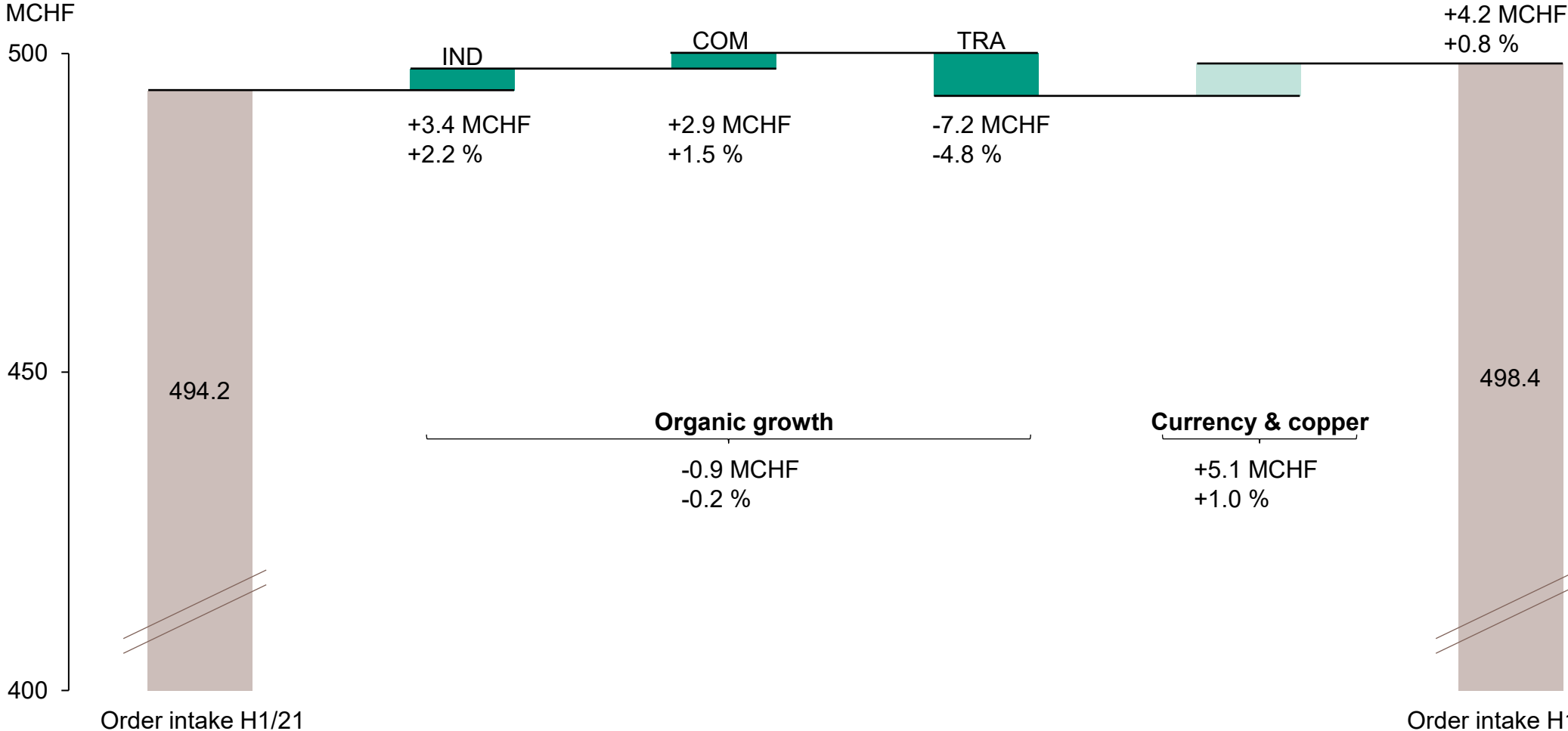
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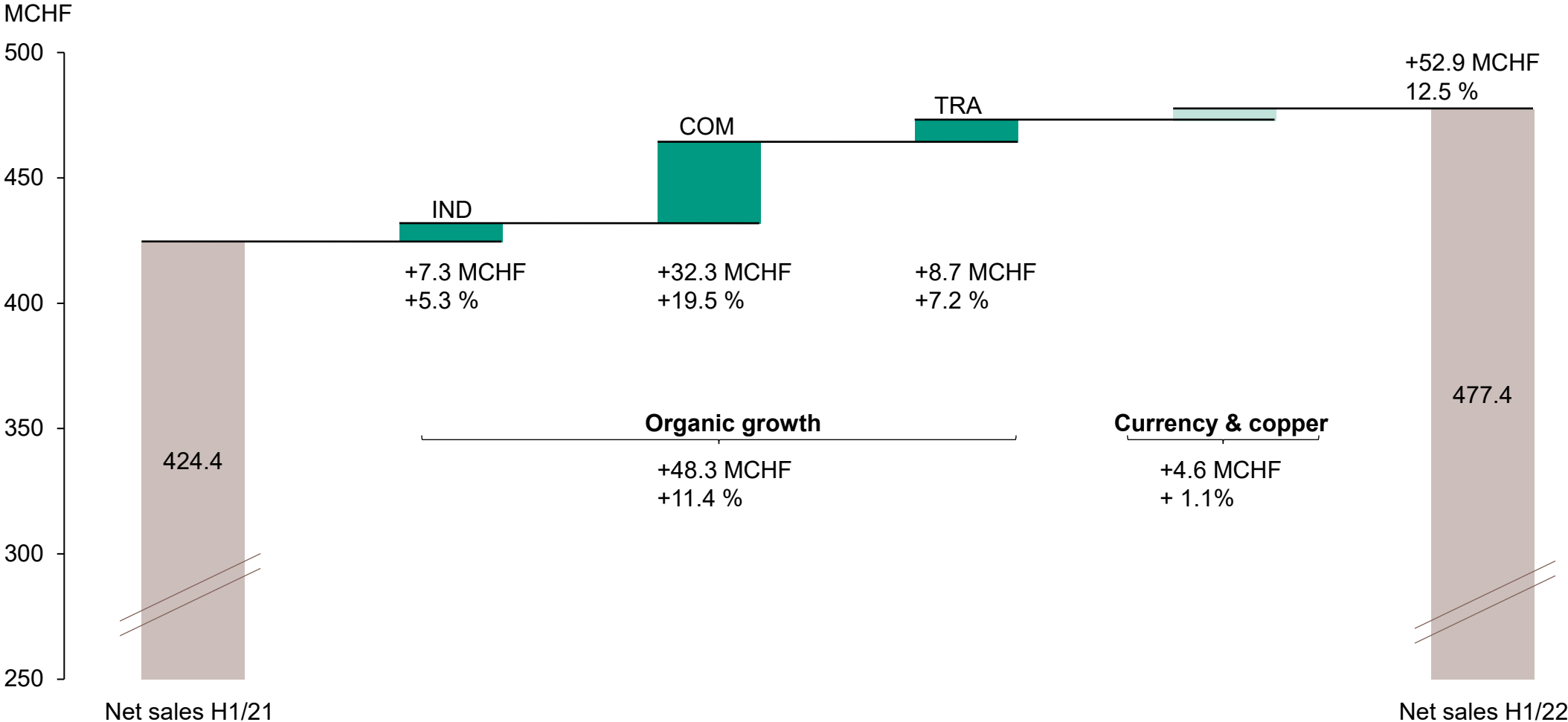
Factors impacting order intake

High level of H1/2021 value surpassed



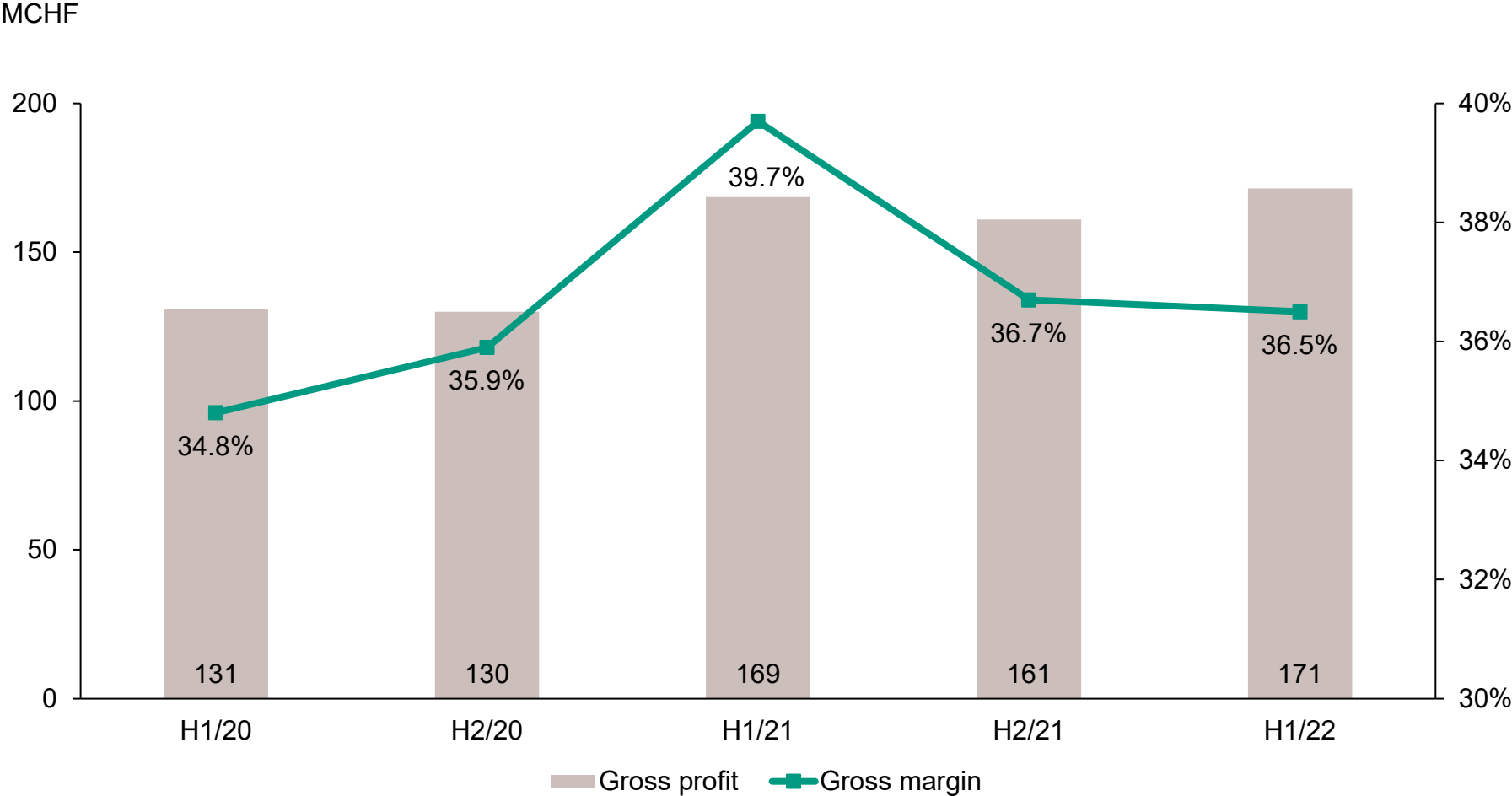
Factors impacting net sales

Organic growth supported by all three market segments



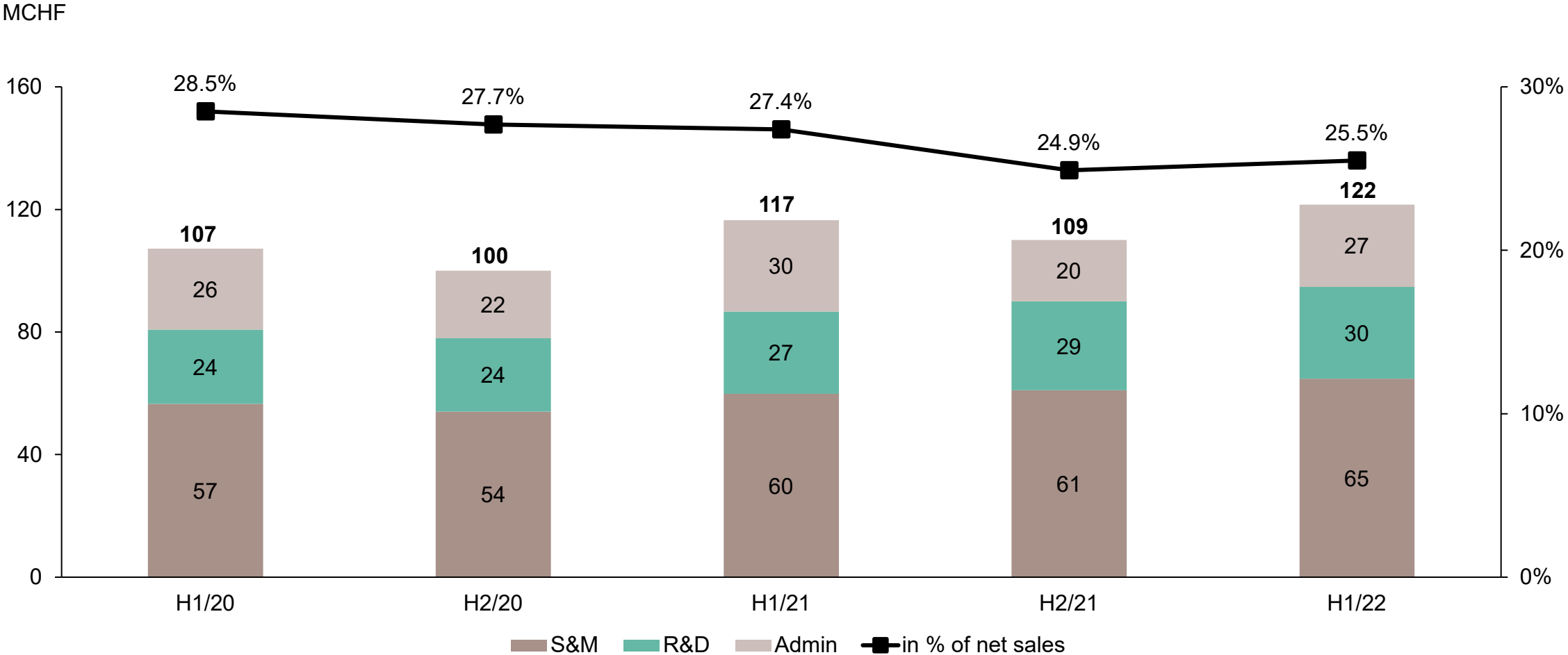
Gross margin

Back to historic levels mainly due to changed business mix



Operating expenses

Costs driven by higher business activity



EBIT by market segment

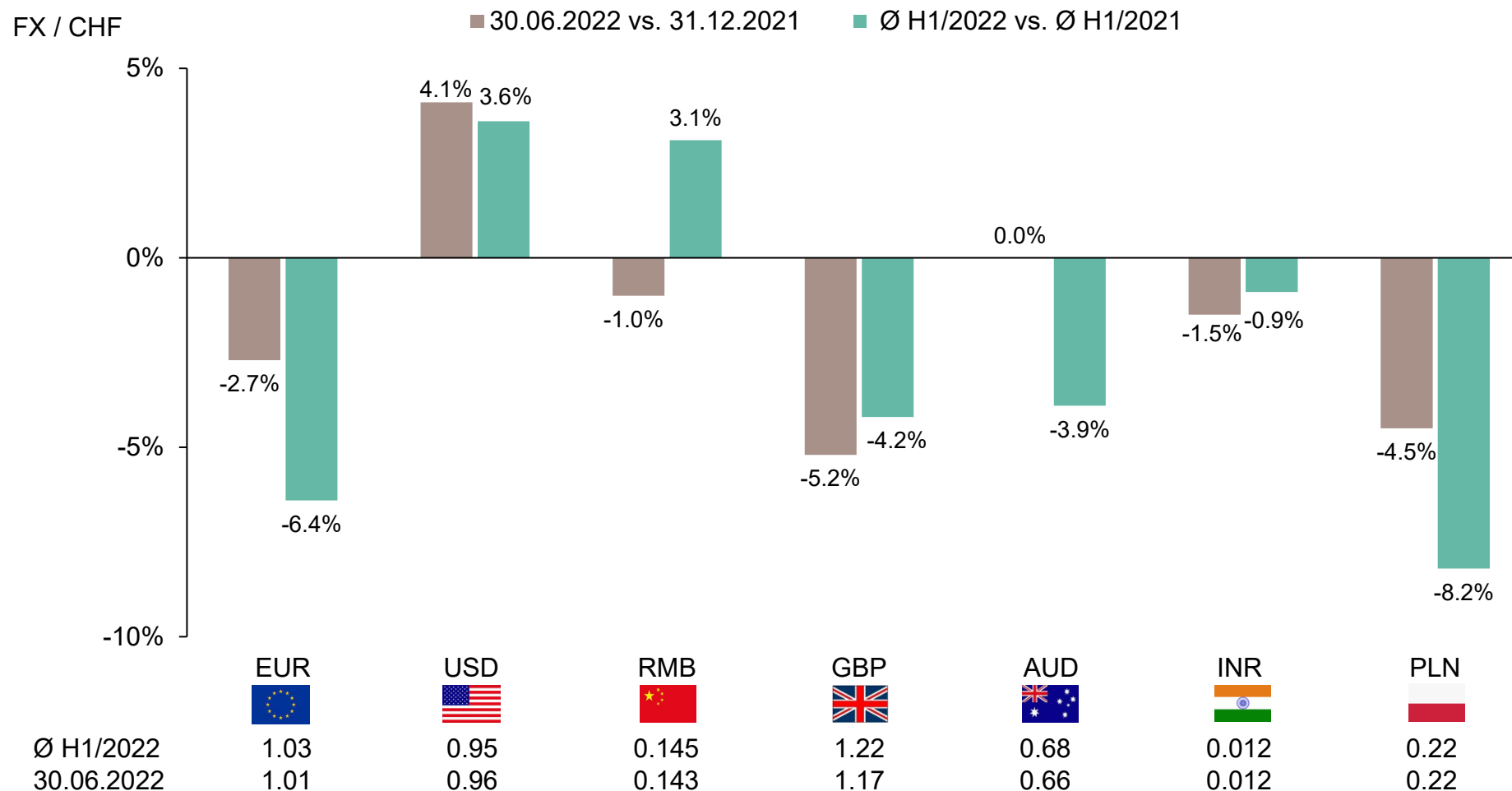
Very strong in Industry and Communication, Transportation not satisfactory

MCHF

	H1/2022	in %	H1/2021	in %
Industry	28.7	19.8	28.7	21.0
Communication	24.8	12.6	19.7	11.9
Transportation	4.7	3.4	7.8	6.4
Corporate	(4.2)		(4.5)	
Total EBIT	54.0	11.3	51.7	12.2

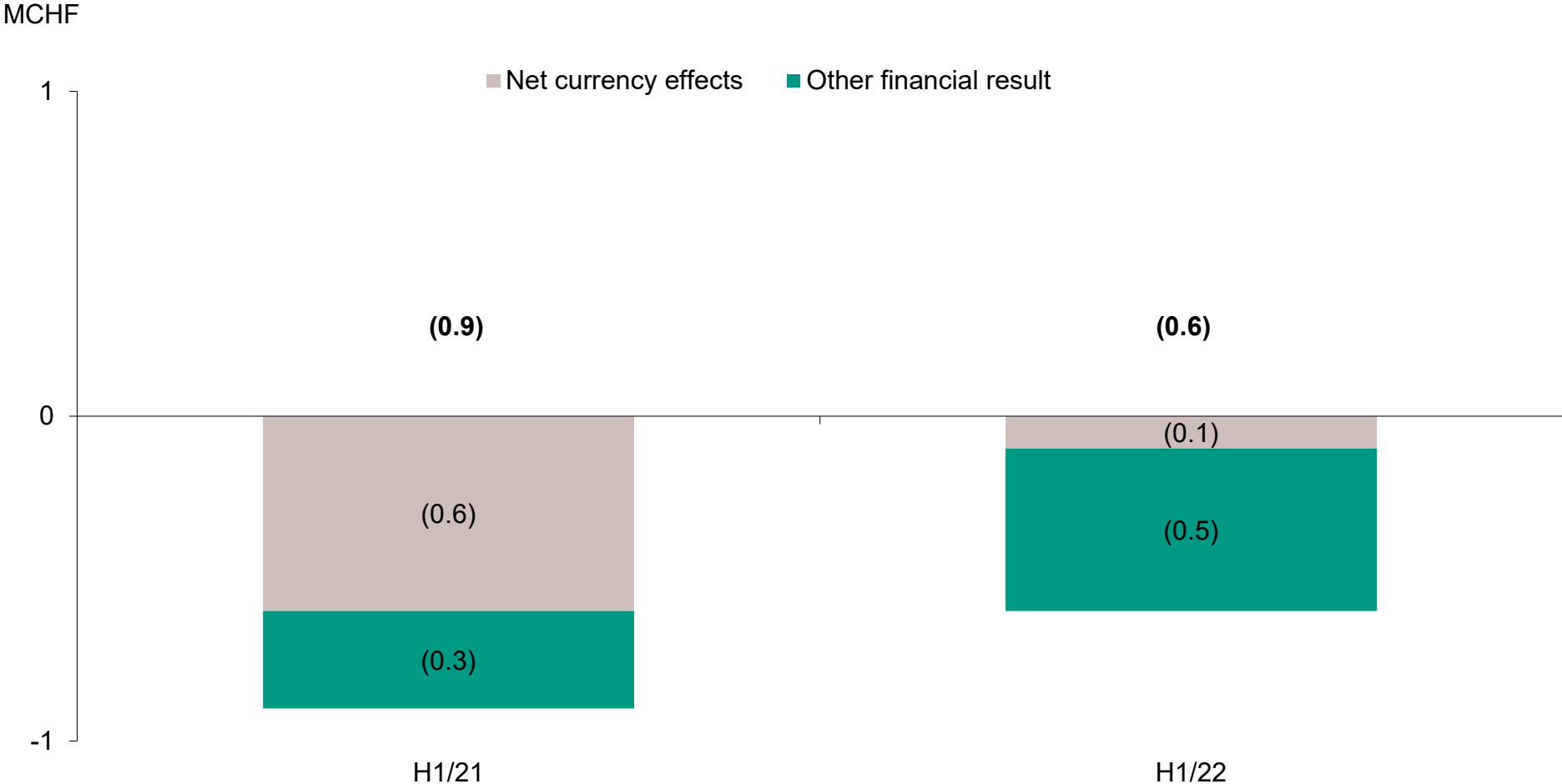
Currency situation 2022

Mixed development against CHF



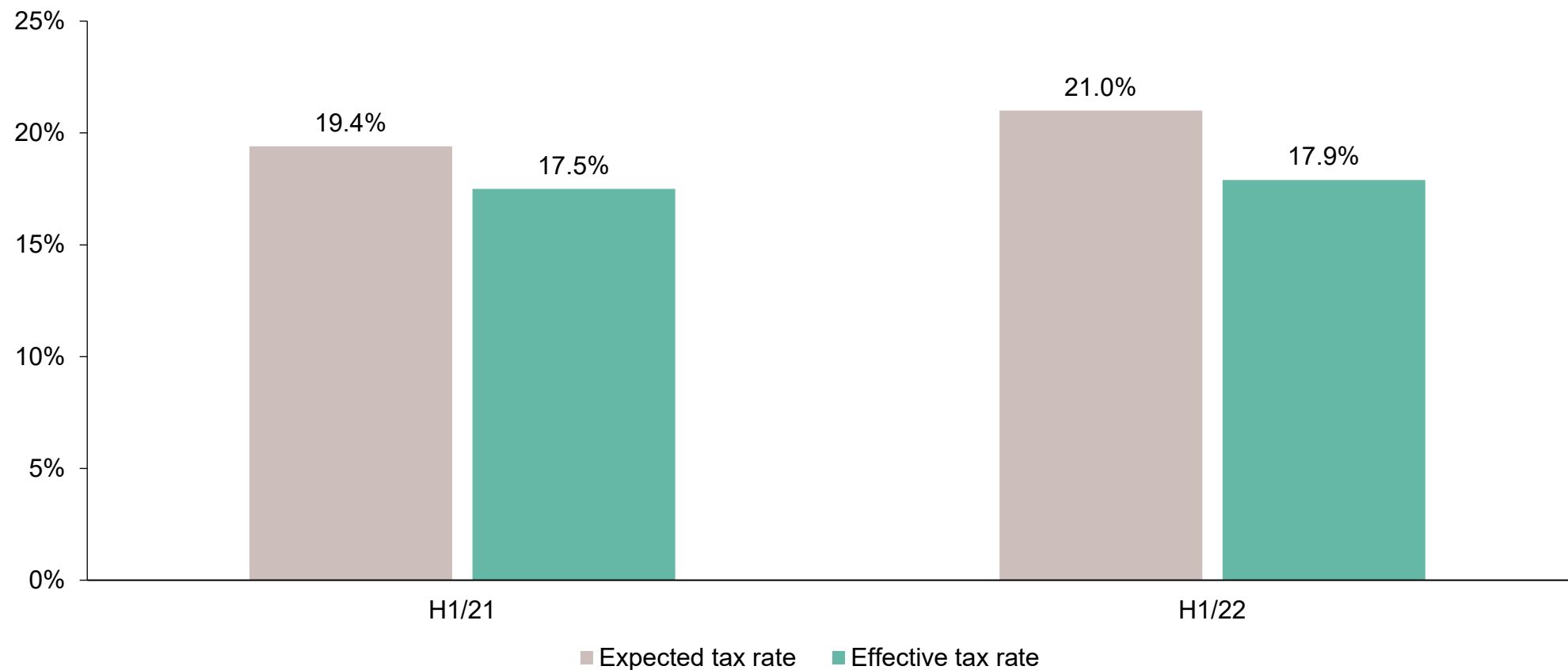
Financial result

Slightly improved FX impact



Group tax rate

Positive impact from R&D deductions and other tax benefits



Overview balance sheet

Solid structure

MCHF	30.06.2022	31.12.2021	Δ	30.06.2021
Cash and cash equivalent	146	220	-34%	203
Other current assets	391	346	13%	343
Non-current assets	274	268	3%	253
Financial liabilities	-	-		0
Other liabilities	206	190	9%	184
Equity*	605	644	-6%	615
in %	75%	77%		77%
Balance sheet total	812	834	-3%	799
Net liquidity	146	220	-34%	202

*thereof minority interest

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Overview cash flow

Significant cash returns to shareholders

MCHF	H1/22	H1/21
Cash flow from operating activities	31.3	43.2
Cash flow from investing activities	(25.6)	(17.0)
Free operating cash flow	5.7	26.2
Dividend payment	(38.2)	(25.3)
Dividend payment to minorities	-	(0.5)
Change in treasury shares	(40.6)	(3.6)
Free cash flow	(73.2)	(3.3)





Share buyback programme status 30.06.2022

On track

	Amount of shares	Ø share price	Volume in MCHF	in % of registered shares	in % of programme target
November 2021	61 500	83.26	5.1	0.3%	6.1%
December 2021	80 000	83.89	6.7	0.4%	7.9%
January 2022	113 700	80.41	9.1	0.6%	11.3%
February 2022	61 034	84.33	5.1	0.3%	6.0%
March 2022	28 500	86.23	2.5	0.1%	2.8%
April 2022	22 000	86.90	1.9	0.1%	2.2%
May 2022	108 000	82.12	8.9	0.5%	10.7%
June 2022	165 000	79.37	13.1	0.8%	16.3%
Number of shares bought	639 734	82.00	52.5	3.2%	63.3%
H1/22	498 234	81.54	40.6	2.5%	49.3%

	Amount of shares
Programme target	1 010 000
Still to buy	370 266

Financial assessment H1/2022

-  Double-digit organic growth in net sales of 11.4 %
-  Double-digit operating profitability at 11.3 %
-  Further increased EPS by 6.7 %
-  Continuous challenging environment (supply chain and inflationary pressure)

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Trends in main markets (I)

Fundamentally positive momentum in important target markets at risk

Challenging economic environment

- Slowdown in global economic growth due to high inflation rates and tighter monetary policies of the major central banks, respectively
- Russian war on Ukraine increases geopolitical tensions and uncertainties in global trade
- Reliable energy supply is threatened throughout Europe and increased energy costs are an additional critical factor
- Availability of raw materials and chip remains scarce, and prices persist at a significantly higher level
- Sporadic Covid outbreaks weigh on recovery in China

Industry

- Connectivity solutions that enable 24/7 uninterrupted operation ensure reliability and availability of critical infrastructure
- Need for high-precision components with maximum signal integrity for test and measurement applications will persist
- Significantly higher need for military readiness drives demand for defense applications in the medium to long term
- Largest installed base and technology leadership in high power charging (RADOX® HPC) offer opportunities in ever-higher power ranges
- Bundling of radio frequency, low frequency and fiber optic connectivity technologies offers cross-selling advantages

Trends in main markets (II)

Fundamentally positive momentum in important target markets at risk

Communication

- A reliable communication infrastructure is more than ever crucial for the functioning of society and the efficiency of economies
- Any expansion of the mobile communications infrastructure requires a strengthening of the fixed network infrastructure
- The desire for flexibility in network architecture drives the need for tailor-made end-to-end solutions where HUBER+SUHNER offers unique value propositions thanks to unrivaled technologies
- Evolution of 5G infrastructure towards higher data rates will extend beyond initial roll-outs

Transportation

- Ecological mobility requirements will become an even stronger criterion for building the transport systems of the future
- Without substantial investments in rail infrastructure, ecological mobility will not be possible in the medium to long term
- On-board communications in public transportation is a promising area for connectivity – Rail Communications growth initiative underlines the company's ambitions in this area
- Electric drive is the concept of the future in the automotive market, regardless of vehicle type and energy storage concept (battery vs. hydrogen)
- High-resolution radar antennas are a crucial element on the way to autonomous driving – growth initiative ADAS (advanced driver assistance system) is well on track

Outlook 2022

Business outlook for 2022

- The first half of 2022 was characterized by high demand in many of the HUBER+SUHNER target markets
- Lockdowns in China, logistics and material bottlenecks as well as rising inflation rates prevented an even stronger development
- Potential energy shortages represent an additional challenge for which it is necessary to prepare
- The attractiveness of the target markets and the growth opportunities in applications such as 5G, data centers, electromobility, autonomous driving, aerospace and defense are unbroken and should also develop to some extent independently of the major economic cycles
- This last point and the still high order backlog therefore allow for a cautiously optimistic outlook for the second half of the business year 2022

Net sales and EBIT guidance for full year 2022

Provided that the present challenges and the strength of the Swiss franc do not further accentuate, from today's perspective HUBER+SUHNER expects growth in net sales in the range of 6–8 % and an operating profit margin between 10 and 12 % for the year as a whole.

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Q & A

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Capital Market Day (Herisau)	23.09.2022
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Net sales / Order intake (9 months)	24.10.2022
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Net sales / Order intake 2022	20.01.2023
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Annual Report 2022	07.03.2023
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Media and analysts' conference	07.03.2023
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Annual General Meeting (Pfäffikon ZH)	29.03.2023
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Figures are available online at www.hubersuhner.com/en/company/investors/publications

The background of the image is a dark blue gradient. It features a complex network of glowing blue nodes, which are small, bright, circular points of light. These nodes are interconnected by a dense web of thin, light blue lines, creating a sense of connectivity and data flow. The overall aesthetic is futuristic and technological.

Connecting – today and beyond

Disclaimer

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