

HUBER+SUHNER continues to stabilise business after nine months

Smaller percentage decline in order intake and net sales compared to first six months – Slower market recovery necessitates replacement of temporary measures by structural measures – Outlook for full year confirmed

Order intake and net sales after nine months

MCHF	2020	2019	Change in %
Order intake Group	571.0	629.1	-9
Radio Frequency technology segment	185.7	212.2	-12
Fiber Optics technology segment	215.3	213.9	1
Low Frequency technology segment	170.0	203.1	-16
Net sales Group	563.3	648.7	-13
Radio Frequency technology segment	183.6	214.6	-14
Fiber Optics technology segment	207.3	224.3	-8
Low Frequency technology segment	172.4	209.9	-18

After nine months, the order intake of CHF 571.0 million was 9 % below the corresponding previous-year figure, with net sales of CHF 563.3 million equating to a decline of 13 %. This means that the shortfall compared to the same period last year has been reduced in percentage terms since the half-year. Adjusted for currency, portfolio and copper effects, the shortfall in net sales was 12.3 %.

A breakdown by main markets shows that the communication market made the largest contribution to the percentage recovery since the first half of the year, while developments in the transportation and industrial markets remained almost unchanged year on year.

Radio Frequency makes up ground on previous year

Thanks to developments in the industrial submarkets of test and measurement as well as aerospace and defense, supported by applications in mobile network expansion, it was possible to reduce the decline in net sales in the Radio Frequency technology segment compared to the previous year period. Over the medium term, the highly differentiated products and interesting potential for applications in the field of autonomous driving provide good opportunities for growth in radio frequency technology.

Fiber Optics shows signs of recovery

Net sales development in the Fiber Optics technology segment was still impacted by the lower order intake from the first six months. However, new projects for data center solutions and increased demand for optical switches provided indicators of renewed recovery in Fiber Optics. Following a noticeable slowdown in the expansion of mobile networks due to the Covid-19 situation, the ongoing upgrade to the new 5G mobile communication standard should tend to encourage increased investment in the corresponding infrastructure.

Delayed rail projects prevent a more pronounced upturn in Low Frequency

In the Low Frequency technology segment, the situation after nine months remains largely the same: In the railway subsegment, lively bidding activity contrasted with more caution in the awarding of contracts along the entire supply chain, due primarily to pandemic-related delays in rolling stock entering service. Momentum in the electric vehicles business continued to increase and was higher than in the conventional automotive business. Thanks to its range of solutions, particularly in the commercial vehicle sector, as well as with high-power charging (HPC) systems in the expansion of the charging infrastructure, the company is well positioned.

Coronavirus pandemic creates new operating conditions – temporary measures cushion negative impacts in the short term

Over the third quarter, the impact of the coronavirus pandemic stabilised to a large extent. However, the level of business in the most important markets still falls short of the volumes forecasted prior to the pandemic. From today's perspective, the company anticipates a gradual recovery that should continue into next year. The strict cost management in place since the start of the year, the temporary measures and a staff freeze have been instrumental in temporarily cushioning the negative effects of the coronavirus pandemic.

Adjustment of structures due to changed conditions

With the aim of adapting the structures to the new operating conditions, the whole organisation has been subjected to a fundamental review over recent months. As a result, HUBER+SUHNER will reduce the current headcount across the Group by 250 jobs by mid-2021. This will affect both production-related and administrative roles. The low-profit production site in Brazil will be closed. In Switzerland, around 100 jobs will be cut. The reduction here will be staggered over time, largely through natural employee turnover and early retirement, although individual redundancies cannot be ruled out. Together with the measures already implemented, the company expects to achieve annual cost savings of CHF 15 – 20 million once these structural adjustments are fully implemented.

Outlook

HUBER+SUHNER is very well positioned with its strategic orientation and focus on promising growth markets in communication, transportation and industry. From today's perspective, the company confirms the guidance given at the half-year stage, according to which sales in the second half of the year will be of a similar magnitude to those of the first half, and the EBIT margin for the entire financial year should at least reach the same level as in the first half. This outlook is based on the assumption

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that there will be no new lockdown measures in the main sales regions and that the currency situation will not deteriorate significantly relative to today.

This media release can also be found under <https://www.hubersuhner.com/en/company/media/news>

The definition of Alternative Performance Measures can be found under

<https://www.hubersuhner.com/en/company/investors/publications>

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

HUBER+SUHNER Group

HUBER+SUHNER, based in Switzerland, is a globally active developer and supplier of components and system solutions for electrical and optical connectivity. Through its production of cables, connectors and systems in the three key technologies of radio frequency, fiber optics and low frequency, the company serves three markets: Communication, Transportation and Industrial. Its products excel in terms of their excellent performance, quality, reliability and durability, even in challenging conditions. HUBER+SUHNER has a global production network and provides local customer support via branch offices and representatives in over 80 countries. For more information on the company, visit [hubersuhner.com](https://www.hubersuhner.com).

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