

HUBER+SUHNER achieves a solid result

Order intake and net sales below previous year due to pandemic – Investments in the future at a record high – EBIT margin of 8.3 % within medium-term target range despite lower net sales – Significantly improved profitability in the second half-year – New alignment by market segments strengthens market orientation

Key figures

in CHF million	2020	2019	Change in %
Group			
Order intake	748.2	800.9	-6.6
Net sales	737.9	830.6	-11.2
EBIT	61.2	80.5	-24.0
in % of net sales	8.3	9.7	
Net income	52.3	62.8	-16.7
in % of net sales	7.1	7.6	
Free operating cash flow	50.2	45.1	11.3
Radio Frequency technology segment			
Order intake	239.5	272.8	-12.2
Net sales	236.3	275.2	-14.1
EBIT	29.5	47.1	-37.4
in % of net sales	12.5	17.1	
Fiber Optics technology segment			
Order intake	278.4	274.7	1.4
Net sales	269.4	285.6	-5.7
EBIT	22.4	18.8	18.8
in % of net sales	8.3	6.6	
Low Frequency technology segment			
Order intake	230.3	253.4	-9.1
Net sales	232.2	269.8	-14.0
EBIT	15.5	21.6	-28.2
in % of net sales	6.7	8.0	

In a difficult environment, HUBER+SUHNER succeeded in significantly reducing the shortfall in the second half of 2020 compared to the prior-year period and thereby achieved a solid result in the financial year as a whole.

At CHF 748.2 million, order intake was down 6.6 % on the previous year (CHF 800.9 million). The decline was mainly attributable to the noticeable slowdown in the mobile network expansion in the first half of the year, precipitated by the coronavirus pandemic, which impacted business with communication equipment manufacturers and thus in the Radio Frequency (-12.2 %) and Fiber Optics divisions. In the railway market, the delayed entering into service of rolling stock was reflected in more caution in the awarding of contracts along the entire supply chain. Accordingly, Low Frequency was behind the previous year (-9.1 %). Fiber Optics increased slightly by 1.4 % thanks to an upturn in the data center business and the acquisition of BKtel at the end of 2019 in the WAN / access networks market.

Net sales amounted to CHF 737.9 million in 2020, down 11.2 % on the previous year (CHF 830.6 million). Adjusted for portfolio, currency and copper effects, organic growth declined by 10.0 %. The technology segments reported a change in net sales of –14.1 % for Radio Frequency, of –5.7 % for Fiber Optics and of –14.0 % for Low Frequency. These developments also resulted in a shift in the net sales share by region to 54 % (PY 50 %) in EMEA, at the expense of APAC with 28 % (PY 30 %) and the Americas with 18 % (PY 20 %). The three strategic growth initiatives (Aerospace & Defense, Data Center, EV Automotive) developed at a varied pace. Overall, growth was achieved again compared to the previous year.

A significant 12.9 % increase in research and development expenses year on year to CHF 47.5 million was in contrast to a decrease in administrative and sales costs as a result of stringent cost management. Combined with the significantly improved business mix over the course of the year, this resulted in an EBIT margin of 8.3 % for the year as a whole (PY 9.7 %), which is within the medium-term target range. Net profit amounted to CHF 52.3 million (PY CHF 62.8 million), which means that return on sales was down marginally on the previous year at 7.1 % (PY 7.6 %). Free operating cash flow even increased slightly to CHF 50.2 million (PY CHF 45.1 million). The number of permanent employees worldwide was reduced by 8.6 % to 4410 during the year. In Switzerland, this figure fell by 2.5 % to 1225 in the same period.

Standing up to the challenges of the pandemic

The outbreak of the coronavirus pandemic subjected the global economy to completely new challenges. In retrospect, the company managed to cope well with the demanding situation. Despite state-imposed temporary site closures and massive restrictions on transport capacities, procurement supplies were ensured and delivery obligations to customers were honoured thanks to the continued functioning of the global production and supplier network.

Main markets communication, transportation and industrial with recovery in the second half of the year despite decline

It became apparent early on in the reporting year that the new general conditions would impact all three of the main markets. In the second half-year, the communication and transportation markets showed a significant improvement compared to the prior-year period, but without being able to make up for the shortfall from the first half of the year.

Order intake in the communication market amounted to CHF 285.0 million (–7.3 %), while the decline in net sales to CHF 289.8 million (–8.8 %) was a result of the weak first half of the year.

The transportation market suffered from the delayed entering into service of rolling stock in the railway submarket, whereas the automotive submarket stood out thanks to the strong development with solutions for electric vehicles. Order intake amounted to CHF 223.4 million (–6.8 %), while net sales fell to CHF 223.0 million (–10.3 %).

The industrial market, which had grown strongly in recent years, had to contend with a decline in order intake to CHF 239.8 million (–5.6 %) and in net sales to CHF 225.1 million (–14.8 %). This development was attributable to slower momentum in all key submarkets.

Clear double-digit margin for Radio Frequency technology segment despite shortfall in net sales

In the reporting year, after four years of continuous growth, the Radio Frequency technology segment reported a 12.2 % decline in order intake to CHF 239.5 million (PY CHF 272.8 million) and a 14.1 % decline in net sales to CHF 236.3 million (PY CHF 275.2 million). With an EBIT margin of 12.5 % (PY 17.1 %), however, a clear double-digit result was still achieved. The diversified portfolio with highly differentiated products continues to offer interesting potential, especially in industrial, but also in communication and transportation applications.

Increased profitability in Fiber Optics technology segment

The Fiber Optics technology segment reported a positive development. With a marked increase in the submarket WAN / access networks – due to the acquisition of BKtel – as well as in the data center growth initiative, order intake was 1.4 % higher than the previous year at CHF 278.4 million. Net sales were 5.7 % lower, at CHF 269.4 million, after significant improvement over the course of the year. Once again, activities in the higher-margin business were developed in a targeted manner, increasing the EBIT margin to 8.3 % (PY 6.6 %).

High bidding activity in Low Frequency technology segment

In the Low Frequency technology segment, order intake stood at CHF 230.3 million, or 9.1 % below the previous year's figure, while net sales amounted to CHF 232.2 million, a decline of 14.0 %. The EBIT margin decreased to 6.7 % (PY 8.0 %). Despite high bidding activity in both the railway and automotive submarkets, they developed differently. While the aforementioned delay in entering into service of rolling stock affected the entire supply chains of the railway market, the growth initiative electric vehicles, especially with solutions for commercial vehicles, developed favourably.

Dividend

The Board of Directors proposes to the Annual General Meeting a distribution of CHF 1.30 (PY CHF 1.60) per share, corresponding to a payout ratio of 49 %.

Outlook

Since the beginning of the current financial year, HUBER+SUHNER has been organised into the three market segments Industry, Communication, and Transportation, and is oriented towards the main markets of the same name. The sales organisations have been directly integrated into the three segments, thus abolishing the matrix organisation at Group level. The aim behind the new alignment is to place a greater focus on the markets and simplify structures. The half-year reporting will reflect the new segments Industry, Communication, and Transportation for the first time.

Markets around the world remain uncertain due to the impact of the coronavirus pandemic. While HUBER+SUHNER expects a rapid recovery in individual submarkets, a return to prepandemic levels in others is likely to be a gradual process, taking several years. The company is very well positioned, with the right technologies, products and innovative solutions, to play a leading role in important applications of the future. This future will be greatly influenced by sustainable mobility, an increased

need for security, and communication solutions for continually growing data volumes.

HUBER+SUHNER has made a good start to 2021 and, assuming a comparable exchange rate situation, expects growth in net sales for the current financial year to be within the mid-single-digit percentage range and the operating margin within the medium-term EBIT target range of 8–10 %.

This media release can also be found under <https://www.hubersuhner.com/en/company/media/news>
Management Report 2020 as PDF ([Link](#))

Annual Report 2020 as PDF ([Link](#))

Annual Report 2020 online interactive ([Link](#))

All publications as well as 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

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.