

Ad-hoc announcement pursuant to Art. 53 LR

HUBER+SUHNER doubles profit in the first half of the year

Strong increase in order intake – Double-digit net sales growth of 12.7 % – EBIT margin of 12.2 %, above the medium-term target range – Net income doubled – Book-to-bill rate 1.16 – Strong growth and high profitability in Industry; Communication with leap in EBIT; growth in net sales in Transportation – Consistent alignment of the organisation to market segments successfully implemented

Key figures

in CHF million	H1 2021	H1 2020	Change in %
Group			
Order intake	494.2	396.7	24.6
Net sales	424.4	376.7	12.7
EBIT	51.7	25.1	106.0
in % of net sales	12.2	6.7	
Net income	41.9	19.9	110.6
in % of net sales	9.9	5.3	
Free operating cash flow	26.2	-12.0	n/m
Industry segment			
Order intake	153.1	123.5	23.9
Net sales	137.0	116.2	18.0
EBIT	28.7	17.7	62.7
in % of net sales	21.0	15.2	
Communication segment			
Order intake	191.4	159.2	20.3
Net sales	165.6	149.6	10.7
EBIT	19.7	1.7	1053.9
in % of net sales	11.9	1.1	
Transportation segment			
Order intake	149.7	114.0	31.3
Net sales	121.8	110.9	9.8
EBIT	7.8	8.3	-6.7
in % of net sales	6.4	7.5	

n/m = not meaningful

HUBER+SUHNER looks back on a very good first half of 2021. In a more positive global economic environment, the company achieved operating profit (EBIT) of CHF 51.7 million on the basis of a significantly higher gross margin, which represents a doubling year on year and corresponds to an EBIT margin of 12.2 % (PY 6.7 %). Net income amounted to CHF 41.9 million (PY CHF 19.9 million). Order intake was a very high CHF 494.2 million, representing an increase of 24.6 % compared to the same period of the previous year (CHF 396.7 million). Whilst this positive development was driven, in part, by a base effect, there was also a clear upward trend in most of the target markets, resulting in a surge in demand overall.

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Net sales also increased significantly by 12.7 % to CHF 424.4 million (PY CHF 376.7 million). Adjusted for currency and copper price effects, growth in net sales amounted to 11.4 %. The high order intake volume contributed to a book-to-bill rate of 1.16 (PY 1.05). In the first six months of the reporting year, free operating cash flow was CHF 26.2 million (PY CHF –12.0 million). The number of employees was reduced from 4860 to 4450 within the space of a year, with capacities worldwide being built up again due to the high order backlog. In Switzerland, the number of employees fell from 1237 to 1185.

Broad-based demand helped all three market segments achieve significant double-digit growth in order intake. The Industrial and Communication segments recorded double-digit growth in net sales. By region, net sales in EMEA was proportionately at 54 % (PY 55 %). In the Americas, this figure increased to 24 % (PY 18 %), while in APAC, a decline to 22 % (PY 27 %) was recorded.

Consistent organisational alignment to market segments successfully implemented

The structural orientation of the company around the three market segments Industry, Communication, and Transportation, which was introduced at the start of the year, was well implemented throughout the organisation and successfully met the challenges posed by the simultaneous marked increase in business volumes. With the aim of further strengthening market focus and simplifying structures, the newly set up organisation is now serving customers through global sales teams. This resulted in a further increase in customer proximity despite the more difficult general conditions due to the pandemic. A further goal of the reorientation is to increasingly offer customers the entire portfolio of innovative HUBER+SUHNER products based on the three technologies radio frequency, low frequency and fiber optics across all technologies. This approach makes the company even more attractive from the customers' point of view and offers potential for the future.

Due to the new organisation, reporting by market segment is applied for the first time in the following, including the corresponding values for the previous year's period.

Strong growth and high profitability in Industry segment

The Industry market segment, almost two thirds of which is attributable to radio frequency technology, experienced strong growth. The positive environment in large parts of the industry drove strong growth in net sales. The test and measurement core market, which expanded 5G-related testing capacities, and the aerospace and defense growth initiative, driven by increasing demand for security, performed particularly well. Other industrial applications, such as fast-charging systems for electric vehicles and those in medical technology and wind power also contributed to the positive development in the Industry segment. Order intake amounted to CHF 153.1 million, up 23.9 % year on year. Net sales reached CHF 137.0 million (+18.0 %). This resulted in EBIT of CHF 28.7 million, which corresponds to a very high EBIT margin of 21.0 % (PY 15.2 %).

Communication segment with leap to double-digit EBIT margin

The Communication segment, in which fiber optics is the dominant technology, experienced strong growth. This was driven primarily by solutions for the expansion of mobile networks (Cell Site), which

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followed a sharp, temporary decline during the same period in the previous year owing to the severe restrictions imposed due to the pandemic. In North America in particular, the company recorded a significant upward trend in this market thanks to major investments in 5G networks. In many countries, however, the 5G infrastructure implementation has yet to commence. The focus in these countries remains on completing the rollout of the fourth mobile communication generation. Business with communication equipment manufacturers fell below expectations, while the data center growth initiative continued to develop positively. Order intake in the Communication segment stood at CHF 191.4 million which was 20.3 % above the previous year's figure. Net sales also increased considerably to CHF 165.6 million (+10.7 %). There was a significant increase in EBIT: at CHF 19.7 million, the EBIT margin was 11.9 % (PY 1.1 %).

Growth in net sales in Transportation segment – EBIT margin at the lower end of expectations

The Transportation segment, which mainly comprises low-frequency applications, showed a mixed picture: in the Railway subsegment, a continued hesitancy in the awarding of contracts prevented a swifter recovery. Business with solutions for integrating mobile communication in trains developed well, underscoring the importance of the new cross-technology and cross-segment approach to sales. Development in the Automotive subsegment was extremely positive. The volume of business with solutions for conventional vehicle construction and, in particular, for high-voltage distribution units in electric vehicles increased significantly. As a result, the Transportation segment as a whole met its growth targets. Order intake amounted to CHF 149.7 million, an increase of 31.3 % year on year. Net sales stood at CHF 121.8 million (+9.8 %). Due to pre-investments in new and innovative applications in the automotive sector and strongly rising logistics costs, which could only partially be passed on to customers, EBIT was at the lower end of expectations at CHF 7.8 million, and the EBIT margin was 6.4 % (previous year 7.5 %).

Outlook

The first six months of the reporting period were marked by the broad economic recovery, from which HUBER+SUHNER derived above-average benefit. The focus of the business strategy on major social trends, such as sustainable mobility, greater demand for security and rapidly growing data volumes, paved the way for this. HUBER+SUHNER managed the rise in business volume through agility and flexibility in its global production network. However, the increase in demand in many industries was reflected in bottlenecks in global supply chains and transport capacities.

From today's perspective, HUBER+SUHNER expects the positive momentum in important target markets to continue in the coming months. Provided that the procurement and currency situation remains stable, the company confirms its outlook for the year as a whole of achieving double-digit growth in net sales and an operating margin slightly above the medium-term EBIT target range of 8–10 %.

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This media release can also be found under

<https://www.hubersuhner.com/en/company/media/ad-hoc-news>

Letter to shareholders H1/2021 as PDF ([Link](#))

Half-year report 2021 as PDF ([Link](#))

Half-year report 2021 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.