

HUBER+SUHNER Recorded a Double-Digit Order Increase in 2014 Up +4.0% in Revenues

In 2014, HUBER+SUHNER achieved a +4.0% increase in net sales and double-digit growth in order intake. Organic growth, i.e., adjusted for exchange rates, copper prices and the acquisition of Cube Optics AG, was 4.9 %. With the acquisition of Cube Optics in Mainz, HUBER+SUHNER reinforced its position in the Fiber Optics market.

HUBER+SUHNER Bookings and Billings 2013-2014

	2014	2013	Change %
Net sales			
Radio Frequency	235,0 CHF	217,9 CHF	7,8%
Fiber Optics	249,9 CHF	226,2 CHF	10,5%
Low Frequency	263,6 CHF	275,6 CHF	-4,4%
Total	748,5 CHF	719,7 CHF	4,0%
Order intake			
Radio Frequency	238,7 CHF	211,4 CHF	12,9%
Fiber Optics	271,0 CHF	188,6 CHF	43,7%
Low Frequency	258,4 CHF	283,4 CHF	-8,8%
Total	768,1 CHF	683,4 CHF	12,4%

CHF million

HUBER+SUHNER had strong growth in most market sectors. In 2014, the communications market registered another year of growth with sales increasing +11.7% due to substantial investments in the mobile communications infrastructure globally, and extensive Long-Term Evolution (LTE) rollouts in Australia, India and China in 2014. After the boom in the US in the previous year, this meant that mobile communications business was successfully diversified and more broadly supported. After the sharp increase in 2013, the transportation market again showed a slight increase in net sales in 2014 (+3.8%). The global investment in trackside and train modernizations continued. In particular, the development of high-speed lines in China in 2014 accelerated. The automotive market almost remained at the previous year's level in the reporting year. Net sales in the industrial market fell by -8.2%. Reductions in defense budgets, especially in the United States, did not help sales growth. Even though HUBER+SUHNER is basically out of the solar market, it still had a negative impact on net sales by CHF 10 million. The test and measurement sub segment showed a rise in its net sales figures.

All three HUBER+SUHNER divisions moved forward in 2014. The Radio Frequency division achieved growth in net sales of +7.8% due to growth in mobile communications and in the railway market. Industrial high-tech niches also did well. The space and defense market segment did not do well due to cuts in the US spending.

Due to growth of the Fiber to the Antenna (FTTA) market, net sales in Fiber Optics division increased by a double-digit figure (+10.5%) reaching a new record high. The data center market segment, in which significantly more orders were recorded than in 2013, made an important contribution to HUBER+SUHNER's business. A major milestone was achieved with the acquisition of Cube Optics at the end of October 2014, which complements the existing product portfolio.

The Transportation sector and both its sub-segments railway and automotive, in the Low Frequency division, remained at the same high level as in the prior year. The Industrial market sector contracted -4.3% due to the continuing decline in the solar market.

HUBER+SUHNER starts 2015 with optimism even though order intake cooled down significantly in the fourth quarter of 2014. Nevertheless, HUBER+SUHNER states their main target markets appear to be in a good shape. In particular, the global Communication and Transportation markets remain strong. The situation in the high-tech niches in Industrial markets may vary depending on the application.

The decision by the Swiss National Bank (SNB) on 15 January 2015 to discontinue its currency ceiling, set at 1.20 Swiss francs to the euro, will impact HUBER+SUHNER's 2015 results. In recent years, the cost base for HUBER+SUHNER in Swiss francs has been gradually reduced from 50% to 35%, and the international production network has been expanded. This improved the situation, but there will still be a sizeable foreign exchange impact from the SNB decision.

Overall, HUBER+SUHNER expects the organic sales (before currency, copper and portfolio effects) to remain at the previous year's level.

Bishop & Associates' Comments

Swiss based HUBER+SUHNER Group, a leading company in the markets for RF, LF and FO connectors and cable assemblies, is a key supplier in the Industrial, Communication, Automotive and Transportation markets.

For the full-year 2014, HUBER+SUHNER increased its net sales by +5.5% compared with 2013 *measured with an average US dollars exchange rate*. This is below the industry average of +8.1% growth for the full year. HUBER+SUHNER outperformed the industry in seven out of the past nine years. The company managed to recover from the sharp downturn in the solar market, which had a major impact on its net revenues, and managed to lower its cost base in Swiss Francs by expanding its international production network. Despite the slowdown in the fourth quarter of 2014, order intake in 2014 was strong with a book-to-bill-ratio of 1.03. The company is poised to do well in 2015 in its main target markets. However, extreme movements on the foreign exchange markets may have a significant impact on their final results for 2015.

HUBER+SUHNER Sales Performance Compared to the Global Industry 2006-2014

