

HARTING Reports 3.4% Revenue Growth for 2016

The HARTING Technology Group, headquartered in Espelkamp, Eastern Westphalia, issued a press release reporting 586 million euro in sales for FY 2016 (01-Oct-2015 to 30-Sep-2016), up +3.4% over 2015 sales (567 million euro).

Not all four regions achieved positive growth in the past financial year. The highest growth was achieved in Europe – excluding Germany - with a 9.8% increase to 201 million euro (183 million in 2015). Asia recorded a 0.8% rise in revenues to €130 million (previous year: €129 million euro). HARTING's revenues in Germany ticked up with 0.5% to 195 million euro (194 million euro in 2015). In the Americas HARTING posted a small decline with -1.6% and reach 60 million euro (previous year 61 million euro).

In December 2015, the HARTING management board was cautiously optimistic about 2016. In December 2016 Philip Harting, Board Chairman of the technology group stated: "It was a challenging year. Since our growth was exclusively organic, the entire HARTING Board of Management is satisfied with the surplus. Consequently, we converted our announcement of the past year into a reality."

Cautiously optimistic on FY2016/2017

HARTING remains cautiously optimistic for the next fiscal year 2016/17, that started on 1 October 2016. Philip Harting stated that: "The technology group has entered the new 2016/17 financial year strong. A significantly stronger fourth quarter makes me confident that we'll achieve stronger growth again in the current financial year – thanks to new products and solutions, too."

HARTING Continues its Growth Path in FY2016

Region	2011	2012	2013	2014	2015	2016	5-Year CAGR 2011-2016
Consolidated	481.0 €	479.0 €	484.0 €	547.0 €	567.0 €	586.0 €	
YoY Growth	16.5%	-0.4%	1.0%	13.0%	3.7%	3.4%	4.0%
Asia	93.0 €	82.0 €	90.0 €	126.0 €	129.0 €	130.0 €	
YoY Growth	4.5%	-11.8%	9.8%	40.0%	2.4%	0.8%	6.9%
EMEA (excl. Germany)	163.0 €	170.0 €	174.0 €	175.0 €	183.0 €	201.0 €	
YoY Growth	16.4%	4.3%	2.4%	0.6%	4.6%	9.8%	4.3%
Germany	181.0 €	177.0 €	174.0 €	194.0 €	194.0 €	195.0 €	
YoY Growth	24.0%	-2.2%	-1.7%	11.5%	0.0%	0.5%	1.5%
North America	44.0 €	50.0 €	46.0 €	52.0 €	61.0 €	60.0 €	
YoY Growth	18.9%	13.6%	-8.0%	13.0%	17.3%	-1.6%	6.4%

€ Millions

Bishop & Associates' Comments

HARTING has outperformed the connector industry in sales growth in eight out of the past 11 years with revenues measured in euro. With revenues calculated in US dollar (at average annual exchange rates) HARTING beat the industry in 5 out of the past 11 years. HARTING's revenues in FY2016 correspond with \$648.9 million versus \$650.5 million (FY2015) at average exchange rates. In Europe, the connector industry has increased by an estimated 5.4% in local currencies in 2016 (YTD October 2016, calendar year). Measured in US dollars, the industry in Europe increased by 5.2% over the same 10 months of 2016. This year, currency effects on the connector market in Europe have been very limited. See The Bishop Report November 2016 for more details.

In the industrial market sector, we see a similar picture. This segment is more relevant as a benchmark than the total connector market for HARTING as a large share of HARTING's revenues are generated in this market sector. Where the global industrial market for connectors grew by a compound average growth rate (CAGR) of 0.8% between 2011 and 2016F, HARTING revenues in euros, grew with a CAGR of 4.0% over the same period. Measured in US dollars, HARTING recorded a CAGR of -0.7% over the same 5-year period. This illustrates the impact of exchange rates, in this period, on the consolidated results of individual companies and the industry. The global connector industry grew 1.2% over the same 5-year period.

The growth forecast for 2017 by Bishop & Associates, at 5.2%, is slightly more upbeat than HARTING's cautiously optimistic view of 2017, although HARTING confirmed a strong first quarter (4Q-2016 calendar), which is in line with the industry. For more information about our forecast, please refer to our latest Connector Market Forecast report, released in December 2016.

HARTING Sales Performance Versus Industry and Industrial Results

