

HARTING Reports Record Revenues in 2017

The HARTING Technology Group, headquartered in Espelkamp, Eastern Westphalia, issued a press release reporting an all-time company record of 672 million euro in sales for FY 2017 (01-Oct-2016 to 30-Sep-2017), up +14.7% over 2016 sales (586 million euro).

All four regions achieved doubled-digit growth in the past financial year, especially in Asia and North America. Growth in both regions was more than 21%. In Europe/EMEA – excluding Germany – sales grew by 11.9% to 225 million euro (201 million in 2016). HARTING's revenues in Germany grew by 10.8% to 2016 million euro (195 million euro in 2016).

The HARTING Technology Group generated more than two-thirds of total revenues (67.8 %) abroad. Nearly one third (32.2%) of revenues were generated in Germany.

Optimistic about FY2017/2018

The HARTING Technology Group is optimistic about 2018 and expects a 5 to 6% revenue growth for FY2018. In addition to the industrial sector, HARTING also sees growth potential in the automotive business where the company established a tier-1 position at VW and BMW.

HARTING also recognizes future challenges such as the merger of the rail divisions of Siemens and Alstom and the impact this merger may have on their rail business. The wind turbine market, where five of the biggest companies in the top 10 are now based in China, poses risks of its own due to price sensitivities of the German market leader. Other challenges include the mobility market, where production methods are changing, and BREXIT as HARTING UK is considered one of the group's most important subsidiaries.

HARTING considers digitalization of industries and infrastructure as one of the biggest issues for German industrial policy over the next 10 years and the company has laid the foundation for expanding its skills and technologies for "Industry 4.0".

HARTING started FY2018 on 1 October 2017 with a tailwind and the order intake has been good. At midpoint (+5.5%), HARTING would reach a turnover of 709 million euro in FY2018.

HARTING Revenue Trend 2012-2017

Region	2012	2013	2014	2015	2016	2017	5-Year CAGR 2012-2017
Asia	82.0 €	90.0 €	126.0 €	129.0 €	130.0 €	158.0 €	
YoY Growth	-11.8%	9.8%	40.0%	2.4%	0.8%	21.5%	14.0%
EMEA (excl. Germany)	170.0 €	174.0 €	175.0 €	183.0 €	201.0 €	225.0 €	
YoY Growth	4.3%	2.4%	0.6%	4.6%	9.8%	11.9%	5.8%
Germany	177.0 €	174.0 €	194.0 €	194.0 €	195.0 €	216.0 €	
YoY Growth	-2.2%	-1.7%	11.5%	0.0%	0.5%	10.8%	4.1%
North America	50.0 €	46.0 €	52.0 €	61.0 €	60.0 €	73.0 €	
YoY Growth	13.6%	-8.0%	13.0%	17.3%	-1.6%	21.7%	7.9%
Consolidated	479.0 €	484.0 €	547.0 €	567.0 €	586.0 €	672.0 €	
YoY Growth	-0.4%	1.0%	13.0%	3.7%	3.4%	14.7%	7.0%

€ Millions

Bishop & Associates' Comments

HARTING has outperformed the connector industry in sales growth (%) in nine out of the past 12 years, when revenues are measured in euros. When revenues are calculated in US dollars (at average annual exchange rates) HARTING beat the industry in six out of the past 12 years. HARTING's revenues in FY2017 when calculated at an average annual exchange rate, correspond to \$741.4 million versus \$648.9 million (FY2016). That corresponds to a growth of 14.2% in US dollar. In 2017 (YTD October 2017) the European connector industry increased by an estimated 9.9% in local currencies. Measured in US dollar the industry in Europe increased by 10.2% over the same 10 months of 2017. This year currency effects on the connector market in Europe have been minimal. For detailed information on currency effect, see the November 2017 Bishop Report.

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 is generated in this market sector. Where the global industrial market for connectors grew by a compound annual growth rate (CAGR) of 3.2% between 2012 and 2017E, HARTING revenues, when measured in euros, grew at a CAGR of 7.0% over the same period. Measured in US dollars, HARTING recorded a CAGR of 3.6% over the same five-year period. This illustrates the effect of exchange rates over the past years on the consolidated results of individual companies and the industry as a whole. Over the same five-year period, the global connector industry grew with a CAGR of 3.4% over the same five-year period, so a little faster than the industrial market

Five-Year Sales Growth versus the Global Industry and the Industrial Market in EUR and USD

Region	2012	2013	2014	2015	2016	2017	5-Year CAGR 2012-2017
HARTING (in EUR)	479.0 €	484.0 €	547.0 €	567.0 €	586.0 €	672.0 €	
YoY Growth	-0.4%	1.0%	13.0%	3.7%	3.4%	14.7%	7.0%
HARTING (in USD)	\$622.0	\$635.0	\$742.6	\$650.5	\$648.9	\$741.4	
YoY Growth	-7.4%	2.1%	16.9%	-12.4%	-0.2%	14.2%	3.6%
Connector Industry (USD)	\$49,814.9	\$51,183.4	\$55,402.0	\$52,050.0	\$54,164.0	\$59,020.0	
YoY Growth	-2.7%	2.7%	8.2%	-6.1%	4.1%	9.0%	3.4%
Industrial Conn. Market (USD)	\$6,056.5	\$6,263.2	\$6,925.2	\$6,280.1	\$6,475.1	\$7,097.3	
YoY Growth	-4.0%	3.4%	10.6%	-9.3%	3.1%	9.6%	3.2%

€Millions

Bishop & Associates' outlook for fiscal and calendar year 2018 is growth of 6.5%. Although the years do not overlap exactly, this forecast is on the high end of HARTING's outlook for 2018, which is 5 to 6% growth. For more information about our forecast please refer to our latest Connector Market Forecast report, to be released this month (December 2017).

HARTING Sales Performance Compared to the Global Connector Industry and the Industrial Sector 2012-2017E

