

HARTING revenues hit €762 million in 2018

The HARTING Technology Group, headquartered in Espelkamp, Eastern Westphalia, issued a press release reporting €762 million in sales for FY 2018 (October 2017 through September 2018), up +13.4% over 2017 sales (€672 million). HARTING has more than doubled sales over the past ten years, with sales of €345 million during FY2007/08.

All four regions achieved growth in the past financial year, particularly in Asia and Europe, where HARTING realized double-digit growth of 18.4% and 16.9%, respectively. Growth was driven by strong performances in transportation, mechanical engineering, automation and robotics.

The HARTING Technology Group generated 69.4% of total revenues abroad. The rest, 30.6% of revenues, were generated in Germany.

Growth slowing to single-digits for FY2018/2019

The HARTING Technology Group remains positive about 2018/2019 and expects revenue growth for FY2018/2019 of just below 5%. HARTING pointed to some risks and challenges ahead, citing "*trade wars, punitive tariffs and BREXIT*". In addition, the economic situation deteriorated in the fourth quarter of HARTING's fiscal year (3Q2018) and this was perceptible across some HARTING business areas.

HARTING considers digitalization of industries and infrastructure as one of the biggest issues for the future. HARTING will continue to demand digitization and the technological transformation of the company over the next few years and stated that everything that can be networked will be networked. "*In order to remain competitive in the industry, over the long term, and to grow in the years to come, we need to digitize all the processes that are necessary.*"

HARTING Revenue Trend 2013-2018

| Region | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 5-Year CAGR 2013-2018 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-----------------------|
| Consolidated | 484 € | 547 € | 567 € | 586 € | 672 € | 762 € | |
| YoY Growth | 1.0% | 13.0% | 3.7% | 3.4% | 14.7% | 13.4% | 9.5% |
| Asia | 90 € | 126 € | 129 € | 130 € | 158 € | 187 € | |
| YoY Growth | 9.8% | 40.0% | 2.4% | 0.8% | 21.5% | 18.4% | 15.7% |
| EMEA (excl. Germany) | 174 € | 175 € | 183 € | 201 € | 225 € | 263 € | |
| YoY Growth | 2.4% | 0.6% | 4.6% | 9.8% | 11.9% | 16.9% | 8.6% |
| Germany | 174 € | 194 € | 194 € | 195 € | 216 € | 233 € | |
| YoY Growth | -1.7% | 11.5% | 0.0% | 0.5% | 10.8% | 7.9% | 6.0% |
| North America | 46 € | 52 € | 61 € | 60 € | 73 € | 79 € | |
| YoY Growth | -8.0% | 13.0% | 17.3% | -1.6% | 21.7% | 8.2% | 11.4% |

€Millions

Bishop & Associates' Comments

HARTING has outperformed the connector industry in sales growth in seven out of the past 10 years with revenues measured in euros. With revenues calculated in US dollars (at average annual exchange rates) HARTING beat the industry in four out of the past 10 years. HARTING's revenues in FY2018 correspond with \$906.8 million versus \$742.8 million in FY2017 at average annual exchange rates. That is a 22.1% increase measured in US dollar. In Europe, the connector industry has increased by an estimated 9.9% in local currencies in 2018 (YTD October 2018, calendar year). Measured in US dollar the industry in Europe increased by 17.6% over the same 10 months of 2018. See The Bishop Report November 2018 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 5.6% between 2013 and 2018E, HARTING revenues in euros grew with a CAGR of 9.5% over the same period. Measured in US dollar HARTING recorded a CAGR of 7.4% over the same 5-year period, well above the industry. The global connector industry grew with a CAGR of 5.5% over the same 5-year period, so just below the growth rate of the global industrial market

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

| HARTING vs Industry | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 5-Year CAGR 2013- 2018 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|------------------------------|
| HARTING (in EUR)) | 484 € | 547 € | 567 € | 586 € | 672 € | 762 € | |
| YoY Growth | 1.0% | 13.0% | 3.7% | 3.4% | 14.7% | 13.4% | 9.5% |
| HARTING (in USD) | \$635 | \$742 | \$651 | \$651 | \$743 | \$907 | |
| YoY Growth | 2.1% | 16.8% | -12.2% | 0.0% | 14.1% | 22.1% | 7.4% |
| Connector Industry (USD) | \$51,183 | \$55,402 | \$52,050 | \$54,164 | \$60,116 | \$66,839 | |
| YoY Growth | 2.7% | 8.2% | -6.1% | 4.1% | 11.0% | 11.2% | 5.5% |
| Industrial Conn. Market (USD) | \$6,263 | \$6,925 | \$6,280 | \$6,475 | \$7,230 | \$8,234 | |
| YoY Growth | 3.4% | 10.6% | -9.3% | 3.1% | 11.7% | 13.9% | 5.6% |

The outlook for the next year by Bishop & Associates is for 6.5% growth which is higher than HARTING's outlook for FY2018/2019 of just below 5% growth. Although the years don't exactly overlap, and the Bishop forecast covers all market segments, the numbers are relatively close. For more information about our forecast, please refer to our latest Connector Market Forecast report, to be released in December 2018.

HARTING Sales Performance Compared to the Global Connector Industry and the Industrial Sector 2013-2018E

