

HUBER+SUHNER: Radio Frequency technology segment bucks the trend in 2019

In 2019, HUBER+SUHNER achieved CHF 830.6 million in net sales and CHF 800.9 million in order intake. The Radio Frequency technology segment reported another very successful year, with sales increasing 7.7%. In the Fiber Optics technology segment, lower volumes from 4G mobile communications infrastructure projects in India left a clear mark. Sales for the Fiber Optics segment dropped by 15.5% versus 2018. For the Low Frequency segment, after strong growth in 2018, the Chinese railway market lagged from the previous year and the division ended 2019 with a sales decrease of 7.4%.

HUBER+SUHNER Bookings and Billings by Technology Segment 2019 vs. 2018

| Technology Segment | 2019 | 2018 | Change 2019/2018% |
|---------------------|------------------|------------------|----------------------|
| Net Sales | | | |
| Radio Frequency | 275.2 CHF | 255.4 CHF | 7.7% |
| Fiber Optics | 285.6 CHF | 338.2 CHF | -15.5% |
| Low Frequency | 269.8 CHF | 291.4 CHF | -7.4% |
| Total | 830.6 CHF | 885.0 CHF | -6.1% |
| Order Intake | | | |
| Radio Frequency | 272.8 CHF | 269.1 CHF | 1.4% |
| Fiber Optics | 274.7 CHF | 347.9 CHF | -21.1% |
| Low Frequency | 253.4 CHF | 298.2 CHF | -15.0% |
| Total | 800.9 CHF | 915.2 CHF | -12.5% |

CHF Million

Total net sales decreased 6.1% for the year; organic sales declined just 4.6%. EMEA accounted for 50% of net sales (44% in 2018), APAC accounted for 30% of net sales (previous year 37%), and the Americas represented 20% of net sales (19% in 2018). The industrial market recorded a sharp net sales increase.

In their 2019 annual report HUBER+SUHNER reported:

Radio Frequency technology segment

The Radio Frequency technology segment again increased profitability and enjoyed broad-based growth. Notable expansion was recorded in the aerospace and defense growth initiative, with satellite components a dynamic driver. The test and measurement market segment witnessed an increase in demand for high-quality RF connectors. HUBER+SUHNER successfully integrated the antenna solutions, acquired from Kathrein, into the RF portfolio.

Fiber Optics technology segment

Declining volumes from 4G mobile infrastructure roll-outs in the communication market could be offset only in part through other applications. The optical switches business grew significantly and has the potential to develop even further. The company has also positioned itself well with regards to the ongoing 5G roll-outs. The acquisition of BKtel brings important knowledge of active network technology at the interface between digital and analogue, and fiber optics and radio frequency. BKtel has also pioneered interesting laser technology applications in areas such as 3D landscape scanning and autonomous driving.

Low Frequency technology segment

Conditions within the two submarkets, railway and automotive, were less dynamic than the previous year. The position as system supplier was further strengthened with the RADOX® HPC High Power Charging System and expanded to market leadership worldwide. Based on the convincing product properties of RADOX®, a new product line for offshore applications was successfully developed and launched on the market, offering great potential for differentiation.

HUBER+SUHNER Net Sales by Market Segment 2019 vs 2018

| Market Segment | 2019 | 2018 | Change 2019/2018% |
|------------------|------------------|------------------|----------------------|
| Net sales | | | |
| Communication | 317.8 CHF | 401.0 CHF | -20.7% |
| Transportation | 248.5 CHF | 269.3 CHF | -7.7% |
| Industrial | 264.3 CHF | 214.7 CHF | 23.1% |
| Total | 830.6 CHF | 885.0 CHF | -6.1% |

CHF Million

HUBER+SUHNER: Outlook for 2020

With a view to the main markets, the company expects the expansion of 5G mobile network infrastructure to gain momentum in the communication market. In the transportation market, tenders for railway projects indicate a positive market environment. In the industrial market, highly differentiated products continue to offer opportunities in a wide variety of applications. The company remains confident in the prospects for further development in the four growth initiatives and expects a positive contribution from the acquisition of BKtel.

Following the lower order intake during the second half of the reporting year, a rather restrained start to the current year is to be expected. The extreme measures taken to curtail the spread of the coronavirus in China are having a negative effect on local sales and global supply chains. Presently, it is unclear how the geographical expansion of the corona crisis will impact business in additionally affected regions.

Bishop & Associates' Comments

Swiss based HUBER+SUHNER Group, a leading company in the markets for RF, Low Frequency, and Fiber Optic connectors, cable assemblies, and system solutions, is a key supplier in the Industrial, Communication, Automotive, and Transportation markets.

For the full year 2019, HUBER+SUHNER's net sales decreased by 7.7% compared to 2018 measured in US dollars using average exchange rates versus 6.1% measured in Swiss Francs. This is well below the industry average, which recorded a decrease of 3.8% for the full year. When compared by market sector (See Note below table), HUBER+SUHNER lost terrain in the Transportation and Communication markets but gained a significant share in the Industrial market.

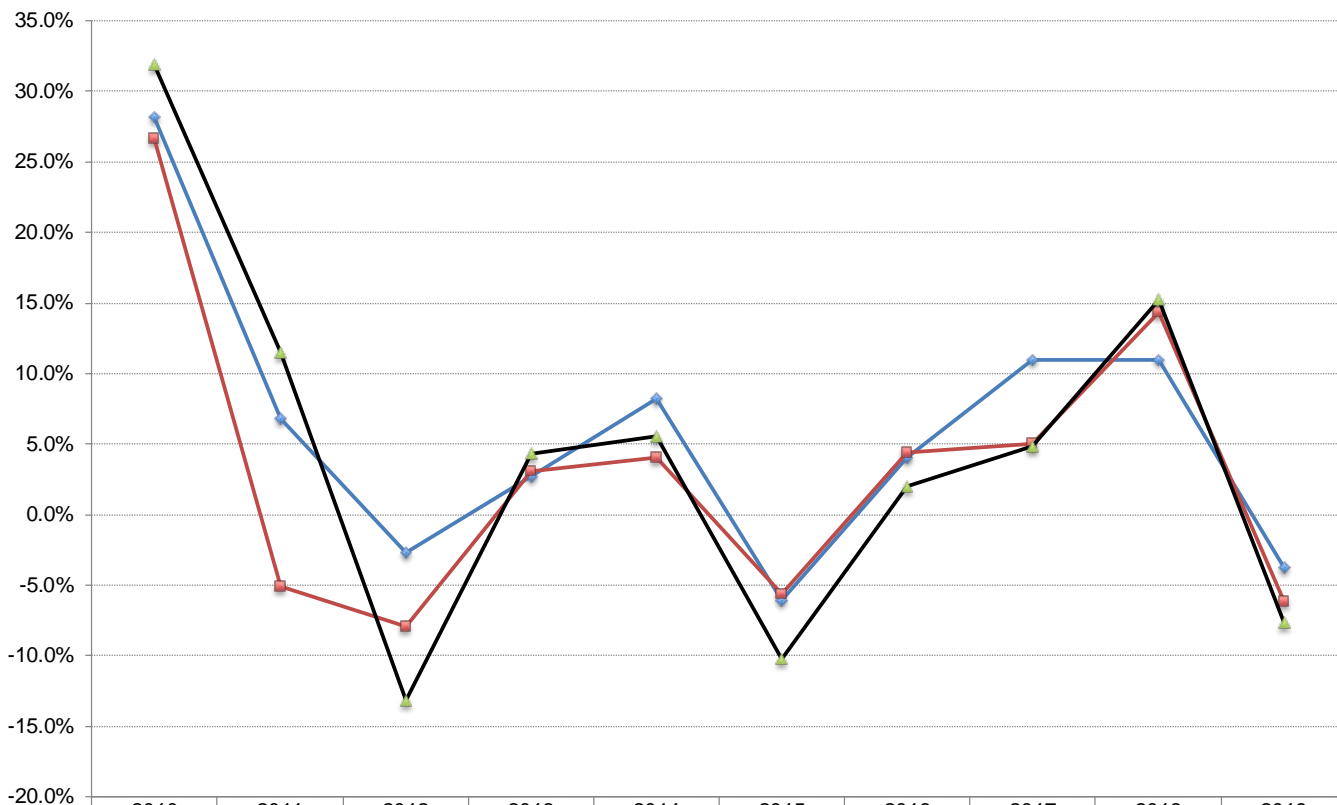
| Market Segment HUBER+SUHNER | Change 2019/2018% | Change 2019/2018% | Market Segment Bishop & Associates |
|--------------------------------|----------------------|----------------------|---------------------------------------|
| HUBER+SUHNER | | Global Market | |
| Communication | -22.1% | -2.7% | Telecom/Datacom |
| Transportation | -9.3% | -3.8% | Transportation |
| Industrial | 21.1% | -3.6% | Industrial |
| Total | -7.7% | -3.8% | Total |

% Change - Sales Measured in USD

Note: Definition by equipment within market sector between HUBER+SUHNER and Bishop & Associates may not be identical.

Despite the decrease in sales over 2019, HUBER+SUHNER remained modestly optimistic about the outlook for 2020 in its annual report. This was of course published before the full extent of the COVID-19 virus became clear, with the center of new infections moving from Asia to Europe and on to the Americas. At the time of publication of this Newsbrief global markets are already heavily disrupted by the global impact the COVID-19 virus has on supply chains, productivity, and overall economic performance. This does not bode well for the global economy including the connector industry.

HUBER+SUHNER 10-Year Sales Performance Compared to the Global Industry 2010-2019



| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------|-------|-------|--------|------|------|--------|------|-------|-------|-------|
| Industry | 28.2% | 6.8% | -2.7% | 2.7% | 8.2% | -6.1% | 4.1% | 11.0% | 11.0% | -3.8% |
| H+S (CHF) | 26.7% | -5.1% | -8.0% | 3.1% | 4.0% | -5.6% | 4.4% | 5.0% | 14.3% | -6.1% |
| H+S (USD) | 31.9% | 11.5% | -13.2% | 4.3% | 5.5% | -10.2% | 2.0% | 4.8% | 15.2% | -7.7% |