

## HUBER+SUHNER Net sales -15.8% in the First Half 2020 in a Difficult Environment

In the first half of 2020 (January-June), HUBER+SUHNER saw its net sales decrease by 15.8% compared to the same period in 2019. Orders fell significantly to CHF 396.7 million (-11.6 %) compared to the same period in 2019 but were up 12.6% sequentially compared to orders in the second half of 2019.

### HUBER+SUHNER Bookings and Billings 1H 2019-2020

	1H-2019	1H-2020	Change %
<b>Order intake</b>			
Radio Frequency	152.6	130.9	-14.2%
Fiber Optics	150.3	151.1	0.5%
Low Frequency	145.8	114.7	-21.3%
<b>Total</b>	<b>448.7</b>	<b>396.7</b>	<b>-11.6%</b>
<b>Net Sales</b>			
Radio Frequency	147.8	121.3	-17.9%
Fiber Optics	157.5	138.8	-11.9%
Low Frequency	142.0	116.6	-17.9%
<b>Total</b>	<b>447.3</b>	<b>376.7</b>	<b>-15.8%</b>

CHF million

### Upward trend in Fiber Optics segment temporarily halted

The Covid-19 measures in several regions resulted in a slowdown of the mobile network (cell site) expansion to the 5G standard, while demand for data center solutions remained strong. The overall lower volume had a negative impact on the Fiber Optics business.

### High level of activity in Low Frequency segment, but lower sales and order intake

In the Low Frequency technology segment, bidding activity was high in both the railway and automotive submarkets. Unfortunately, the awarding of contracts was sluggish in the first half of the year. The automotive submarket was also sluggish overall. Although sales doubled for the electric vehicles, this did not off-set the decline in conventional automotive business. Business with high-power charging systems was good.

### Negative effects of the coronavirus crisis in the Radio Frequency segment

The Radio Frequency technology segment could not escape the negative effects of the coronavirus crisis. Despite this difficult environment, the industrial submarkets of aerospace and defense, as well as test and measurement, did comparatively well.

## Impacts of COVID-19

All three of the main markets; communication (–18.6 %), transportation (–14.9 %) and industrial (–12.7 %); were equally affected by the decline in net sales, but their share of the business remained virtually unchanged. HUBER+SUHNER recorded an increase in bidding activity in the reporting period. Unpredictability of the market, however, resulted in greater restraint and caution on the part of customers awarding business.

For HUBER+SUHNER, the production closures imposed in some countries were of comparatively short duration. Public authorities in the various countries also rated connectivity solutions as systemically important in terms of national digital security.

Maintaining global supply chains became HUBER+SUHNER's most important task to guarantee availability of products to customers. At present, almost all plants worldwide are operating again without any major restrictions. Capacity bottlenecks were bridged by means of temporary relocations within the global production network, thus maintaining a high level of delivery capability to customers even under difficult conditions.

## HUBER+SUHNER: Outlook for 2020

HUBER+SUHNER suspended its guidance for 2020 due to the uncertainties brought about by the coronavirus outbreak. With its focus on promising growth markets in communication, transportation and industrial, the company is well equipped to leverage its strong position once the market weakness subsides. However, the uncertainties remain considerable. From today's perspective, the company expects sales in the second half of the year to be of similar levels as in the first half.

### *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.

In the first 6 months of 2020, HUBER+SUHNER's net sales decreased by 12.8% compared to the same period in 2019, measured in US dollars (using average exchange rates). The global connector industry decreased by 10.2% over the same 6-month period. Order intake in CHF decreased by 11.6% compared to 2019, but sequentially increased by 12.6% compared to the second half of 2019, despite the impact of the coronavirus. 2Q20 was most likely the worst quarter that will occur in 2020.

If the predictions of HUBER+SUHNER turn out to be accurate, net sales by the end of 2020 will reach about 754 million CHF, or roughly 9.0% below 2019 (831 million CHF). Due to its presence in multiple markets, HUBER+SUHNER is relatively well equipped to weather this crisis. The fact that there is a significant bidding activity shows that business may pick up quickly once the circumstances surrounding COVID-19 improve. If HUBER+SUHNER can leverage its market position and their markets continue to recover, sales for the full year may come closer to the 2019 result.

## HUBER+SUHNER Sales Performance Compared to the Global Industry 2015-2020

