

HUBER+SUHNER Experiences Full Year 2023 Double-Digit Decline in Bookings and Billings

For full year 2023, HUBER+SUHNER reported sales of 851.1 CHF (\$946.8 million), down -5.3% in US dollars and -10.8% in Swiss francs (CHF), compared to full year 2022.

Orders for full year 2023 were 821.4 CHF (\$913.8 million). This is a decline of -15.8% in Swiss francs and -10.6% in US dollars compared to full year 2022.

Market segment performance for the full year 2023 can be seen in the following table.

HUBER+SUHNER Full Year 2022 vs. Full Year 2023 Order Intake and Net Sales

	Full Year 2022	Full Year 2023	Percent Change
Order Intake			
Industry Segment	310.5	258.1	-16.9%
Communications Segment	380.6	283.4	-25.6%
Transportation Segment	284.4	279.9	-1.6%
Total	975.4	821.4	-15.8%
Net Sales			
Industry Segment	298.0	285.3	-4.3%
Communications Segment	385.92	280.3	-27.4%
Transportation Segment	270.6	285.5	5.5%
Total	954.6	851.1	-10.8%

CHF millions

According to HUBER+SUHNER, "Net sales were also negatively impacted by the significant strengthening of the Swiss franc during the reporting period, which became even stronger towards the end of the year. Adjusted for currency, copper price and portfolio effects, the shortfall in net sales amounted to 6.3%. While net sales in Europe and Asia changed only marginally compared to the previous year, by -4% and +2% respectively, the aforementioned downturn in the American market (-36%) resulted in a marked shift in net sales share by region: 55% (PY 51%) in EMEA, 26% (PY 23%) in APAC, 19% (PY 26%) in the Americas."

Reduced momentum and lower profitability in Industry market segment

In the Industry market segment, the continued depletion of inventories at customers over the entire reporting year had an impact on the awarding of new orders. Compared to 2022, development in the subsegments was completely reversed with aerospace and defense reporting double-digit percentage growth while the three other subsegments, test and measurement, general industrial, and high-power charging, experienced a decline in the double-digit range. Demand for high power charging experienced a distinct decline in the US market due to uncertainties about the future charging standard.

Declining volumes in Communication market segment

The much weaker communications market resulted in significantly lower volumes around the world, which impacted the entire industry. Compared to the very strong net sales from the previous year, the Communication segment suffered a significant slump, especially in the second and third quarters, due to declining 5G rollouts in North America and the continued depletion of high inventories throughout the supply chain. In this environment, which was characterized by significantly lower demand, business picked up towards the end of the reporting period with the securing of new mobile communication rollouts in Asia in particular and in the data center growth initiative.

Net sales growth in Transportation market segment – four percentage point increase in profitability

The Transportation market segment achieved the desired turnaround in the reporting year. After a three-year lean period, there was a marked upturn in demand in the railway subsegment, which made a positive contribution to net sales in the reporting period. The automotive subsegment also reported growth in net sales thanks to a positive contribution from the electric vehicle and advanced driver assistance system growth initiatives.

Outlook

Looking ahead and based on the lively bidding activity, the Industry (industrial) segment has probably bottomed out. The increasingly normalizing inventory levels point to a recovery in the second half of the current year. Incoming orders in the communications market have already picked up in recent weeks and concrete signs of a gradual recovery are increasing. This should enable the Communication segment to return to growth compared to the second half of 2023. The growth initiatives should provide additional impetus for the Transportation segment, particularly in the second half of 2024, which would continue the positive trend.

Bishop & Associates' Comments

It is not a surprise that HUBER+SUHNER experienced negative bookings and billings for full year 2023. For full year 2023, Bishop showed the connector industry declining -2.7% in US dollars. The greatest decline was in Japan where sales declined -9.5%, followed by the Asia Pacific region, where sales declined -7.3%. Like what HUBER+SUHNER witnessed in North America from a market standpoint, the greatest decline was in the telecommunication sector, where sales declined -2.8%, bringing the entire region into negative territory for 2023. Also, like HUBER+SUHNER, Bishop feels the connector industry has bottomed out and will show growth in all market sectors in 2023.