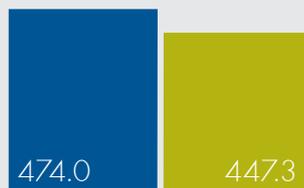
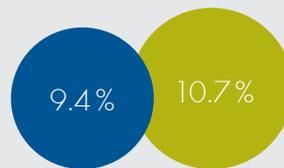


Half-year Report 2019

Net sales lag behind strong previous-year period



EBIT margin rises to 10.7% thanks to higher gross margin



18.2% growth in net income



Growth initiatives with substantial increase in order intake and net sales

Radio Frequency sees strong growth in net sales and EBIT, Fiber Optics with further recovery, consolidation of Low Frequency after a record previous-year period

Significant net sales growth in Europe, slight growth in the Americas; Asia behind previous year

■ H1/2018 ■ H1/2019 CHF million

Increase in earning power due to growth with high-margin business



Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

The first half of 2019 went well for HUBER+SUHNER: The change in business mix compared to the prior-year period led to significantly increased profitability at Group level despite lower net sales. Overall, EBIT rose 7.8 % year on year to CHF 47.8 million, generating an EBIT margin of a high 10.7 % (previous year: 9.4 %). The Radio Frequency technology segment once again proved to be the driving force in high-margin applications, both in order intake and net sales. The Fiber Optics technology segment recorded a significant decline in the low-margin volume business, while the Low Frequency technology segment fell slightly short of the very high previous-year figures.

Order intake decreased to CHF 448.7 million (-13.2 %), while net sales amounted to CHF 447.3 million, representing a decline of 5.6 % year on year. The three main markets developed similarly to the technology segments. The industrial market, with applications based largely on radio frequency technology, once again proved highly dynamic and reported strong growth. The decline in the communication market was, in part, due to lower net sales from individual large-scale projects in Asia. In the transportation market, automotive reported positive growth, partially compensating for the slower momentum in the significantly larger railway market. This development resulted in a shift in the net sales share in the main regions: at 48 % (previous year 42 %), EMEA (including Switzerland) was well ahead of both APAC at 31 % (previous year 40 %) and the Americas with 21 % (previous year 18 %). Adjusted for currency and copper effects (-1.8 %), there was a shortfall in net sales of 3.9 %. Order intake reached the same level as net sales, resulting in a book-to-bill rate of 1.0 (previous year 1.09). The increase in workforce from 4348 to 4665 was centred primarily around the production plants, where a limited number of temporary workers were given fixed contracts.

Strong growth in industrial submarkets; net sales decline in communication and transportation

The 18.6 % decline in net sales in the communication market was due entirely to a significantly lower volume from a single large-scale project on the Indian subcontinent. The transportation market was 9.3 % down on the very strong previous-year period. This was attributable to lower momentum on the Asian railway market than one year ago. The industrial market grew by 27.9 %, with the test and measurement, as well as aerospace and defense submarkets seeing the highest increases.

Strong growth in Radio Frequency – further significant increase in profitability

The Radio Frequency technology segment continued to develop very positively. Order intake of CHF 152.6 million was up 6.2 % year on year, while net sales of CHF 147.8 million represented growth of 13.1 %. This resulted in an EBIT of CHF 27.0 million or an EBIT margin of 18.3 %, more than three percentage points higher than the prior-year period. The increased need for safety in many regions of the world and the strong demand for precision test and measurement components had a positive effect in the first half of the year and underline the strong position of HUBER+SUHNER in the manufacture of extremely reliable radio frequency components for a wide range of industrial applications.

Fiber Optics sees continued upturn in profitability despite lower volumes

In the first half of 2019, the Fiber Optics technology segment recorded a decline both in order intake, which stood at CHF 150.3 million (-26.2 %), and net sales, which amounted to CHF 157.5 million (-17.1 %). This was a result of the expected lower year-on-year volumes from infrastructure projects for the expansion of mobile communication networks to the 4G/LTE standard. In absolute terms, however, EBIT for the first six months was still slightly up on the previous year, at CHF 12.3 million. The EBIT margin increased by almost one and a half percentage points to 7.8 %. Business in the high-margin market segments of data centers and WAN/access networks, where there is a sustained expansion of capacities to cope with rapidly growing data volumes, continued to expand compared with the same period last year. Prospects for future growth are also interesting.

Net sales level in Low Frequency remains low although growth opportunities still intact

In the Low Frequency technology segment, the very strong prior-year period had a base effect, which led to a significant flattening of the momentum in the first half of 2019. This had an impact on order intake, which decreased to CHF 145.8 million (-14.0 %) year on year, while net sales declined to CHF 142.0 million (-7.3 %). The EBIT of CHF 12.6 million equated to an EBIT margin of 8.8 %, after achieving a level just within the double-digit range in the prior-year period. The smaller automotive submarket saw positive growth. The continuing trend towards electromobility on the roads

is now starting to include major utility vehicle and bus manufacturers. Based on the extensive expertise of HUBER+SUHNER in high-voltage systems and following its first successful authorisations for passenger cars, this opens up additional opportunities for the company with regard to trucks. Business in the railway submarket was down year on year. The previous year's very high volumes from the Asian region in particular were unsustainable. Globally, however, the railway market remained at a good level and the many project tenders indicate a continuation of this trend. The role of 'connected mobility' is set to increase as a result of the need for mobile communication in public transport.

Outlook

In the first half of 2019, HUBER+SUHNER succeeded in partially offsetting the partial decline in business from low-margin, large-scale projects through higher-margin business. This change in the business mix led to increased profitability. The four growth initiatives (Aerospace & Defense; Small Cells; Data Center; Electric Vehicles) developed positively and together made the expected contribution to this effect.

Due to the current exchange rate situation and the slowing momentum in important submarkets HUBER+SUHNER expects a rather restrained development in the second half of the year. As a result, sales are currently expected to decline by a mid-single-digit percentage year on year in 2019. HUBER+SUHNER confirms its guidance for the EBIT margin for the entire fiscal year in the upper half of the medium-term target range of 8–10 %.



Urs Kaufmann
Chairman of the Board of Directors

Urs Ryffel
CEO

Milestones in the first half year 2019

Communication

Connected mobility



Acquisition of Kathrein's antenna portfolios for railway, bus and security-relevant communication applications to strengthen own technology leadership

Transportation

Railway



Order to supply data bus cables for 17 metro train sets in a metropolitan region in Australia

Industrial

Opportunity with Offshore market segment



Development of a RADOX® product line for extreme environmental conditions on drilling platforms

Communication

Small Cells growth initiative



Launch of SENCITY® urban antennas to cover 4G and 5G radio frequency ranges in urban areas

Key figures H1/2019

Group		January-June	January-June	Change
CHF million		2019	2018	
Order intake		448.7	516.8	(13.2%)
Order backlog as of 30.6.		235.1	268.0	(12.3%)
Net sales		447.3	474.0	(5.6%)
Gross margin		37.2%	33.6%	
EBITDA		63.3	61.2	3.5%
as % of net sales		14.2%	12.9%	
EBIT		47.8	44.3	7.8%
as % of net sales		10.7%	9.4%	
Financial result		(0.6)	(2.4)	n/m
Net income		37.4	31.6	18.2%
as % of net sales		8.4%	6.7%	
Purchases of PP&E and intangible assets		15.5	11.4	36.5%
Cash flow from operating activities		33.9	34.8	(2.5%)
Free operating cash flow		18.1	21.5	(16.0%)
Net liquidity as of 30.6.		166.9	150.5	10.9%
Equity as of 30.6.		604.6	598.7	1.0%
as % of balance sheet total		77.9%	77.6%	
Employees as of 30.6.		4 665	4 348	7.3%
Data per share		January-June	January-June	Change
in CHF		2019	2018	
Stock market price as of 30.6.		82.20	60.50	35.9%
Net income		1.92	1.62	18.2%
Segment information		January-June	January-June	Change
CHF million		2019	2018	
Radio Frequency	Order intake	152.6	143.7	6.2%
	Net sales	147.8	130.7	13.1%
	EBIT	27.0	19.9	35.8%
	as % of net sales	18.3%	15.2%	
Fiber Optics	Order intake	150.3	203.6	(26.2%)
	Net sales	157.5	190.1	(17.1%)
	EBIT	12.3	12.1	1.1%
	as % of net sales	7.8%	6.4%	
Low Frequency	Order intake	145.8	169.5	(14.0%)
	Net sales	142.0	153.2	(7.3%)
	EBIT	12.6	15.4	(18.6%)
	as % of net sales	8.8%	10.1%	

n/m = not meaningful

Financial calendar

Net sales/Order intake (9 months)	24.10.2019	Annual report 2019	10.03.2020
Net sales/Order intake 2019	23.01.2020	Media and analysts' conference	10.03.2020
		Annual General Meeting (Pfäffikon ZH)	01.04.2020

Detailed figures are available online at www.hubersuhner.com

This letter to shareholders is also available in German. The German version is binding.

Consolidated Income Statement

in CHF 1000	Notes	January-June 2019	%	January-June 2018	%
Net sales	5	447 342	100.0	473 988	100.0
Cost of goods sold		(280 773)		(314 768)	
Gross profit		166 569	37.2	159 220	33.6
Selling expense		(65 804)		(65 628)	
Administrative expense		(33 508)		(32 557)	
Research and development expense		(21 326)		(18 399)	
Other operating expense		(234)		(287)	
Other operating income		2 079		1 974	
Operating profit (EBIT)	5	47 776	10.7	44 323	9.4
Financial result		(625)		(2 410)	
Income before taxes		47 151	10.5	41 913	8.8
Income taxes		(9 797)		(10 320)	
Net income		37 354	8.4	31 593	6.7

Data per share

in CHF	January-June 2019	January-June 2018
Undiluted/diluted earnings per share	1.92	1.62

The notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

in CHF 1000	Notes	30.6.2019	%	31.12.2018	%
Assets					
Cash and cash equivalents		166 899		198 826	
Trade receivables		166 165		147 907	
Other short-term receivables		36 410		26 106	
Inventories		166 715		156 543	
Accrued income		3 305		1 159	
Current assets		539 494	69.5	530 541	68.9
Property, plant and equipment		185 760		186 803	
Intangible assets		20 753		21 375	
Financial assets		20 055		20 030	
Deferred tax assets		10 427		10 859	
Non-current assets		236 995	30.5	239 067	31.1
Assets		776 489	100.0	769 608	100.0
Liabilities and equity					
Trade payables		45 441		33 543	
Other short-term liabilities		62 777		52 265	
Short-term provisions		12 185		13 520	
Accrued liabilities		15 743		13 333	
Current liabilities		136 146	17.5	112 661	14.6
Other long-term liabilities		2 185		2 185	
Long-term provisions		9 071		9 368	
Deferred tax liabilities		24 443		24 642	
Non-current liabilities		35 699	4.6	36 195	4.7
Liabilities		171 845	22.1	148 856	19.3
Share capital		5 050		5 050	
Capital reserves		32 994		32 713	
Treasury shares		(182)		(1 402)	
Retained earnings		566 782		584 391	
Equity		604 644	77.9	620 752	80.7
Liabilities and equity		776 489	100.0	769 608	100.0

The notes are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

in CHF 1000	Notes	January-June 2019	January-June 2018
Net income		37 354	31 593
Income taxes		9 797	10 320
Depreciation of property, plant and equipment and intangible assets		15 547	16 846
Other non-cash items		324	4 750
Loss/profit from the disposal of property, plant and equipment		(38)	(77)
Change in trade receivables		(19 913)	(27 353)
Change in inventories		(11 031)	(2 094)
Change in other receivables and accrued income		(14 219)	(10 310)
Change in trade payables		12 025	3 674
Change in other liabilities and accrued liabilities		11 323	15 920
Change in provisions		(1 516)	1 118
Income tax paid		(5 738)	(9 593)
Interest paid		(9)	(8)
Cash flow from operating activities		33 906	34 786
Purchases of property, plant and equipment		(12 705)	(11 875)
Proceeds from sale of property, plant and equipment		168	142
Purchases of intangible assets		(1 940)	(1 414)
Purchases of financial assets		(76)	(318)
Interest received		440	221
Cash outflow from acquisition	3	(1 699)	-
Cash flow from investing activities		(15 812)	(13 244)
Payment of dividend		(48 683)	(21 416)
Purchase of treasury shares		(980)	(1 339)
Cash flow from financing activities		(49 663)	(22 755)
Effect of exchange rate changes on cash		(358)	(863)
Net change in cash and cash equivalents		(31 927)	(2 076)
Cash and cash equivalents at 1.1.		198 826	152 605
Cash and cash equivalents at 30.6.		166 899	150 529
Net change in cash and cash equivalents		(31 927)	(2 076)

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Equity

in CHF 1000	Share capital	Capital reserves	Treasury shares	Other retained earnings	Goodwill offset	Translation differences	Retained earnings	Equity
Balance at 31.12.2017	5 050	32 695	(937)	651 178	(97 512)	2 985	556 651	593 459
Net income	-	-	-	31 593	-	-	31 593	31 593
Dividend paid	-	-	-	(21 416)	-	-	(21 416)	(21 416)
Purchase of treasury shares	-	-	(1 339)	-	-	-	-	(1 339)
Share-based payment ¹⁾	-	-	1 745	(840)	-	-	(840)	905
Currency translation differences	-	-	-	-	-	(4 529)	(4 529)	(4 529)
Balance at 30.6.2018	5 050	32 695	(531)	660 515	(97 512)	(1 544)	561 459	598 673
Balance at 31.12.2018	5 050	32 713	(1 402)	691 599	(97 512)	(9 696)	584 391	620 752
Net income	-	-	-	37 354	-	-	37 354	37 354
Dividend paid	-	-	-	(48 683)	-	-	(48 683)	(48 683)
Purchase of treasury shares	-	-	(980)	-	-	-	-	(980)
Share-based payment	-	281	2 200	(980)	-	-	(980)	1 501
Goodwill offset	-	-	-	-	(1 962)	-	(1 962)	(1 962)
Currency translation differences	-	-	-	-	-	(3 338)	(3 338)	(3 338)
Balance at 30.6.2019	5 050	32 994	(182)	679 290	(99 474)	(13 034)	566 782	604 644

¹⁾ The presentation of share-based payment in the Statement of Equity has been amended in order to present share-based payment on one line.

The notes are an integral part of the consolidated financial statements.

Notes to Group Financial Statements

1 General

This unaudited half-year report was approved by the Board of Directors on 16 August 2019 and released for publication on 20 August 2019.

2 Accounting policies

The consolidated half-year report was prepared in accordance with Swiss GAAP FER 31 "Complementary recommendation for listed companies" and the accounting policies set out in the Annual report 2018. This half-year report is an interim report, which allows simplifications in comparison to an annual report.

The consolidated financial statements of the HUBER+SUHNER Group are based on the individual financial statements of the Group companies and were prepared in accordance with current Swiss GAAP FER (Swiss Accounting and Reporting Recommendations) guidelines. Unless otherwise stated in the Annual report 2018, the consolidated financial statements have been prepared under the historical cost convention.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and deltas are calculated using the underlying amount rather than the presented rounded amount.

3 Changes in the scope of consolidation and other changes

On 30 June 2019 HUBER+SUHNER took over the railway and bus antenna portfolio from Kathrein SE (Germany). With this acquisition (asset deal), HUBER+SUHNER expands its own range of antennas. It thus strengthens its leading market position in connection with the growing need for mobile communication in public transport. At the time of acquisition the values of net assets according to Swiss GAAP FER were as follows:

in CHF 1000

Effect of acquisition	Fair Value
Inventories	280
Deferred tax asset	296
Acquired net assets	576

The goodwill from the acquisition of Kathrein SE (Germany) which was offset with equity is CHF 2.0 million. The total purchase price (including acquisition costs) is CHF 2.5 million. After the deduction for the outstanding payments of CHF 0.8 million, the net cash outflow was CHF 1.7 million in 2019.

There were no changes in the scope of consolidation in the first half year 2018.

4 Exchange rates for currency translation

The following exchange rates were used for the Group's main currencies:

	Spot rates for the consolidated balance sheet		Average rates for the consolidated income and cash flow statement	
	30.6.2019	31.12.2018	January-June 2019	January-June 2018
1 EUR	1.11	1.13	1.13	1.16
1 USD	0.98	0.99	1.00	0.97
100 CNY	14.22	14.44	14.74	15.14
1 GBP	1.24	1.25	1.30	1.33
100 INR	1.41	1.41	1.43	1.46

5 Segment information

The segment reporting of HUBER+SUHNER consists of three technology segments and Corporate.

Radio Frequency: HUBER+SUHNER develops and manufactures radio frequency and microwave products for a highly diverse set of customer and market requirements. The wide product range encompasses all passive components like cables, connectors, cable assemblies, antennas, lightning protection and resistive components as well as active RF-over-Fiber systems, which make it possible to transmit radio frequency, microwave or LAN signals over greater distances. HUBER+SUHNER constantly leverages its outstanding knowledge of radio frequency and microwave technologies, sophisticated simulation processes and the most modern test methods to produce ever smaller components, continually expand their operating frequencies and minimise signal quality loss. Thanks to its own state-of-the-art electroplating processes, HUBER+SUHNER has generated substantial expertise in surface coating, a key technique in the development of modern radio frequency components.

Fiber Optics: Fiber optics products manufactured by HUBER+SUHNER are suitable for complex applications with very high data rates. The comprehensive portfolio includes cables, connectors, cable assemblies, cable and distribution systems, as well as highly miniaturised wavelength multiplexers and all-optical switches. HUBER+SUHNER products can also be used in the most extreme environmental conditions. Pre-assembled, customer-specific systems, including the smallest components and the highest packing density, can be installed quickly and safely. The company has also developed an optimised polishing process for optic connectors. This, together with a considerable expertise in the processing of high-performance materials and high-temperature polyamides into precision parts, are two of the main factors behind the high quality of optical connectivity technology from HUBER+SUHNER.

Low Frequency: HUBER+SUHNER develops and manufactures low frequency products for highly sophisticated applications. The extensive portfolio includes single cores, cables, cable assemblies, hybrid cables and cable systems. Thanks to high vertical manufacturing integration, coupled with a high level of automation and market-specific know-how, HUBER+SUHNER is able to meet its customers' diverse needs. HUBER+SUHNER specialises in polymer compounds for high-quality cable insulation, which it produces using formulations developed in house. Another core competency is electron beam cross-linking, which makes it possible to produce space-saving, lighter and longer-life cables that function reliably, even under extreme conditions.

Corporate: This segment chiefly covers the expenses related to corporate functions and all activities that cannot be allocated to one of the three technology segments.

in CHF 1000

Net sales by segment	January-June 2019	January-June 2018
Radio Frequency	147 800	130 653
Fiber Optics	157 507	190 103
Low Frequency	142 035	153 232
Total net sales	447 342	473 988

in CHF 1000

Operating profit (EBIT)	January-June 2019	January-June 2018
Radio Frequency	27 040	19 914
Fiber Optics	12 278	12 145
Low Frequency	12 566	15 436
Corporate	(4 108)	(3 172)
Total operating profit (EBIT)	47 776	44 323

6 Events after the balance sheet date

On 19 July 2019, HUBER+SUHNER communicated that it will take over the antenna portfolio for security-relevant applications from Kathrein SE (Germany) in addition to the acquired railway and bus antenna portfolio from Kathrein SE (Germany) (see note 3). With this acquisition (asset deal), HUBER+SUHNER expands its own antenna portfolio. It thus strengthens its market position in the area of Special Communications / Private Mobile Radio (PMR) in connection with the growing need for secure mobile communication.

The annual turnover of the acquired portfolio is in the lower single-digit million range. HUBER+SUHNER does not expect a material impact on the Group financial statements out of this transaction.

For further information on the
HUBER+SUHNER Group please visit
www.hubersuhner.com.

Photos: HUBER+SUHNER

Concept and editorial

Editor:

Corporate Finance
HUBER+SUHNER
CH-8330 Pfäffikon

Contact

Media:

Patrick G. Köppe
Head Corporate Communications
Phone +41 (0)44 952 25 55
patrick.koeppe@hubersuhner.com

Investors:

Ivo Wechsler
Chief Financial Officer
Phone +41 (0)44 952 22 43
ivo.wechsler@hubersuhner.com

HUBER+SUHNER AG

Degersheimerstrasse 14
CH-9100 Herisau AR
Phone +41 71 353 41 11
Fax +41 71 353 44 44

Tumbelenstrasse 20
CH-8330 Pfäffikon ZH
Phone +41 44 952 22 11
Fax +41 44 952 24 24

www.hubersuhner.com