

Huber + Suhner 3Q13 **Sales Down -4.5%**

Third quarter sales were down -4.5 percent but up +13 percent for the first 9 months of financial year 2013. H+S reported sales, in Swiss francs, of CHF 562.9 million, an increase of 13.0 % over the same period in 2012.

Orders in the first nine months were CHF 505.7 million versus CHF 583.3 million in the same period in 2012, down -13.3 percent. Orders suffered from the intensified drop in the solar market and the phase-out of large-scale projects in the North American communications market. Orders in 3Q13 were CHF 153 million, down -20.6 percent from 3Q12.

H+S noted that the RF mobile communication business also experienced a downward trend due to ongoing price erosion. In addition, the space and defense market suffered from cuts in public spending, especially in the USA. Through the first nine months sales for the RF division is up +6 percent year over year but orders are down -6 percent.

The Fiber Optics division contributed to the strongest growth in sales, up +38.0 percent after 9 months. This was largely due to the Long Term Evolution (LTE) projects in North America, which were booked in 2012. In addition, deliveries for rollouts of 4th generation mobile communications in various European countries and Asia-Pacific have started.

Strong growth in the rail (revival of the rail industry in China) and the automotive markets compensated for the further anticipated decline in the solar market for the Low Frequency (LF) division which is now, after 9 months, up +2 percent in sales compared to the same period in 2012. Orders in the LF division is -10 percent lower than in the previous year mainly as a result of the declining solar market.

Sales in the communications sector was up +37 percent and up +28 percent in the transportation sector. The industrial market was up +3 percent. The solar business in this sector dragged down growth. Sales in industrial high-tech niches such as space and defense as well as test and measurement increased significantly.

For the full year 2013, HUBER+SUHNER anticipate sales growth in the low single digit range.

HUBER+SUHNER Nine Months Billings & Bookings 2013-2012

	2013	2012	Change %
Net sales			
Radio Frequency	166.7	157.5	5.8%
Fiber Optics	183.6	132.9	38.1%
Low Frequency	212.6	207.8	2.3%
Total	562.9	498.2	13.0%
Order intake			
Radio Frequency	156.7	167.4	-6.4%
Fiber Optics	146.2	190.2	-23.1%
Low Frequency	202.8	225.7	-10.1%
Total	505.7	583.3	-13.3%

CHF million

Bishop & Associates' Comments

Strong performance by the Fiber Optics Division and significant growth in the communication and transportation markets allowed HUBER+SUHNER to achieve strong sales in first 9 months of 2013, up +13 percent. Conversely, bookings in the first 9 months of 2013 were down -13.3 percent.

Sales were down -4.5 percent in 3Q13 and orders were down a dramatic -20.6 percent. This suggests that 4Q13 sales will be soft and reduce the company's growth from the current +13 percent to single digits by year-end. Bishop & Associates' forecasts 2013 world connector growth of +2.7 percent. Considering the poor performance of bookings in 3Q13, H+S will probably only achieve low single digit growth for the full year 2013. This level is still competitive with the overall performance of the industry.

Huber+Suhner 3Q2013 vs. 3Q2012 in CHF

	3Q-2013	3Q-2012	Change %
Net sales			
Radio Frequency	50.8	59.6	-14.8%
Fiber Optics	56	51.6	8.5%
Low Frequency	68.6	72.5	-5.4%
Total	175.4	183.7	-4.5%
Order intake			
Radio Frequency	49.7	52.8	-5.9%
Fiber Optics	51.6	73.9	-30.2%
Low Frequency	52	66.4	-21.7%
Total	153.3	193.1	-20.6%

CHF million