

PRESS RELEASE

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Ascom: Swift implementation of investment programme to achieve 10% EBIT in 2010 at an annual growth rate of 5%

Ascom is swiftly implementing its announced investment programme: The Security Solutions division is being streamlined and the Traffic and Industry (Switzerland) areas will be removed from the core business. Comprehensive growth initiatives and restructuring measures are being implemented to improve the operational performance of the core business. The goal: to achieve an EBIT margin of 10% at the group level in 2010 at an annual growth rate of 5%.

At the Half Year Media Conference 2007, Ascom had announced its intent to introduce wide-reaching measures to improve sustainably the Group's operational performance. As a result, a broad-based investment programme called "VITESSE" was put into place. This programme consists of three parts: growth initiatives, streamlining of the Security Solutions division portfolio as well as restructuring measures. The "VITESSE" programme is already in the implementation phase and should be wrapped up by 2009. The costs of these measures will be around CHF 60 million, about half of which will be cash-effective. Implementation of the VITESSE measures will lead to a significant improvement in the EBIT margin in the years 2008 to 2010. The EBIT in 2010 should be about CHF 40 million higher than in 2007 as a consequence of the VITESSE initiatives.

Streamlining of the Security Solutions division

The Security Solutions division will be streamlined from its former seven units to just two in the future: Security Communication (integration of Defence and Public Safety) and Telecom Solutions (Telco Net Services, Mobile Test Solutions, Systems & Solutions). After having posted losses in the past, the areas of Traffic and Industry

(Switzerland) are to be removed from the core business and handed over to new owners.

Growth initiatives

At the same time, substantial investments are to be made in the two core divisions, Wireless Solutions and Security Solutions, to strengthen their competitiveness. Specifically, efforts aimed at internationalisation and competence in the marketing and sales area will be stepped up within the organisation and in addition investments will be made in innovative capabilities (R&D).

Financial impact

Implementation of the VITESSE measures will entail one-time expenditures totalling CHF 60 million whereby about half of these will be cash-effective.

Of the total expenditures, around CHF 45 million in the form of one-time payments, depreciation and provisions will impact the year-end result of the 2007 financial year. Thanks to the measures introduced, an EBIT margin of 6-8% is already planned for the year 2008 with revenue of around CHF 500 million in our core business. In 2010, the Ascom Group intends to achieve an EBIT margin of 10% at an annual growth rate of 5%.

Impact on staff numbers

A net total of around 155 jobs will be cut in connection with the implementation of these restructuring initiatives. About 50% of the job reductions will affect Switzerland, half of which will be reduced through natural fluctuations.

Healthy, solid balance sheet structure

Ascom has a strong, healthy balance sheet, a stable equity ratio of 44% at 30 June 2007, and net liquidity of CHF 188.5 million. The Ascom Group is debt-free.

Outlook 2007

The goal of increasing revenue in the Wireless Solutions division by around 5% in 2007 at an EBIT margin of 8-10% (prior to VITESSE restructuring measures) has been confirmed. In 2007, the newly-defined core business of the Security Solutions division is expected to show a slight growth in revenues with a balanced result (prior to VITESSE restructuring measures). As a consequence of the substantial VITESSE investments which, for the most part, will impact the profit in 2007, a corresponding loss will be recorded this year.

Accordingly, a substantial loss will also result at the Group level for the current year as a consequence of the VITESSE investments.

ABOUT ASCOM

Ascom is an international solution provider with comprehensive technological know-how in Mission-Critical Communication. The company concentrates on the core areas of Wireless Solutions (high-value, customer-specific on-site communications solutions) and Security Solutions (applications for security, communication, automation and control systems for infrastructure operators, public security institutions and the army). With a wealth of experience in implementing complex projects for discerning customers, Ascom has established itself in important key markets.

Offerings range from analysis and consulting to system design and system integration, project management, engineering and implementation, right through to maintenance and support. The company has subsidiaries in 17 countries and a workforce of some 2,100 employees worldwide. Ascom registered shares (ASCN) are listed on the SWX Swiss Exchange in Zurich.

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