

AGENDA FOR TODAY

Welcome and Introduction

Focussing on Mission Critical Communication

Program “VITESSE”

Financial Impact and Outlook

Wireless Solutions – Response to Meet Targets 2010

Security Solutions – Response to Meet Targets 2010

Conclusions and Q&A

ASCOM – OUR BUSINESS

Provide customized, mission-critical communication products, solutions and services for demanding environments

- **Wireless Solutions:** Focusing on wireless communication for demanding environments to allow for seamless on-site communication for hospitals, elderly care, industry and others (like hotels and retail)
- **Security Solutions:** Focusing on integrated communication solutions and alarming / mobilisation applications for armies and public / private security organisations, as well as products and services for telecom operators

ASCOM – AT A GLANCE

- Strong demand for innovative solutions, products and services of Ascom: Increase in incoming orders of 18.1% and in order backlog of 56.2% in core divisions in the first half year 2007
- Wireless Solutions is on track and has a strong bottom line; Security Solutions has started immediate actions to improve its business results
- Positive cash flow from operating activities: CHF 33.3m in H1 2007
- Solid net cash position: CHF 189m per 30 June 2007
- Strong balance sheet and debt free: Equity ratio 44.4% per 30 June 2007

[Ascom Group]

CEO – FIRST 100 DAYS ANALYSIS

- Wireless Solutions
- Security Solutions
- Payphones and Toll

[Ascom Group]

CEO – FIRST 100 DAYS ANALYSIS – CONCLUSION (I)

- Develop Ascom on its strengths
- Focusing Security Solutions
- Need to divest Traffic, Industry (CH), Payphones and Toll

CEO – FIRST 100 DAYS ANALYSIS – CONCLUSION (II)

- Program VITESSE set up based on three important elements:
 - Growth / investment initiatives
 - Portfolio focussing in Security Solutions
 - Restructuring initiatives

[Ascom Group]

TARGET ASCOM CORE FOR 2010



We have committed to reach **10 %** EBIT margin by 2010



Furthermore, we drive for an organic growth of at least **5 %** p.a.

FOCUS ON MISSION-CRITICAL COMMUNICATION
TWO CORE DIVISIONS
Riet Cadonau, Chief Executive Officer



FOCUS ON TWO CORE BUSINESSES



REDUCING COMPLEXITY SECURITY SOLUTIONS

Measures

- Concentrate on Security Communication and Telecom Solutions
- Divestments of non core businesses – Traffic / Industry (CH)

Reasons

- Security Communication (SeCo) and Telecom Solutions
 - Strong expertise and strong market position
 - Technologically competitive position in Defence (as part of SeCo) and Mobile Test Solutions
- Traffic / Industry (CH)
 - Loss making
 - Project risks (Traffic)
 - Industry (CH) needs additional long-term loading (under-critical)

Impact of the focussing of Security Solutions

- EBIT improvement

DIVESTMENTS

Non Core Businesses

- Traffic
- Industry (CH)
- Multimedia & Payphones (MPS)
- Toll

Roadmap

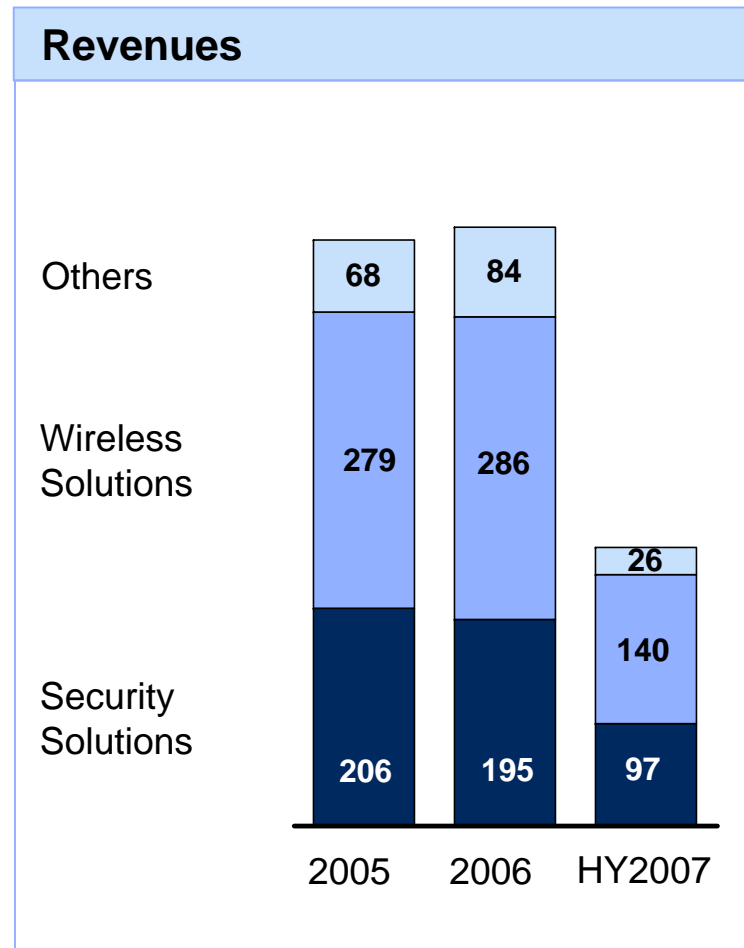
- Dedicated resources for divestments
- Some potential buyers show interest

PROGRAM "VITESSE"
Riet Cadonau, Chief Executive Officer

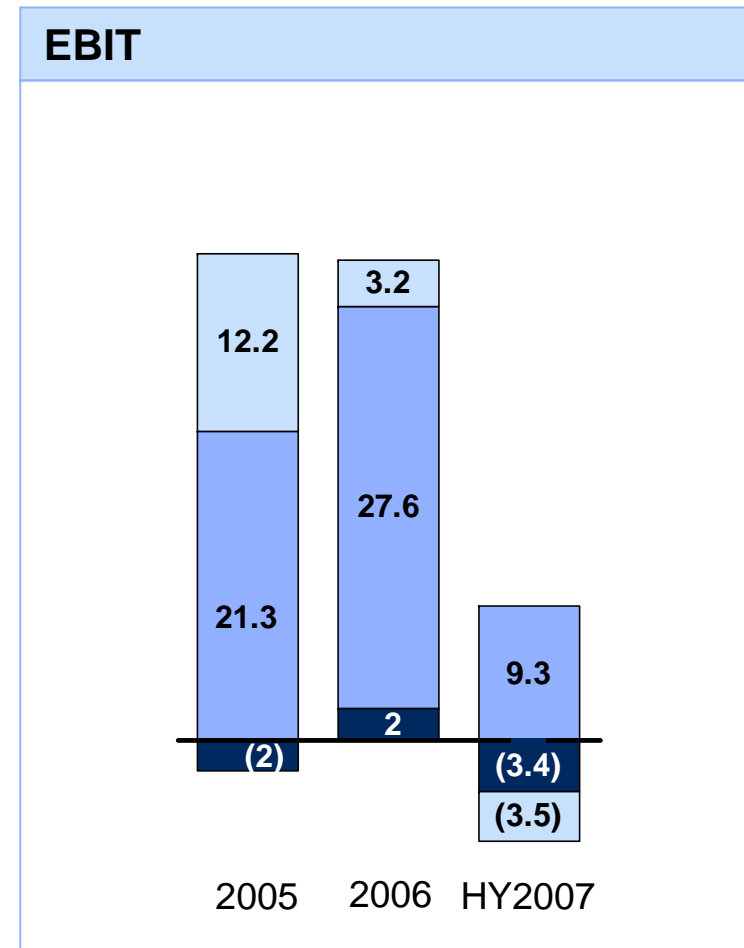


HALF YEAR RESULTS 2007 AS STARTING POINT: WIRELESS SOLUTIONS HAS A STRONG BOTTOM LINE SECURITY SOLUTIONS WITH VERY MIXED RESULTS

CHF million



CHF million



Security Solutions
 Wireless Solutions
 Others

PROGRAM „VITESSE“



We have committed to reach **10 %** EBIT margin by 2010



Furthermore, we drive for an organic growth of at least **5 %** p.a.

PROGRAM „VITESSE“

“VITESSE” is based on three important elements:

Growth / Investment initiatives

- Top line growth and Product offering / R&D
- Focussing on strengthening skills set across the whole group
- Internationalisation

Portfolio initiatives

- Focussing Security Solutions
- Divestment MPS and Toll

Restructuring initiatives

- Cost improvement
 - Increasing operational efficiency
 - Increasing profitability

„VITESSE“ – GROWTH / INVESTMENT INITIATIVES

- Top line growth and product offering / R&D
 - Project CATAPULT: hiring additional sales force in the US market
 - Project BOOST: broadening the market for existing products
 - Streamline organisations and improve cost of goods sold (COGS) of existing products
 - Improve existing product platforms to allow a broader application and combine existing products to new product platforms

- Investment in qualified staff
 - The right people to execute our strategy

- Internationalisation
 - Accelerate through own channels and value added resellers (partners)
 - Appointment of dedicated international sales people
 - New sales concept for Security Communication
 - Enter new geographical markets

„VITESSE“ – PORTFOLIO INITIATIVES SECURITY SOLUTIONS

- Divestment of non core businesses
 - Divestment of Traffic
 - Divestment of Industry (CH)

„VITESSE“ – RESTRUCTURING INITIATIVES

- Restructuring
 - Streamlining structures
 - Centralisation
 - Head count reduction through process optimisation

- Value adjustments
 - Inventory and write-offs
 - Onerous leases

„VITESSE“ – IMPACT OF INITIATIVES

- One-off cost 2007
 - approx. CHF 45m

- Headcount reduction
 - approx. 155 employees (net) worldwide
 - Timeline 2007: approx. 30% / 2008: approx. 70%
 - Switzerland 50% / Europe 50%

- Overall EBIT impact in 2010
 - approx. CHF 40m

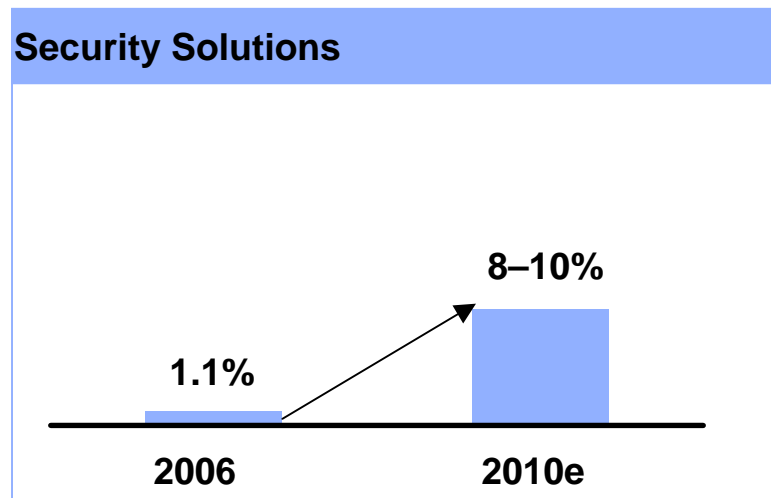
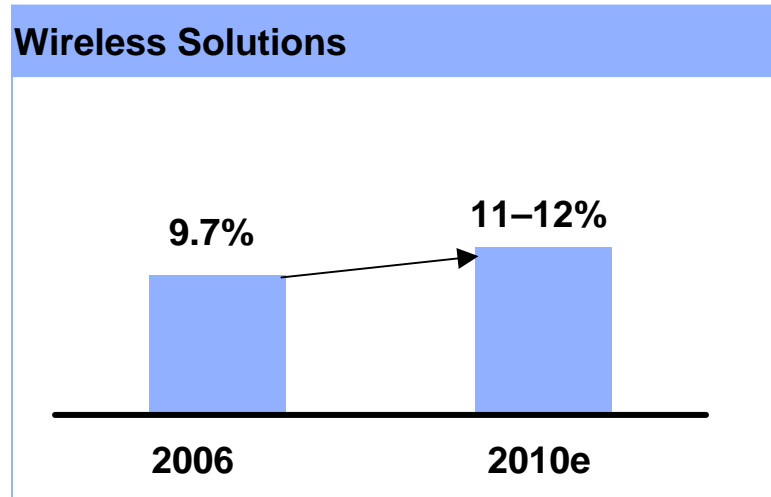
FINANCIAL IMPACT AND OUTLOOK

Alberto Romaneschi, Chief Financial Officer

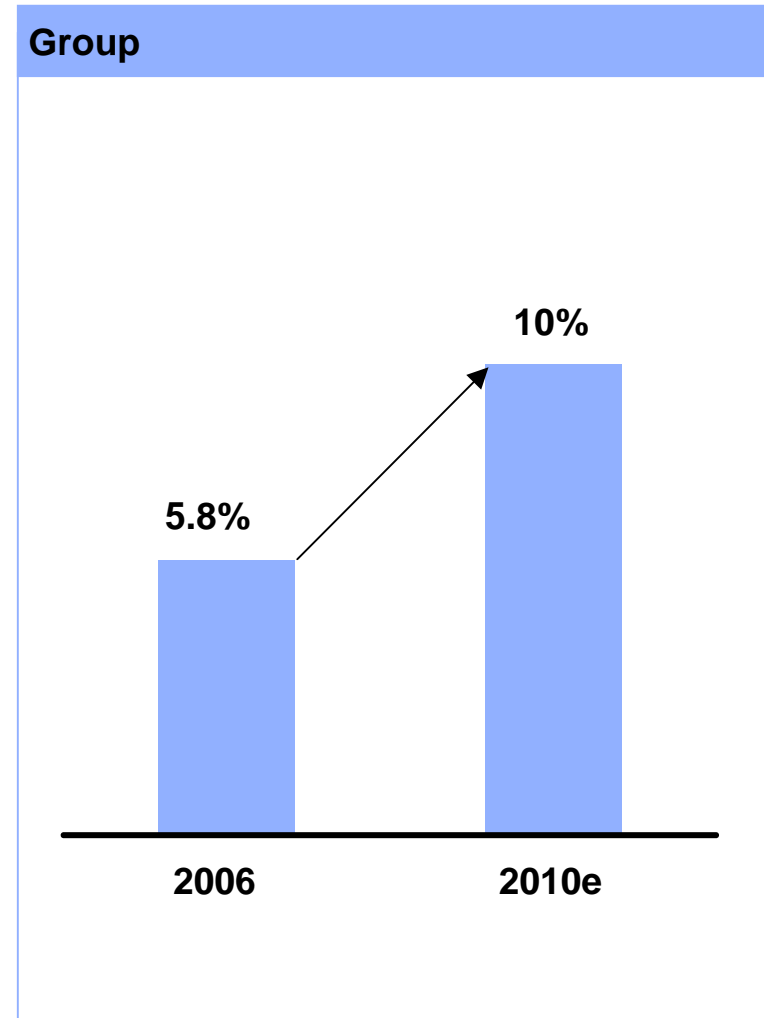


SEPTEMBER 5, 2007 „VITESSE“ PROGRAM MUST LEAD TO DOUBLE DIGIT EBIT IN 2010

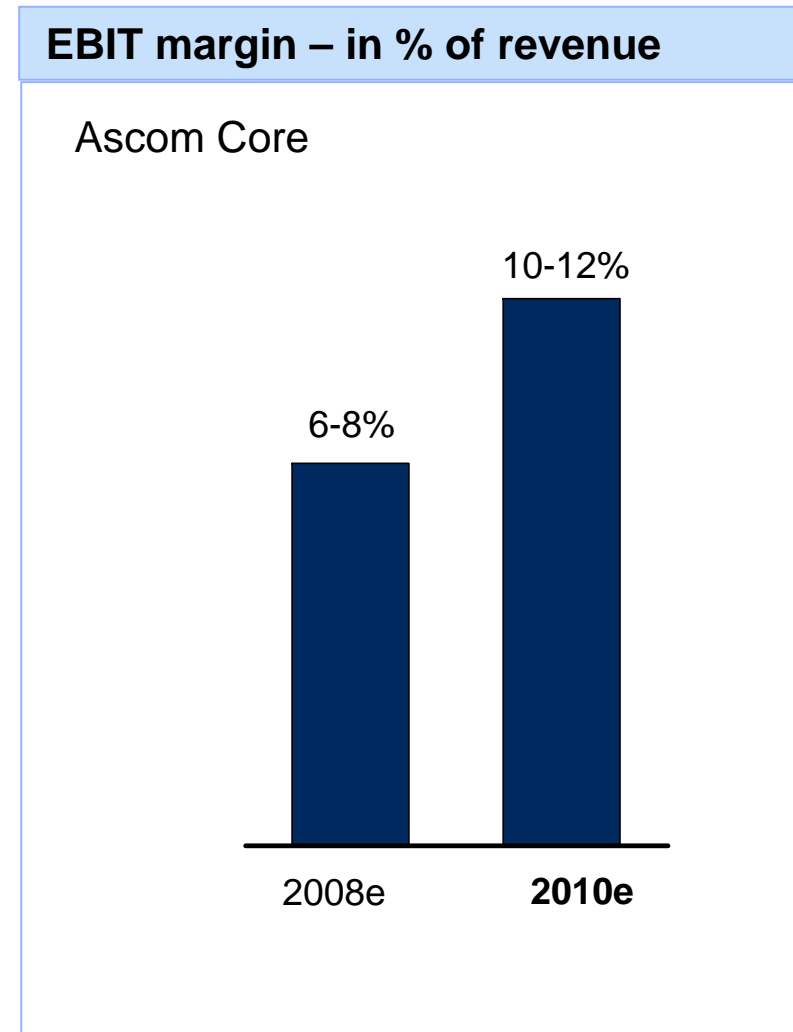
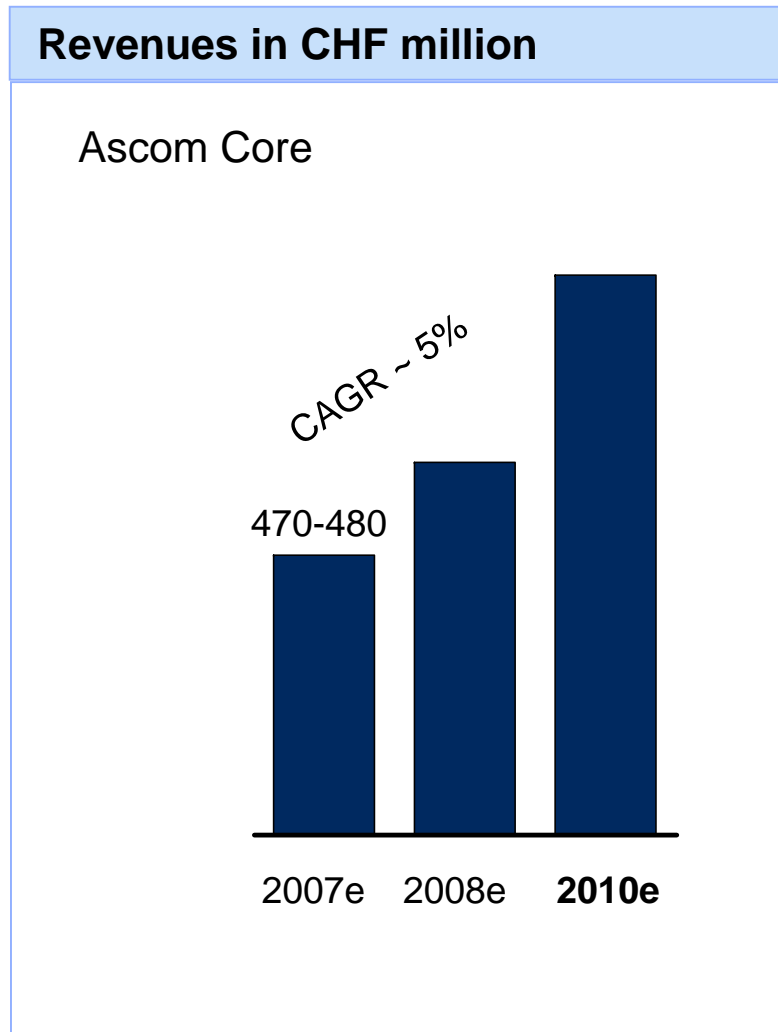
EBIT margin



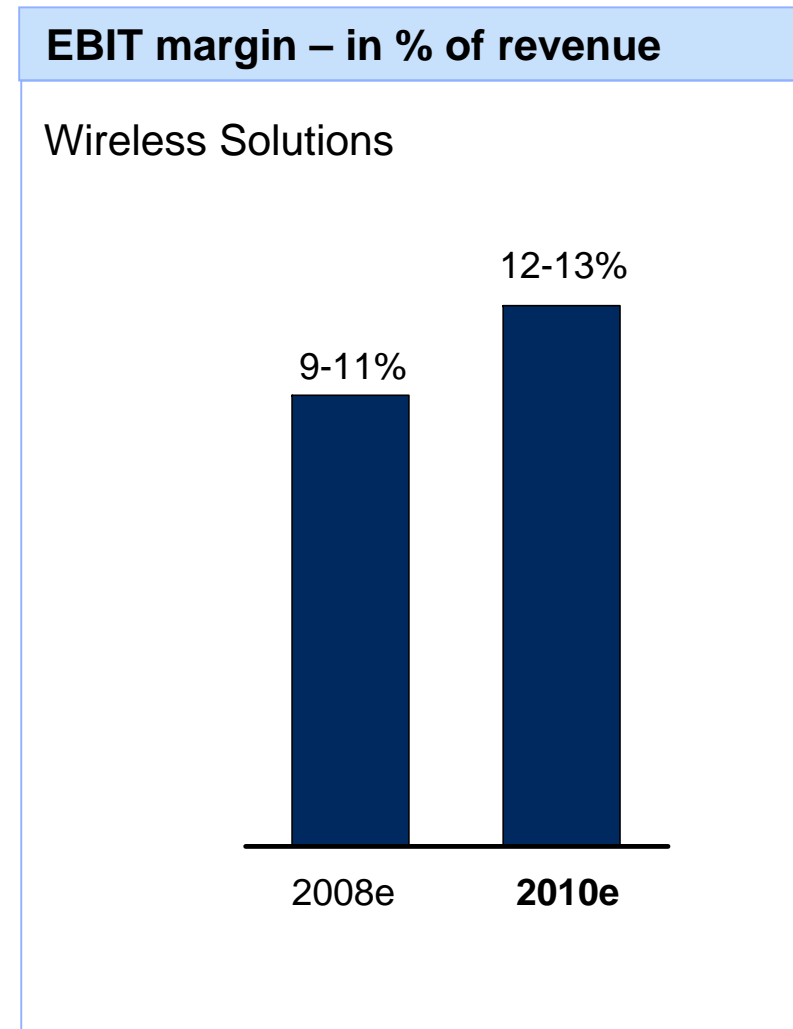
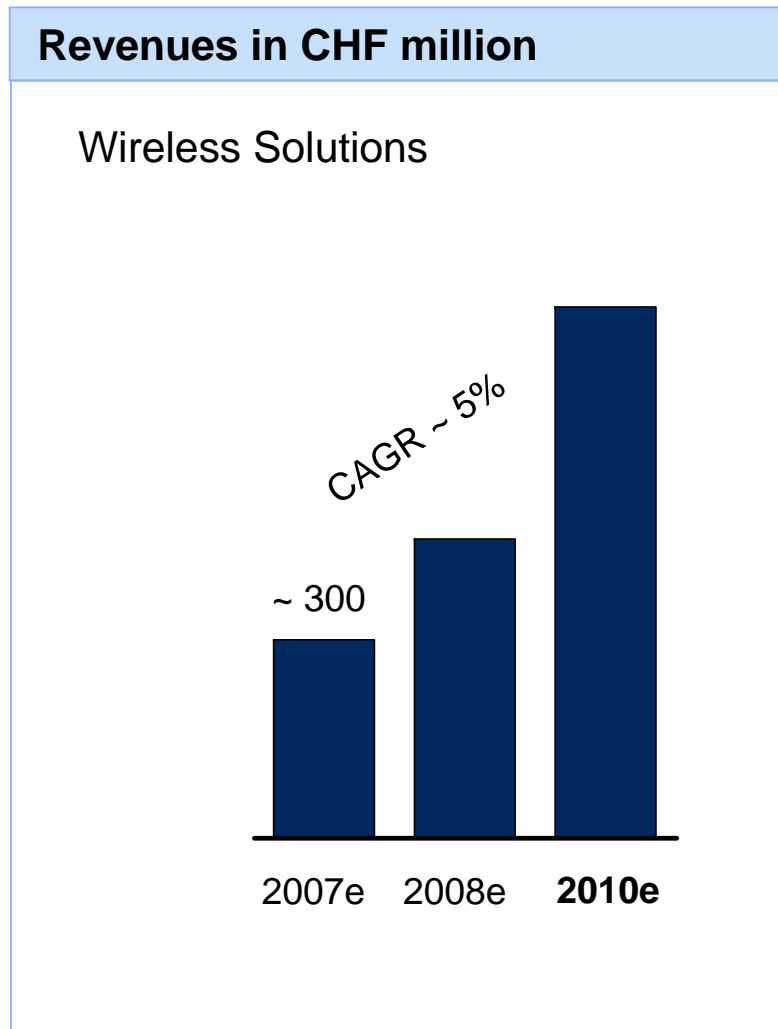
EBIT margin



REVENUE / EBIT MARGIN DEVELOPMENT ASCOM CORE 2008e – 2010e



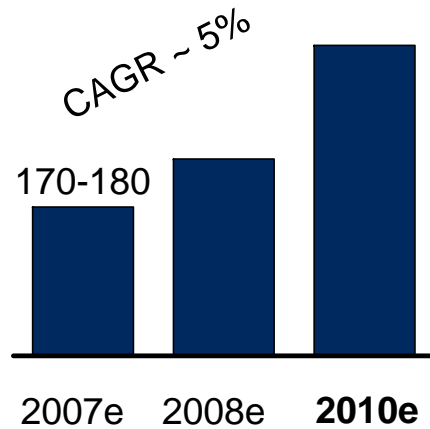
REVENUE / EBIT MARGIN DEVELOPMENT WIRELESS SOLUTIONS 2008e – 2010e



REVENUE / EBIT MARGIN DEVELOPMENT SECURITY SOLUTIONS CORE 2008e – 2010e

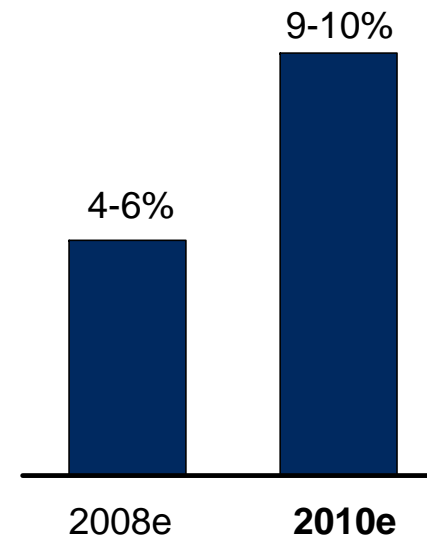
Revenues in CHF million

Security Solutions Core



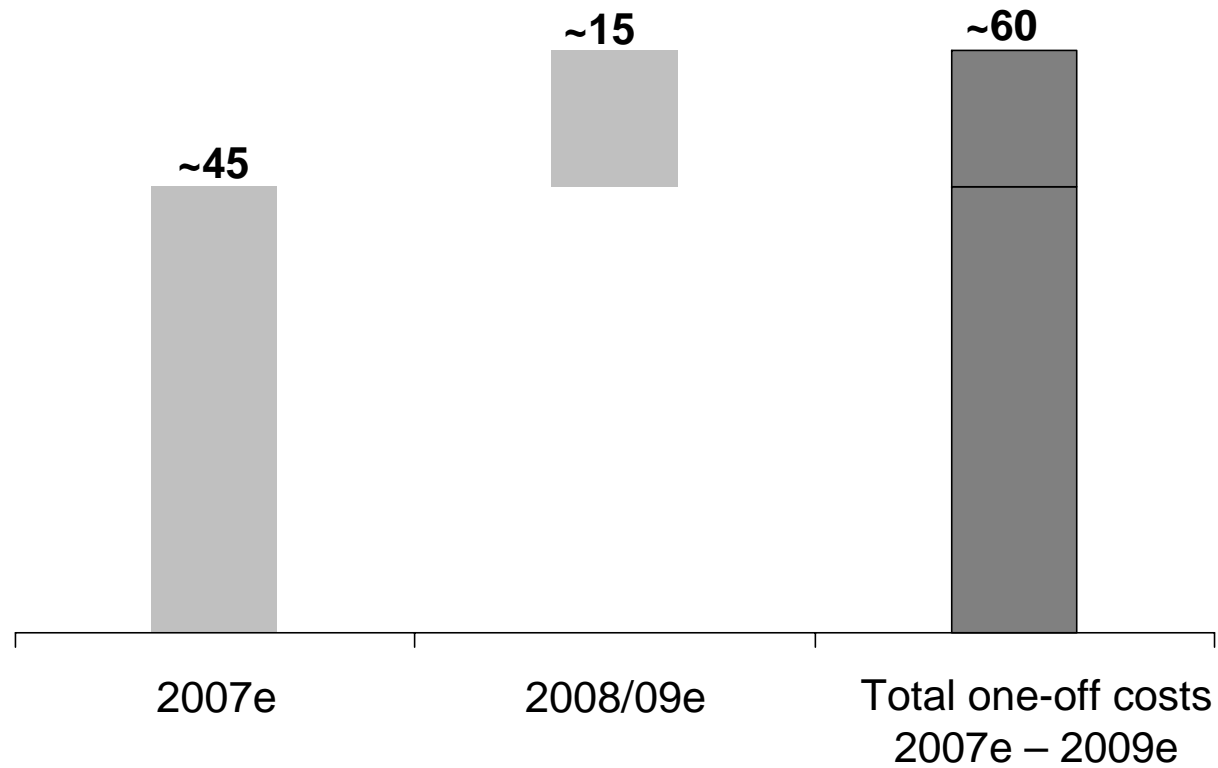
EBIT margin – in % of revenue

Security Solutions Core



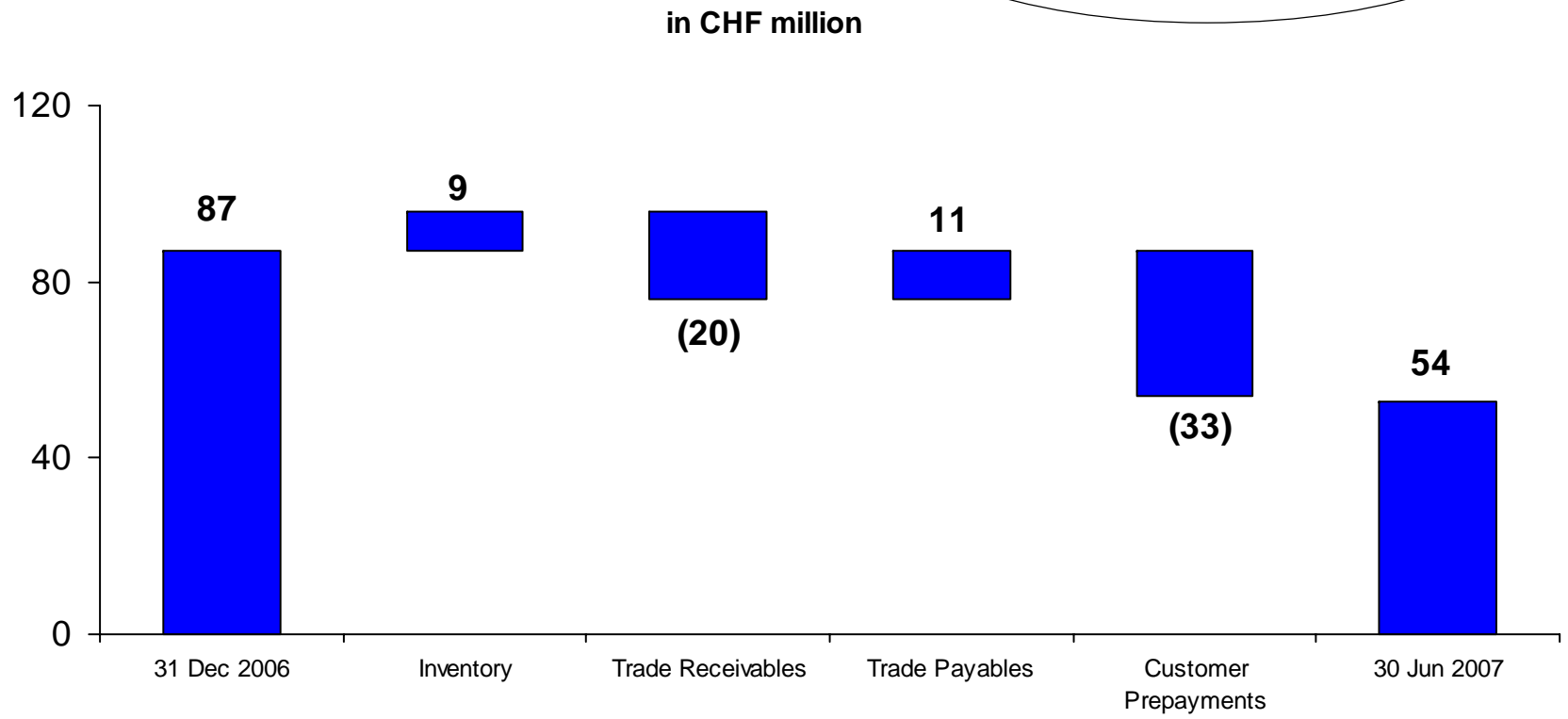
VITESSE ONE-OFF COSTS UNTIL END 2009

One-off costs (estimated) Ascom Group
in CHF million



**NET WORKING CAPITAL
(CONTINUING OPERATIONS)
(HYR 2007)**

**NWC in % of net revenue
decreased from 15% to 10%**



SUMMARY

Targets by FY 2010 (vs. FY 2007e) for the core business:

- ➔ Revenue growth ~ CHF 70 – 80 million
- ➔ EBIT improvement ~ CHF 40 million
- ➔ NWC – Planned divestments should lead to a decreasing NWC in % of revenue

GUIDANCE 2007 – 2010

- 2007 (5.9.2007) Wireless Solutions EBIT margin 8 – 10%, Revenue growth 5%
(before possible restructuring charges)

Due to Vitesse, Security Solutions EBIT negative,
Revenue growth > 5%
- 2007 (30.11.2007) Before Vitesse: Wireless Solutions EBIT margin 8 – 10%,
Revenue growth 5%
After Vitesse: Wireless Solutions EBIT margin lower,
Revenue growth 5%

Before Vitesse: Security Solutions (Core) EBIT break-even,
Revenue growth slightly positive
After Vitesse: Security Solutions (Core) EBIT negative,
Revenue growth slightly positive
- 2008 Wireless Solutions EBIT margin 9 – 11%, Revenue growth 5%
Security Solutions (Core) EBIT margin 4 – 6%, Revenue growth 5%
- 2010 Ascom Core EBIT margin 10 – 12%, Revenue growth at least 5%

WIRELESS SOLUTIONS
RESPONSE TO MEET TARGETS 2010
Fritz Mumenthaler, General Manager



ROAD MAP (I) – KEY ACTIONS 2008

Go to market

- Direct Channel
 - Aggressive move to grow our business in the US
 - Hired Health Care focused channel sales people plus sales support people from main competitor. We hired only the best performers
 - Those new colleagues will have a short ramp-up time as they only need limited training and bring a customer base with them
 - Improve sales force productivity as major lever for growth in the other countries

- Indirect Channel
 - Expand geographically through the Indirect Partner Channel
 - Continue to build up partner/distribution network. Focus on Southern Europe, Eastern Europe and the Gulf Region

- OEM
 - Sign up new OEM partners

ROAD MAP (I) – KEY ACTIONS 2008

Keep the pace in Innovation

- Release of new DECT handset range Amazons
- Release of IP-Nurse Call
- Release of enhanced IP-DECT offering – solution for very large systems
- In the case of entering new OEM agreements the R&D activities will increase with approx 35% over 2007

ROAD MAP (II) – VITESSE PROJECT DESCRIPTION

Streamlining our Organisation

























- **Investments in qualified staff**

- We aim at productivity improvements in the national sales organizations and in divisional organisation by
 - reducing headcount
 - replacing low performers with high performers
 - Outsourcing e.g. technical departments to partners (Germany)

- **Supply Chain Optimization**

- Lean manufacturing
- Centralize Warehouses
- Centralize Purchasing of 3rd party products

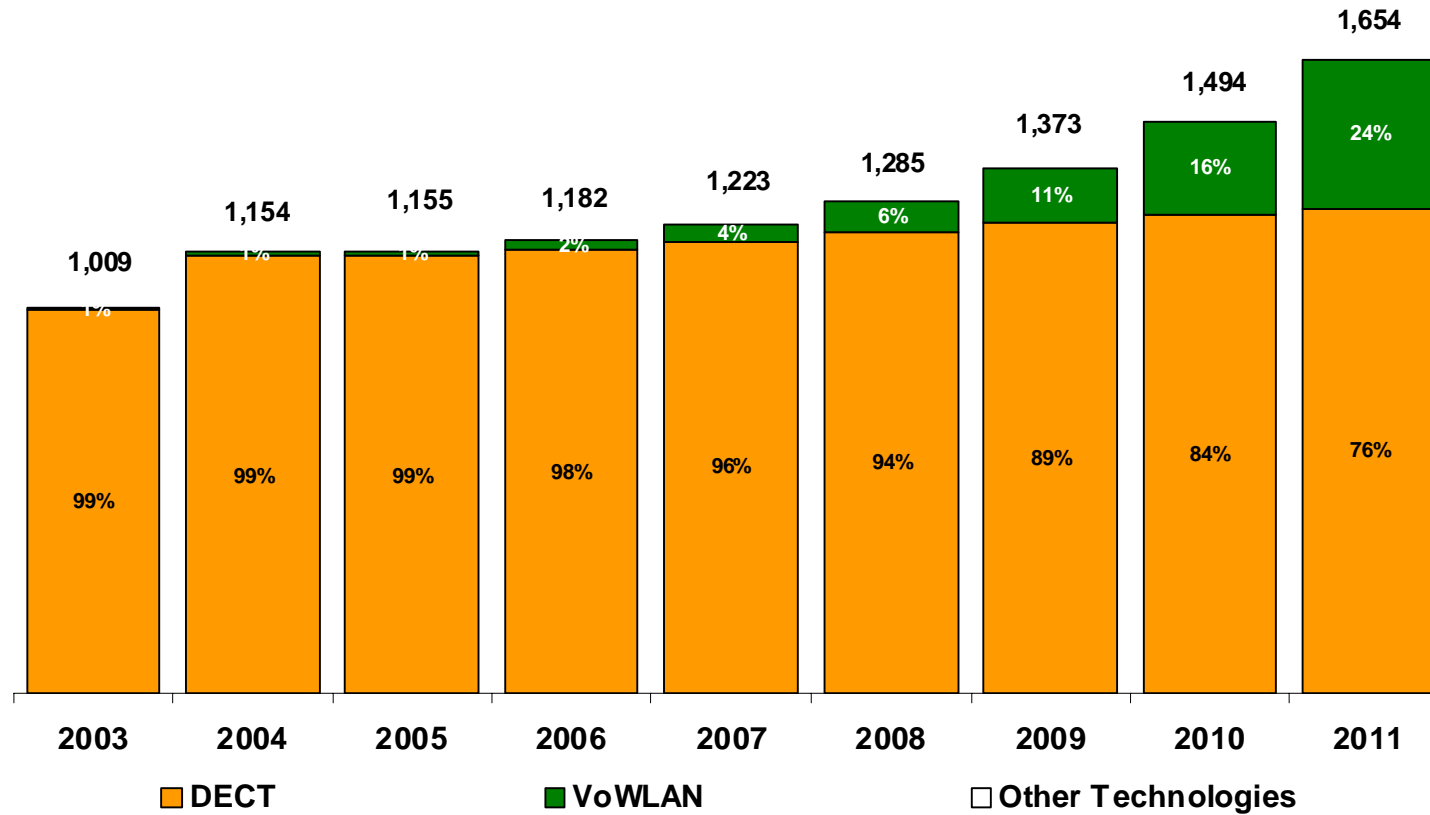
AN INTEGRAL SUPPLIER OF PRODUCTS, SYSTEMS/SOLUTIONS AND SERVICES

Markets	Our products and solutions	Our customers
Hospital	<ul style="list-style-type: none"> Hospital communication systems Professional messaging Nurse call Workflow applications Communication solutions and services  IP-Nurse call  IP-DECT  Paging  VoWiFi  Services  Solutions	Hospitals 
Industry	<ul style="list-style-type: none"> Communication and alarm systems for demanding environments Workflow applications Services  IP-DECT  Paging  VoWiFi  Services  Solutions	    
Elderly Care	<ul style="list-style-type: none"> Communication systems Professional messaging Nurse call Workflow applications Services  IP-Nurse call  IP-DECT  Paging  VoWiFi  Services  Solutions	Elderly care 

COMPETITIVE ADVANTAGES

Competitive advantage	Ascom's value proposition
State of the art product offering	<ul style="list-style-type: none">• Mastering a technology portfolio based on ip• Robust / ruggedized cordless terminals
Strong solutions / integration skills combined with superior customer support	<ul style="list-style-type: none">• Long-term experience in building solutions. Based on main applications: voice, professional messaging, alarming, localization• Integration Platform UNITE• Local support teams close to the customer
Ability to build long-term customer relationships	<ul style="list-style-type: none">• Substantial installed base• Migration possibilities for all customers• Focus on Growing our Service business

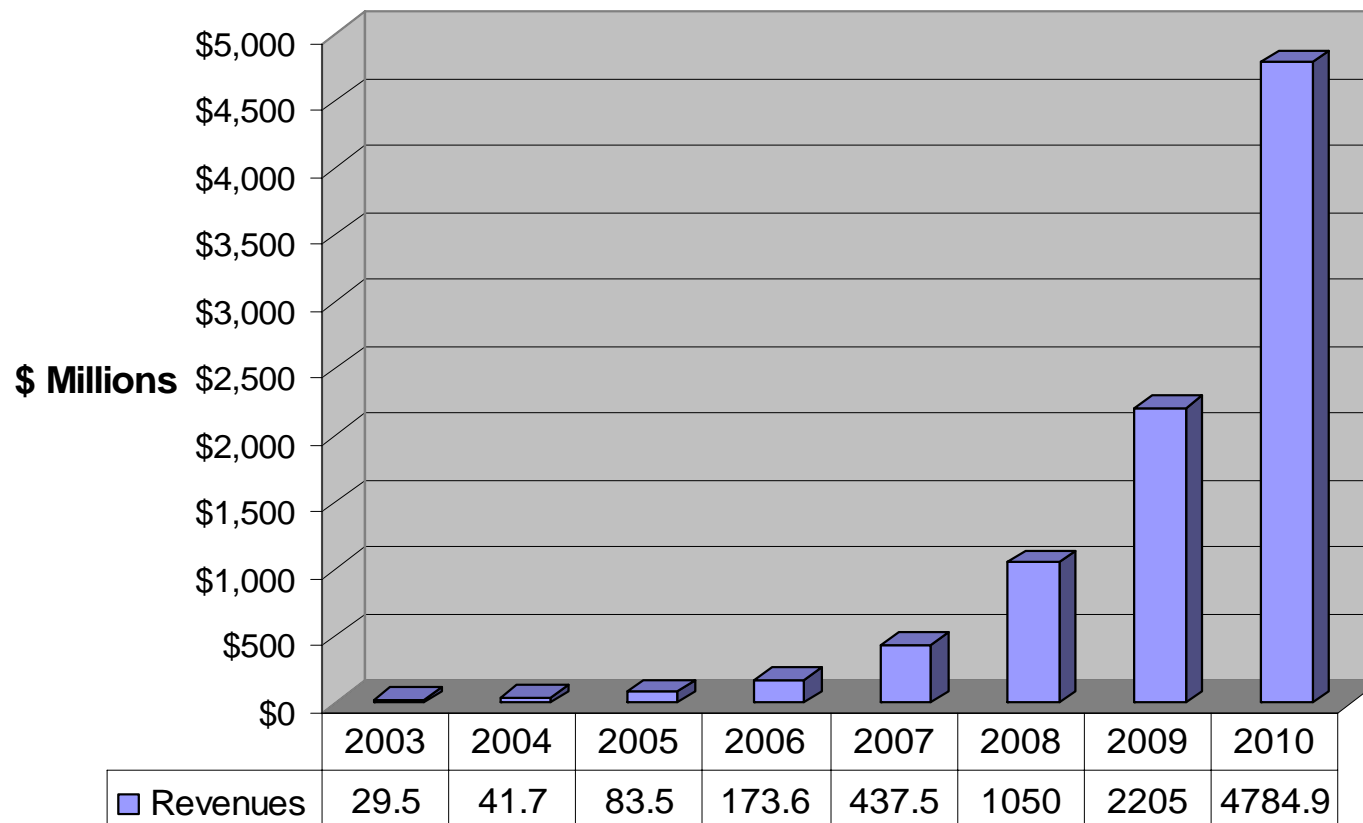
THE EUROPEAN MARKET



THE MARKET

Wi-Fi Handset Market: Revenue Forecasts (World)

Including dual mode handsets

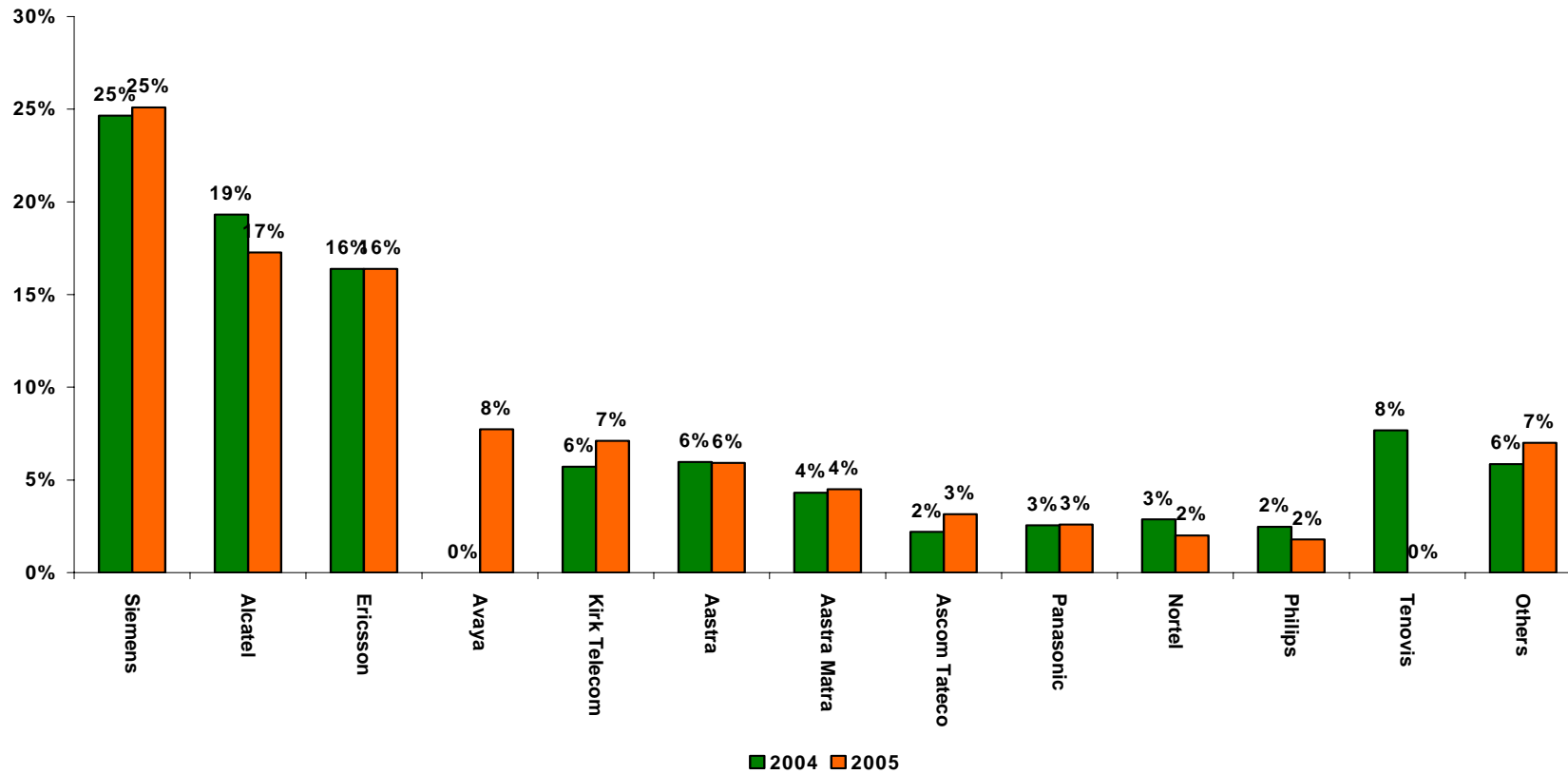


Source:
Frost & Sullivan 2006

THE MARKET

Multi-Cellular Cordless PBX Market (DECT): Ascom is ranked Number 2

Multi-Cellular Cordless PBX Market
Manufacturer Shares, By Volume of Handsets

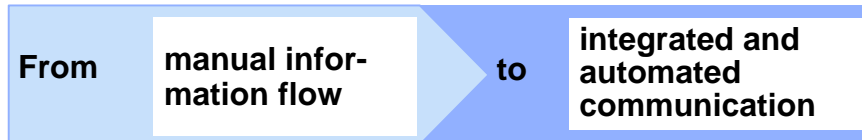


* Source MZA 2005

MAJOR MARKET TRENDS AND ASCOM'S RESPONSE

Major trends

Increasing efficiency in healthcare and industry through improved communication



- Opportunity to improve efficiency given budget pressure
- Need for integrated communication to better utilize staff and expensive equipment

Ascom's response

- **Customized solutions:**
 - **Seamless information flow**
 - **Personal and immediate communication**
- **Industry leading partnerships with e.g. Cisco**

Shift to IP-based systems



- Europe: Shift driven due to large installed DECT base
- US: Shift due to new adoption of DECT and high penetration of WLAN

- **Competitive technology:**
 - **Strong handset and base station technology** (DECT, IP-DECT, VoWiFi)
 - Innovative solutions in **IP DECT** and wireless **IP nurse call**
- **Key integration know-how**

IP-DECT BENEFITS – COMPARED TO TRADITIONAL DECT

Less cabling and maintenance needed with one common network

- Converged technology based on telephony and data

No need for PBX at branch office

- Use the LAN/WAN
- Roaming between sites

Improved flexibility and modularity

- IP-DECT Base Stations or IP DECT Gateway
- From 1 to 1 000 base stations

More sales opportunities

- Address IP-PBX/Legacy PBX regardless of brand

20'000 calls per hour – markets highest capacity

CUSTOMER VALUE-ADD OF WIRELESS SOLUTIONS

What do we enable our customers to do?

Ascom will spur further growth by capitalising on opportunities offered by its unique product base and integrating its leading service offering into a complete solution for business processes

- **Increase levels of security and service**
 - e.g. Alarming and Localisation in hospital patients, elderly care, prison operations
 - e.g. turnaround time for hospital samples dramatically reduced
- **Increase operating and process efficiency**
 - e.g. hospital porters availability for tasks increased by 60%
 - e.g. factory machine downtime significantly reduced – ROI achieved within 6-9 months

Needless to say, that we thereby reduce the operating cost for our customers

WIRELESS SOLUTIONS – FROM GOOD TO GREAT

With a strong platform and complete offering, Wireless Solutions is very well positioned to expand the addressable market within the core verticals and drive growth in excess of current conservative market forecasts

- Investments in growth
- Investments in productivity
- Investments in technology
- Investment in Supply Chain optimization

SECURITY SOLUTIONS
RESPONSE TO MEET TARGETS 2010
Fritz Gantert, General Manager



SECURITY SOLUTIONS – VITESSE ACTIONS

Portfolio initiatives

Restructuring initiatives

- **Investment in cost competitiveness**
- **Streamline organisation / simplify processes**
- **Reduce COGS (cost of goods sold)**

Growth initiatives

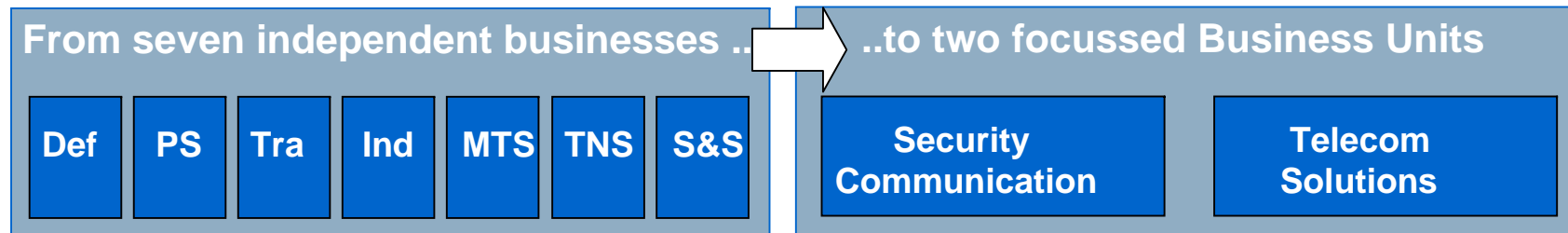
- **Accelerate investment in own products / platforms**
- **Internationalise business**
- **Boost growth / extend offering**

ACTIONS IN EXECUTION: RESTRICTURING INITIATIVES

- **Realise turnaround:**

- Close / finalise legacy projects (mainly Traffic) and execute restructuring plans
- Strengthen management team on different levels

- **Streamline organisation / simplify processes:**



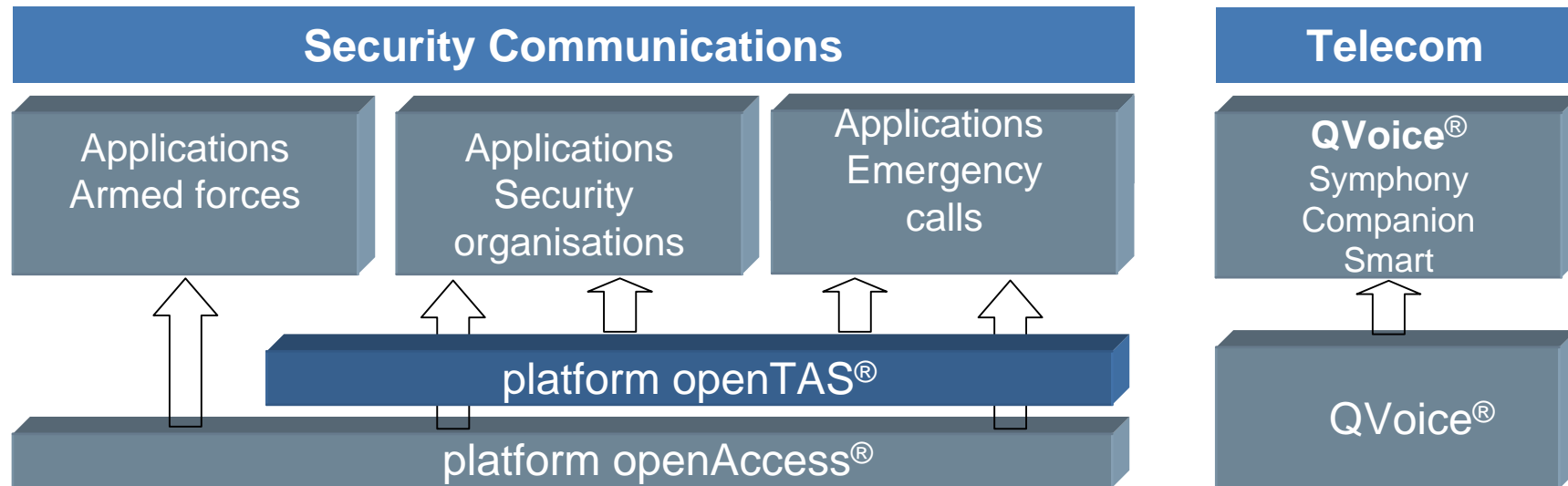
- **Reduce COGS (cost of goods sold):**

- Achieve "best in class" project management skills, combine purchasing power, standardise platform

ACTIONS IN EXECUTION: GROWTH INITIATIVES (1)

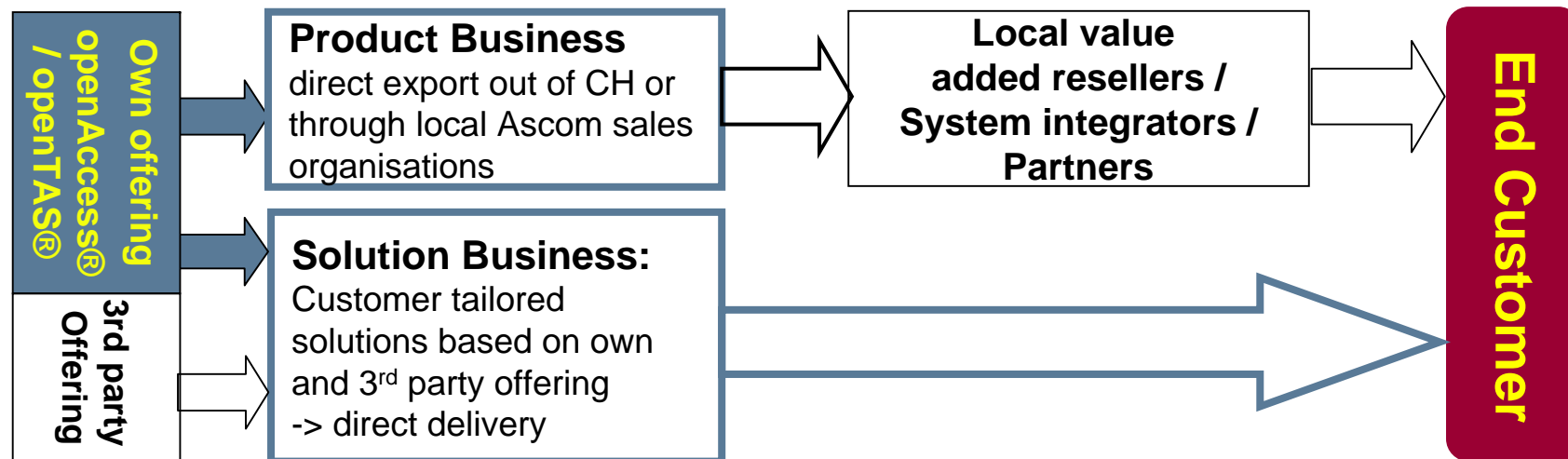
- Accelerate investment in own products / platforms:

Platform strategy



ACTIONS IN EXECUTION: GROWTH INITIATIVES (2)

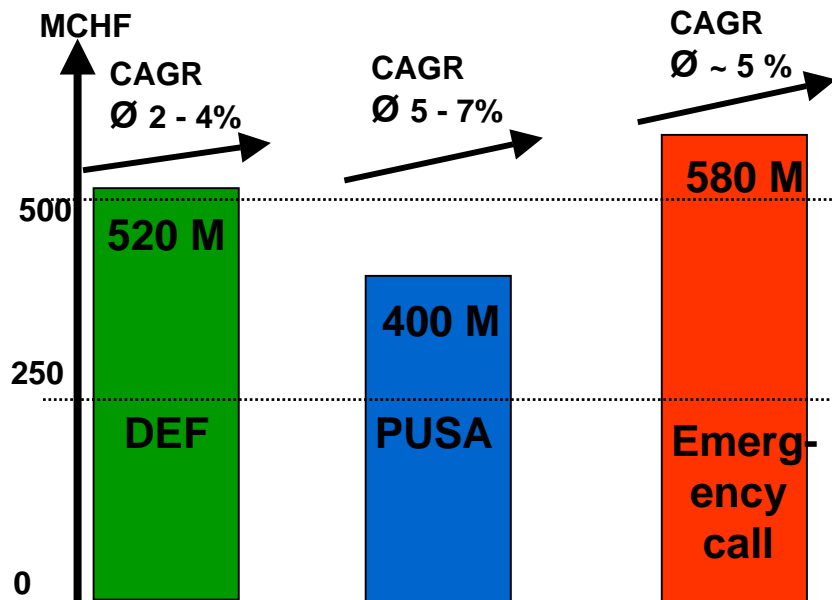
- **Internationalise business:**



SECURITY SOLUTIONS – MARKET / FIGURES

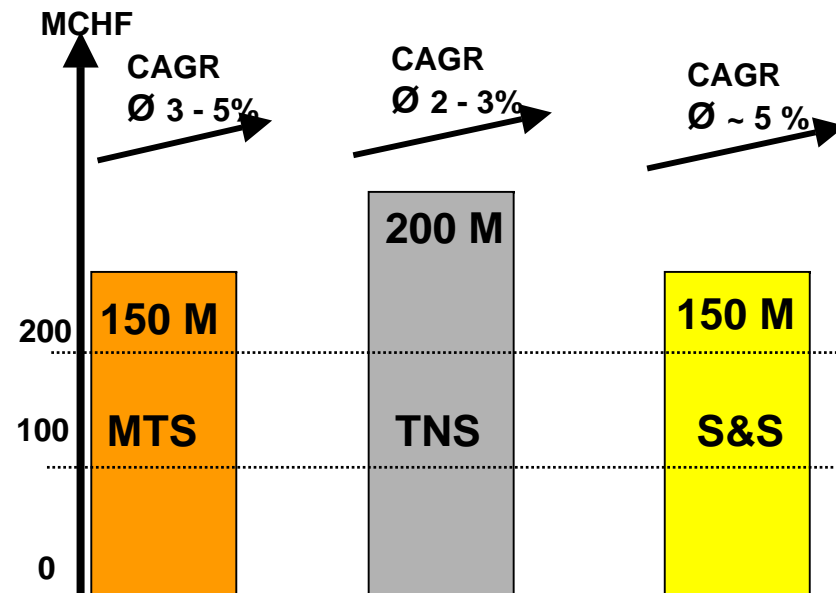
Market Security Communications:

Adressable market Ascom today:



Market Telecom Solutions:

Adressable market Ascom today:



SECURITY SOLUTIONS – OFFERING



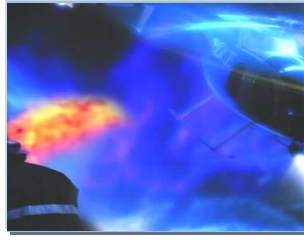

Markets

Our products and solutions

Our customers

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Security Communications</p>	<ul style="list-style-type: none"> • C4I Communication systems (communication, command, control, computing and information) for armed forces • Alarming/mobilizing for public authorities and civil forces • Communication and emergency call systems 	 <p>openAccess</p>  <p>openTAS</p>  <p>Em.call / opAcc</p>	      
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Telecom Solutions</p>	<ul style="list-style-type: none"> • Mobile Test Solutions and services for telecom network providers • Planning and realization of network rollout and expansion • Software solutions 	 <p>QVoice® Symphony</p>  <p>QVoice® Symphony Multi</p>  <p>QVoice® Analyser</p>	   

SECURITY COMMUNICATIONS - OWN OFFERING (1)

<p>Command, Control, Communication, Computers & Information</p>		<p>openAccess® based products for armed forces and security authorities</p>
<p>ALARMING</p>		<p>openTAS® based products for reliable alarming applications</p>
<p>MOBILISATION</p>		<p>openTAS® based mobilization applications</p>
<p>COMMUNICATION</p>		<p>Emergency call system & Station communication systems</p>

TELECOM SOLUTIONS - OWN OFFERING (2)

QUALITY OF SERVICES



QVoice®
Measurement equipment and systems for benchmarking of mobile networks

SOFTWARE SOLUTIONS



Customer tailored software solutions mainly for telecom operators

NETWORK SERVICES



Professional services for network operators

SECURITY SOLUTIONS – COMPETITIVE ADVANTAGES

	Competitive advantage	Ascom's value proposition
Security Communication	Expertise in serving public customers	<ul style="list-style-type: none"> • Ascom has a strong base of public customers in Switzerland, Austria, Finland, etc. • Deep understanding of customer needs and decision processes
	Integration know-how based on competitive product offering	<ul style="list-style-type: none"> • State-of-the-art integration of IP-based solutions allowing seamless integration with tactical radio • Ruggedized products available for demanding environments
Telecom Solutions	Technologically competitive product offering	<ul style="list-style-type: none"> • Ascom technologically leading in various product areas • Expanding support for new technologies

SECURITY SOLUTIONS – CUSTOMER NEEDS

Customer needs:

- Common operations of all security organisations for public and/or private events demand new integrated and interoperable management- & communication systems
- Expensive installed base can't be replaced in one step due to budget limitations -> solutions requested to combine old equipment with new technology / new functionality
- New cost effective technologies (IP / WEB / Open Source) and standardised products have to be introduced to safe costs

Ascom' s answers:

- SeSo offering fulfils new customer needs like interoperable system integration (e.g.)
- With knowledge of the installed base and the new flexible product platforms SeSo is able to design combined solutions and to extend system life cycle (investment protection)
- The key platforms openTAS® / openAccess® / QVoice ® are based on state of the art technologies (IP/ WEB) and COTS HW as well as Open Source SW

SECURITY SOLUTIONS – COMMITTED TO “DRIVE FOR 5” AND “10 BY 10”

- Portfolio initiatives
- Turnaround
- Growth investment

CONCLUSION AND Q & A
Riet Cadonau, Chief Executive Officer



CONCLUSION

- **Ascom has a**
 - Solid customer base
 - Performing Wireless Solutions business
 - Loyal workforce
 - Proven implementation-oriented management team
 - Healthy balance sheet
 - Set of improvement initiatives (“VITESSE”)

- **Given a positive economic environment, an achievable ambition of becoming a company achieving sustainable growth and double-digit EBIT margins by 2010 and onwards**

OUR COMMITMENT



We have committed to reach **10 %** EBIT margin by 2010



Furthermore, we go for an organic growth of at least **5 %** p.a.

Q & A

