

SAL. OPPENHEIM

Ascom

Technology

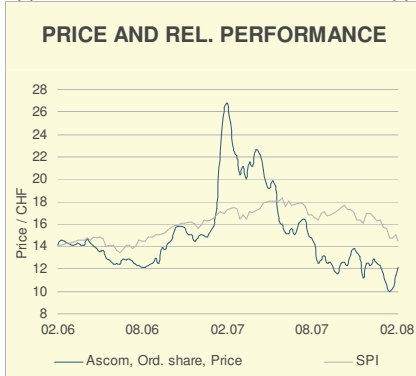
2008-02-06

Applied disclosures can be found in the appendix

Buy

Fair Value CHF15.50

Price CHF12.15 (Closing price as of 2008-02-05)



SEARCH OF A STABLE SHAREHOLDER IS PROGRESSING

ASSESSMENT

- CEO Riet Cadonau stated in an interview in today's Handelszeitung that "intensive talks" were held in January 2008 with "several" potential investors about the 26% Ascom stake currently held by the Swiss bank ZKB. Cadonau prefers an investor with a holding period of "at least 3 years" and which supports the strategy of the group. Cadonau would also welcome a board seat for the new investor. He stated that the announcement of a new investors until the AGM on 15 April 2008 is an "ambitious target."

- In the week end press speculation emerged that Rudolf Maag, Oskar Ronner and Thomas Straumann are interested in Ascom. These three investors were formerly invested in Von Roll but sold their Von Roll shares after losing a battle to shareholder Von Finck. We believe that these investors would be a positive signal for the market.

VALUATION

- We value Ascom on a sum-of-the-parts model with a fair value of CHF15.5 per share. Note that the group's net cash represents some CHF4.3 per share, suggesting good downside protection.

CONCLUSION

We believe that news about a long term oriented shareholder would be positive for Ascom given fears about a likely stock overhang of ZKB' 26% stake. The interview suggests an ownership change could happen earlier than we had expected and would be good news. Buy confirmed.

MARKET DATA

Reuters	ASCN.S
Bloomberg	ASCN SW
Market cap CHFbn	0,4
Free float %	80,0

KEY DATA			
Yr.end 12/31	2006	2007e	2008e
Revenues m	564,90	577,00	600,00
Net profit m	17,10	-31,60	16,50
Adj. EPS	0,92	0,37	0,88
PER	14,9	44,6	13,9
EV/EBIT	10,0	-15,5	8,1
EBIT mgn. %	5,8	-5,0	5,8
EPS CAGR 06-09e:	5 %		

NEXT EVENTS

Full year results	2008-03-12
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Ascom - P&L (Cost of Sales)					
CHFm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Sales	688,6	564,9	577,0	600,0	525,0
Cost of goods sold	-466,3	-366,4	-375,0	-383,0	-330,0
Gross profit	222,3	198,5	202,0	217,0	195,0
Selling costs	-112,1	-103,3	-112,0	-117,0	-100,0
Administrative costs	-51,1	-31,4	-39,0	-28,5	-17,5
R&D costs	-36,3	-30,8	-33,0	-35,0	-31,0
Other operating income/expenses (net)	11,9	0,0	-46,8	-1,5	-1,5
EBITDA	40,4	45,9	30,7	47,0	57,0
EBIT	34,7	33,0	-28,8	35,0	45,0
Interest result	-6,4	0,0	3,0	3,0	3,5
Financial result	-6,4	0,0	3,0	3,0	3,5
Profit or loss on ordinary activities	28,3	33,0	-25,8	38,0	48,5
EBT	28,3	33,0	-25,8	38,0	48,5
Taxes	1,2	0,2	-5,0	-6,5	-10,5
Profit / loss for the year (cont. operations)	29,5	33,2	-30,8	31,5	38,0
Discontinuing operations (net)	115,3	-16,1	-0,8	-15,0	0,0
Net profit	144,8	17,1	-31,6	16,5	38,0
+ /- Net profit adjustments	-115,3	16,1	45,0	15,0	0,0
Adjusted net profit	29,5	33,2	13,4	31,5	38,0
Key ratios and figures					
CHFm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Valuation					
PER	17,1	14,9	44,6	13,9	11,5
P/BV	1,3	2,3	3,2	2,2	1,9
Dividend yield %	2,0	2,0	0,0	1,6	2,1
EV/Sales	0,3	0,6	0,8	0,5	0,5
EV/EBITDA	5,6	7,2	14,6	6,0	4,6
Sustainable FCF yield %	6,5	-0,3	-13,1	8,9	13,3
Data per share					
Weighted avg. number of shares	36,00	36,00	36,00	36,00	36,00
EPS (reported)	4,02	0,48	-0,88	0,46	1,06
adj. EPS	0,82	0,92	0,37	0,88	1,06
Dividend	0,28	0,00	0,20	0,25	0,30
Book value per share	10,70	6,11	5,24	5,49	6,30
Sustainable FCFPS	0,4	-0,0	-1,6	0,7	1,0
Growth rates %					
Sales	-43,6	-18,0	2,1	4,0	-12,5
EBITDA	-62,5	13,6	-33,1	53,1	21,3
EBIT	-44,7	-4,9	nm	nm	28,6
Net profit	206,8	-88,2	nm	nm	130,3
adj. EPS	-39,4	12,5	-59,6	135,1	20,6
Margins %					
Gross	32,3	35,1	35,0	36,2	37,1
EBITDA	5,9	8,1	5,3	7,8	10,9
EBIT	5,0	5,8	-5,0	5,8	8,6
Net profit	21,0	3,0	-5,5	2,8	7,2
Expense ratios %					
R&D to sales	5,3	5,5	5,7	5,8	5,9
Depreciation to sales (Cost of sales)	3,3	2,6	2,5	2,0	2,3
Tax rate	-4,2	-0,6	-19,4	17,1	21,6
Other ratios					
Interest cover	nm	nm	nm	nm	nm

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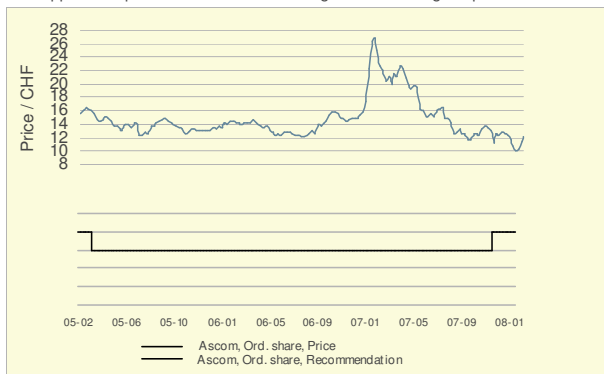
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Buy	172	45,5	32	57
Neutral	133	35,2	16	29
Reduce	18	4,8	0	0
Sell	0	0,0	0	0
No rating	31	8,2	2	4

Previous report with differing recommendation published at 2007-12-03.

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