



# MEDIA & ANALYST CONFERENCE H1 2009 RESULTS

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# H1 2009 AT A GLANCE



## SOLID RESULTS (1)

- Higher Group profit: CHF 11.9m (increase of CHF 4.8m)
- Group EBIT: CHF 7.3m and EBIT margin of 3.1%
- Both divisions are profitable
  - Wireless Solutions: EBIT CHF 6.7m; EBIT margin: 5.3%
  - Security Solutions: EBIT CHF 3.2m; EBIT margin: 3.2%

## SOLID RESULTS (2)

- Total revenue of CHF 235.2m, decrease of 5.6% (at constant exchange rates: +0.9%)
- Incoming Orders of CHF 233.8m (2008: CHF 292.4m, including a large contract from Armasuisse)
- Solid balance sheet structure as of 30 June 2009
  - Cash and cash equivalents: CHF 131.4m
  - Equity ratio: 25.6%

## SOLID RESULTS (3)

CHFm	H1 2009	H1 2008
Net Revenue	235.2	249.1
Operating result	7.7	14.4
EBIT	7.3	16.7
EBIT margin	3.1%	6.7%
Group profit	11.9	7.1

## STRATEGY IMPLEMENTED CONSISTENTLY

- Consistent implementation of B2B niche strategy, focusing on “Mission-Critical Communication”
- Further investments in innovation capabilities
- Acquisitions remain a component of the strategy. Clearly defined acquisition criteria continue to serve as a basis of decision making
- Strict cost management throughout the Group

## TEMS – INTEGRATION ACCORDING TO PLAN

- Acquisition signed in March 2009 and successfully completed in June 2009
- Consolidated within the Group since June 2009 (one month)
- Integration proceeding rapidly and according to plan

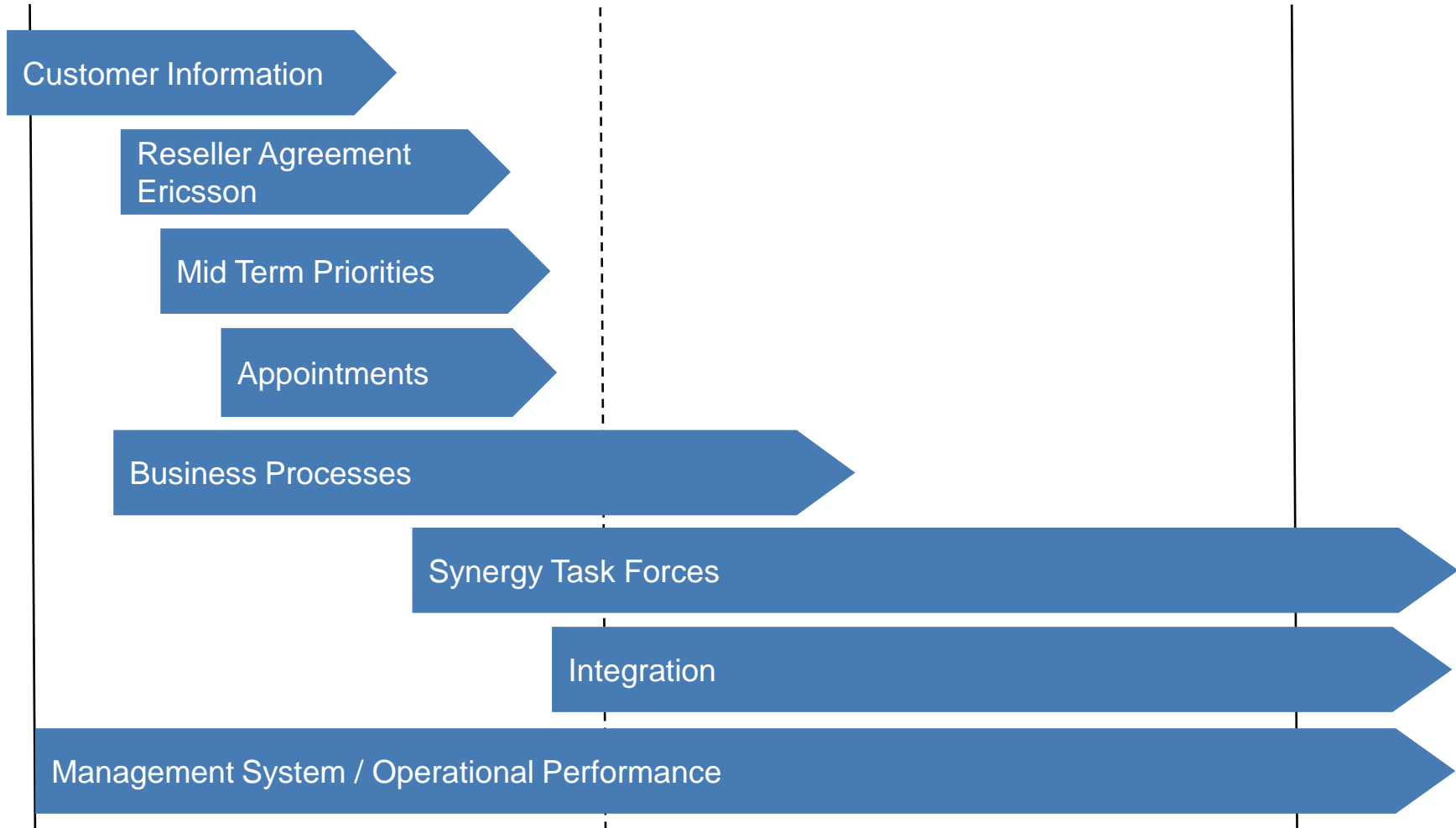


# TEMS – INTEGRATION STEPS

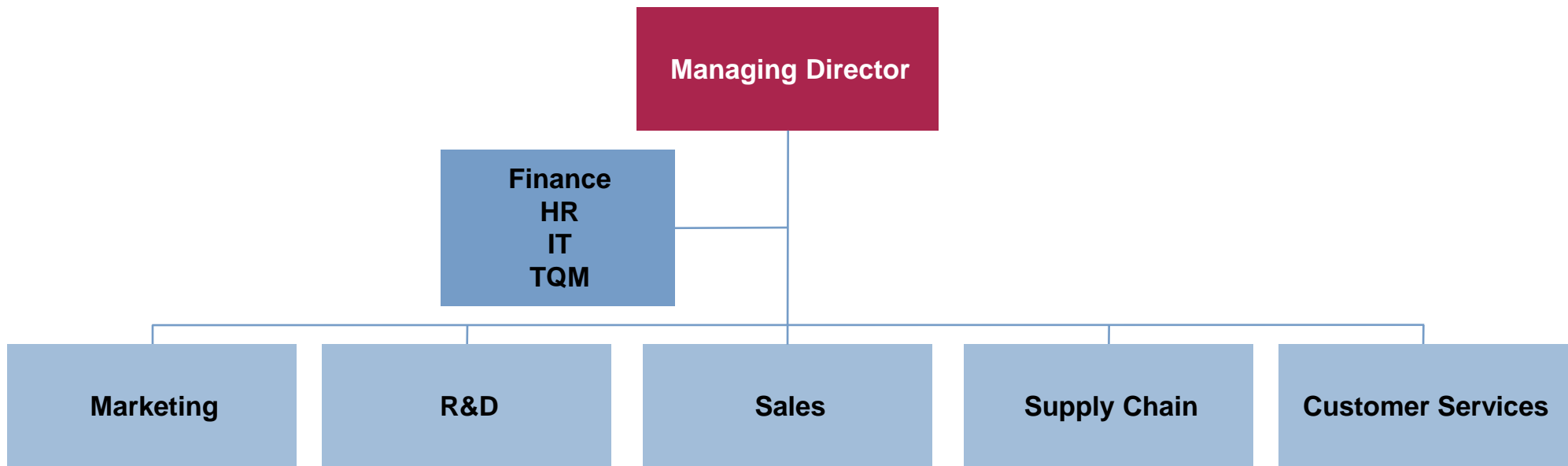
1 June 2009

26 August 2009

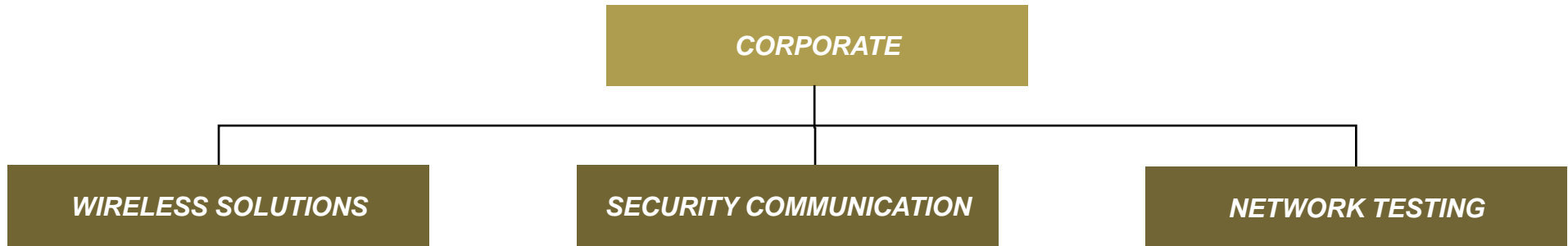
1 January 2010



# NETWORK TESTING – FUNCTIONAL ORGANIZATION (AS OF 2010)



## GROUP STRUCTURE AS OF 1 JANUARY 2010



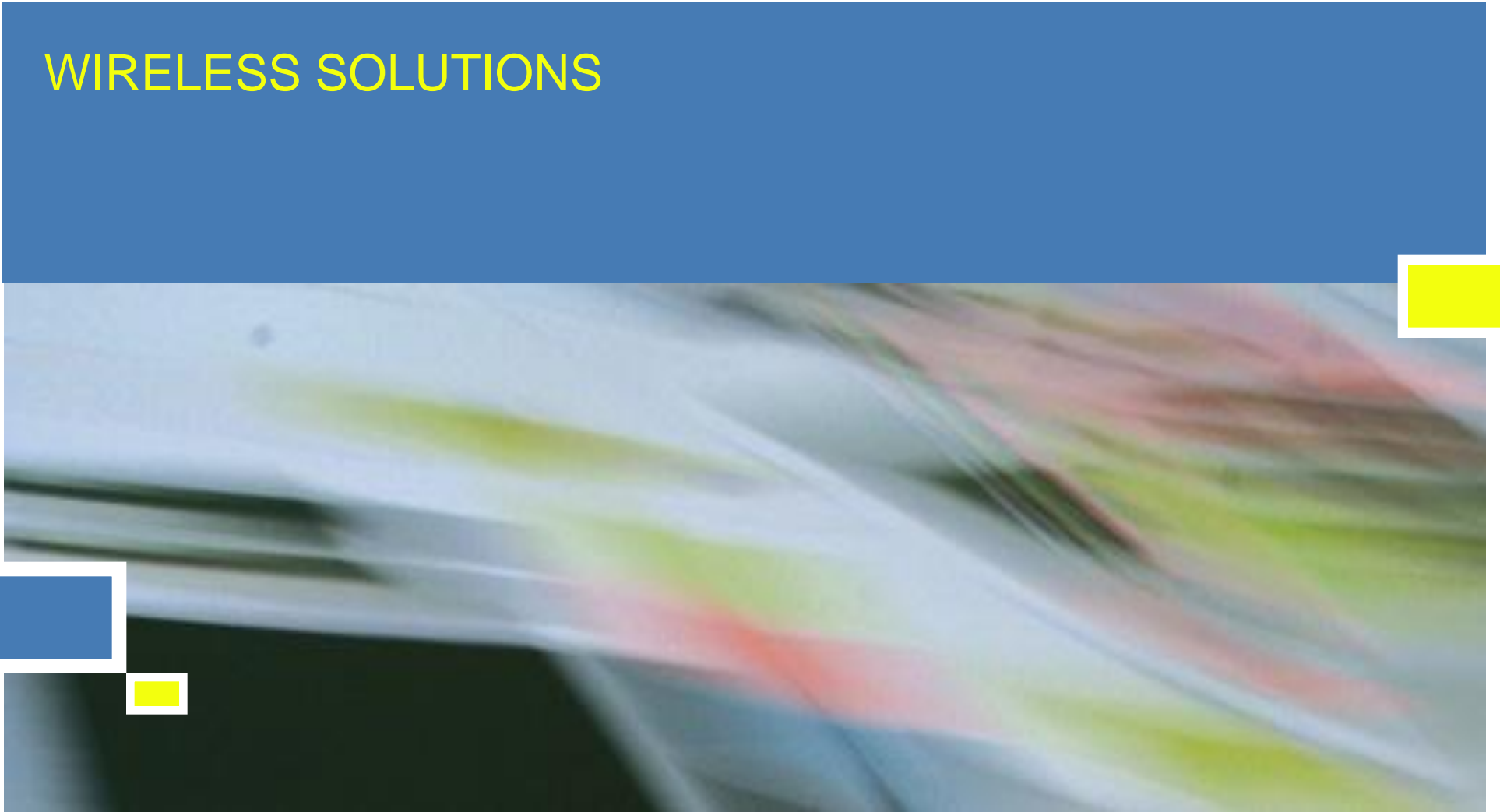


# HIGHLIGHTS FROM THE DIVISIONS





# WIRELESS SOLUTIONS



# MISSION-CRITICAL COMMUNICATION FOR SPECIFIC CUSTOMER SEGMENTS

## WIRELESS SOLUTIONS ('INDOOR')

### Core Segments

- Hospitals, elderly care, industry, retail sector, secure establishments (e.g. prisons), hotels, via direct and indirect channel
- Mobile workplace telephony equipment through OEM's

### Product / Service Offering

- Voice
  - Messaging
  - Alarming
  - Localisation
- 
- Products
  - Systems
  - Solutions
  - Services

### Key Geographies

- Direct channel: own sales organizations in most larger EU countries and the US
- Indirect channel: selected distributors and resellers in European countries, CEE, Australia and Middle East
- OEM's

## WIRELESS SOLUTIONS – CHALLENGING ENVIRONMENT IN H1 2009

- Customers postponed investments due to economic situation
- PBX manufacturers have seen reduced sales versus last year which has a negative impact on our OEM business
- European healthcare market remained stable year-on-year
- Customers in the US reduced CAPEX and OPEX on short notice
- Fewer orders in the industry and retail market segments
- Fiercer price competition on certain key deals

## WIRELESS SOLUTIONS – SOLID PROFITABILITY IN H1 2009

- EBIT: CHF 6.7m (including extraordinary restructuring costs of CHF 1.6m)
- EBIT margin: 5.3% (excluding restructuring costs: 6.6%; H1/2008: 8.3%)
- Revenue at CHF 126.1m (H1/2008: CHF 147.4m); at constant exchange rates, revenue declined by 5.5% only
- Incoming Orders: CHF 139.5m (H1/2008: CHF 175.5m)
- Order Backlog: CHF 89.6m (compared to end of year 2008 CHF 75.5m)



## WIRELESS SOLUTIONS – HIGHLIGHTS IN H1 2009

1

### **Danish Prison Authorities**

Supply of Wireless Communication System with accurate positioning functionality to improve personal security for staff members

Order value: CHF 1.6m for first phase to be realized in 2009, CHF 6.0m for complete system over 4 years

2

### **Vattenfall (Germany)**

Supply of Wireless Communication System for new lignite coal generating plant

Order value: CHF 1.5m

3

### **Avaya**

Introduced new Ascom manufactured range of IP-DECT handsets and base stations according to plan in May 2009 and based on customer acceptance (OEM contract)

## WIRELESS SOLUTIONS – FOCUS ITEMS 2009

1

### **Sales channels**

- Continue to focus on three sales channels: Direct channel, indirect channel and OEM in order to maximize market penetration
- Push specific Sales Productivity Initiative and implement rigorously
- Launch new service offering

2

### **Innovation**

- Continue to invest in R&D and to innovate product portfolio
- Successful market launch of new IP-DECT handsets, Ascom d41 and d62, opened up new opportunities particularly in the healthcare and retail sector

3

### **Supply chain**

- Further improvements in operations and sourcing being implemented and realized



# SECURITY SOLUTIONS



# MISSION-CRITICAL COMMUNICATION FOR SPECIFIC CUSTOMER SEGMENTS

## SECURITY SOLUTIONS ('OUTDOOR')

*Core Segments*



- Defence, Public Safety organizations and infrastructure operators
- Telecom operators

*Product / Service Offering*



- Solution supplier, contractor and system integrator for defence, public safety (Voice, Alarming, Messaging, Mobilisation) and infrastructure operators
- Network quality of service benchmarking and diagnostic systems for mobile operators
- Software solutions and services for Telecom operators

*Key Geographies*



- Security Communication: Today focus on Switzerland, Austria and Finland
- Telecom Solutions:
  - MTS: globally active
  - TNS: Switzerland and Germany
  - S&S: Germany and Switzerland

## SECURITY SOLUTIONS – REPUTABLE RESULT IN H1 2009

- Security Communication
  - International business: Sound success
  - Swiss business: Still important contracts in military and civilian sector, however no large military projects were placed (as expected)
- Telecom Solutions felt impact of slump in global economy
  - Many telecommunication companies deferred some of their infrastructure investments

## SECURITY SOLUTIONS – SOLID EBIT IN H1 2009

- EBIT: CHF 3.2m (H1/2008: CHF 6.7m); EBIT margin: 3.2%
- Revenue of CHF 101.2m, largely on par with H1 2008
- Incoming Orders: CHF 84.2m  
(H1/2008: CHF 117.4m due to a large order received from Armasuisse)
- Order Backlog: CHF 157.8m compared to end of 2008 CHF 167.7m

## SECURITY SOLUTIONS – HIGHLIGHTS IN H1 2009

- 1 Norway**  
Up-grade of alarm platforms (SecuriNet) to IP technology  
Order value: CHF 1.9m
- 2 Germany**  
Infrastructure up-grade for fire-brigade of German Bundeswehr  
Order value: CHF 1.0m
- 3 Switzerland**  
NIS Road  
Order value: CHF 3.5m
- 4 United States**  
Delivery of 'Monitor Master' units to major cellular network operator  
Order value: CHF 5.0m

## SECURITY SOLUTIONS – FOCUS ITEMS 2009

**1**

### **Security Communication: Internationalization**

- Development of new markets via indirect channel (defense and civilian sectors)  
e.g. Defense: 4 cooperation agreements already concluded

**2**

### **Telecom Solutions**

- Start to making use of synergies with newly acquired TEMS business unit

**3**

### **Efficiency**

- Further operational improvements

**4**

### **Innovation**

- Continue to invest in own product portfolio





# TEMS



# MISSION-CRITICAL COMMUNICATION FOR SPECIFIC CUSTOMER SEGMENTS

## TEMS

*Core Segments*



- Telecom operators
- Telecom infrastructure vendors
- Telecom professional service providers

*Product / Service Offering*

Air interface and radio network

- Air Interface Optimization
- Post Processing
- Network Planning



- Products
- Support

*Key Geographies*



- Global provider with locations in 17 countries worldwide

[ TEMS ]

## TEMS – CONSOLIDATED SINCE JUNE 2009

- TEMS has only been consolidated for one month, i.e. since June 2009
- Revenue in June 2009: CHF 7.5m
- Incoming Order in June 2009: CHF 9.7m
- Merger with Telecom Solutions to form new division Network Testing, as of 2010



# FINANCIAL RESULTS H1 2009



## ASCOM P&L

CHFm	30 June 2009	30 June 2008
<b>Net revenue</b>	<b>235.2</b>	<b>249.1</b>
<b>Gross profit</b>	<b>92.2</b>	<b>98.6</b>
<i>Gross margin</i>	39.2%	39.6%
Marketing and distribution costs	(48.2)	(50.7)
Research and development costs	(18.3)	(17.3)
Administration costs	(18.0)	(16.2)
<b>Total functional costs</b>	<b>(84.5)</b>	<b>(84.2)</b>
<b>Operating results</b>	<b>7.7</b>	<b>14.4</b>
Non operating result	(0.4)	2.3
<b>EBIT</b>	<b>7.3</b>	<b>16.7</b>
<i>EBIT margin</i>	3.1%	6.7%
<b>Net financial result</b>	<b>5.6</b>	<b>0.7</b>
Income taxes	(1.0)	(3.3)
<b>Profit from continuing operations</b>	<b>11.9</b>	<b>14.1</b>
Loss from discontinued operations	-	(7.0)
<b>GROUP PROFIT</b>	<b>11.9</b>	<b>7.1</b>

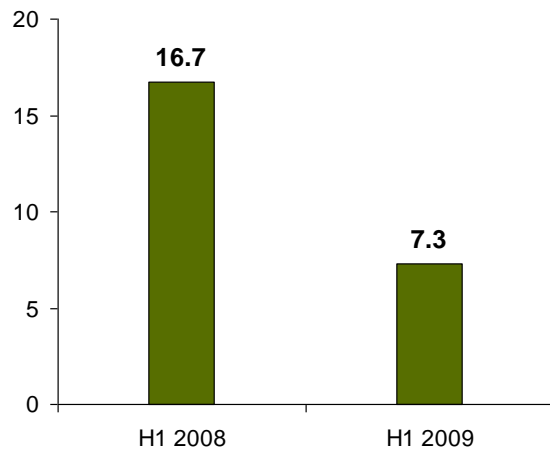
## NET REVENUE

	H1 2008 in CHFm	Organic growth	Acquisition	FOREX translation	H1 2009 in CHFm	Δ 09/08
Wireless Solutions	147.4	(5.5)%	-	(9.0)%	126.1	(14.5)%
Security Solutions	102.2	(5.1)%	7.0%	(2.8)%	101.2	(0.9)%
TEMS	-	-	100%	-	7.5	n/a
<b>Ascom Group</b>	<b>249.1</b>	<b>(5.0)%</b>	<b>5.9%</b>	<b>(6.4)%</b>	<b>235.2</b>	<b>(5.6)%</b>

Note: TEMS consolidated since June 2009;  
Consolidation effects CHF 0.3m are not shown

# EBIT

**Ascom Group**  
in CHF million

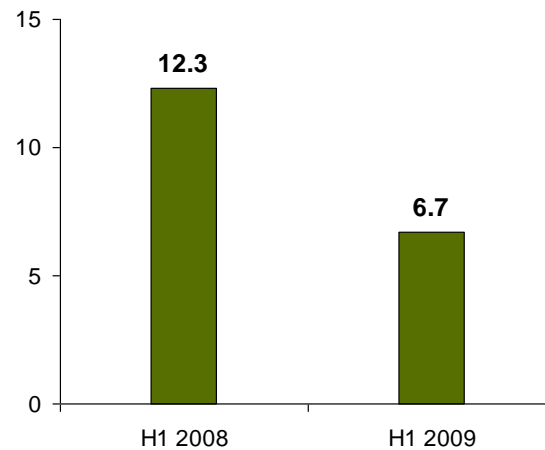


**EBIT margin**

H1 2009: 3.1%

H1 2008: 6.7%

**Wireless Solutions**  
in CHF million

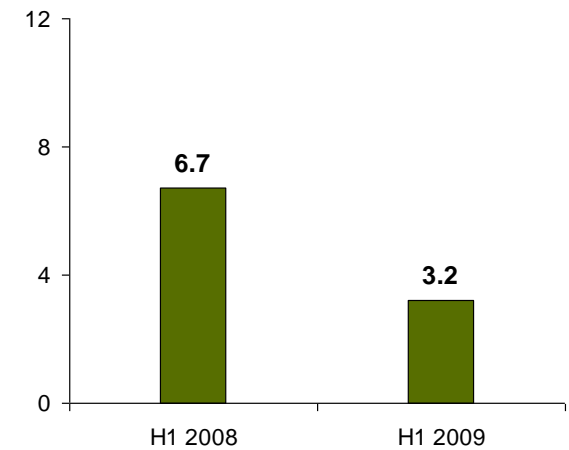


**EBIT margin**

H1 2009: 5.3%

H1 2008: 8.3%

**Security Solutions**  
in CHF million



**EBIT margin**

H1 2009: 3.2%

H1 2008: 6.6%

## CONDENSED BALANCE SHEET

	30 June 2009		31 Dec 2008	
<b>Assets</b>	CHFm	%	CHFm	%
Intangible assets	244.5	39	31.1	7
Other non-current assets	45.0	7	44.9	10
<b>Non-current assets</b>	<b>289.5</b>	<b>46</b>	<b>76.0</b>	<b>17</b>
Cash and cash equivalents	131.4	21	182.6	40
Other current assets	204.7	33	192.6	43
<b>Total Assets</b>	<b>625.6</b>		<b>451.2</b>	
Equity	160.1	26	148.7	33
Non-current liabilities	169.0	27	35.0	8
Current liabilities	296.5	47	267.5	59
<b>Total Liabilities and Shareholders equity</b>	<b>625.6</b>		<b>451.2</b>	



## CONDENSED CASH FLOW STATEMENTS

CHFm	H1 2009	H1 2008	FY 2008
<b>Cash flow from operating activities before changes in NWC</b>	<b>8.3</b>	<b>20.9</b>	<b>48.5</b>
Changes in NWC including customer prepayments	15.2	(16.6)	(15.2)
Paid restructuring, tax and other expenses	(6.7)	(13.6)	(35.6)
<b>Net cash flow from operating activities</b>	<b>16.8</b>	<b>(9.3)</b>	<b>(2.3)</b>
<b>Net cash flow from investing activities</b>	<b>(187.0)</b>	<b>(12.1)</b>	<b>(26.0)</b>
<b>Net cash flow from financing activities</b>	<b>119.9</b>	<b>(1.9)</b>	<b>(6.1)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(50.3)</b>	<b>(23.3)</b>	<b>(34.4)</b>
<b>Unrestricted cash at end of reporting period</b>	<b>131.4</b>	<b>198.5</b>	<b>182.6</b>



# LOOKING FORWARD



## OUTLOOK 2009

- Business environment remains challenging in 2009
- Improvement in market conditions expected in the course of 2010
- Revenue FY 2009 (on Group level)\*
  - Organic and at constant exchange rates:  $\leq 10\%$  below 2008 level
  - Including acquisitions and at comparable exchange rates: Above 2008 level
- EBIT FY 2009
  - Profitable for the entire year

\*provided there is no further deterioration in currency relations



# Q & A



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Against the background of these uncertainties readers should not rely on forward-looking statements. Ascom assumes no responsibility to update forward-looking statements or adapt them to future events or developments.

THANK YOU!

