

# Letter to Shareholders

## Dear Shareholders

Ascom is a global solutions provider focused on healthcare ICT and mobile workflow solutions. It is our vision to close digital information gaps allowing for the best possible decisions – anytime and anywhere. In 2017, we made significant steps forward towards that vision in executing our strategy, and finished an active and eventful year with solid results. We have set ourselves ambitious operational and strategic objectives, which we largely met. As predicted, we have seen a strong revenue growth in the second half of 2017. We achieved a significant increase in incoming orders, and we succeeded in securing flagship wins in both the healthcare and the enterprise sector. In terms of profitability, we met our targets with an EBITDA margin of 14.1%.

Strategically, Ascom completed the implementation of the OneCompany organization. We built a stronger organization through the recruitment of industry-leading talents in the different areas and the appointment of Anette Weber as our new CFO, who came into office on 1 August 2017. In addition, we further strengthened our sales force with experienced solutions sales resources.

### Solid financial results achieved in 2017

Incoming orders increased significantly and came to CHF 324.8 million (2016: CHF 302.9 million [2016 numbers are pro forma numbers and equal to the Group results adjusted for the former division Network Testing divested in September 2016]). In terms of revenue, the second half-year 2017 was much stronger than the first six months. Overall, consolidated net revenue increased to CHF 309.7 million, representing a growth rate of 3.1% (2.3% at constant currencies).



Andreas Umbach, Chairman (l.), Holger Cordes, CEO (r.)

EBITDA significantly improved in the second half of 2017. For the full-year, EBITDA margin came to 14.1% compared to 9.5% in 2016. Ascom closed fiscal year 2017 with a Group profit of CHF 25.9 million. The Company has a solid balance sheet with an equity ratio of 36.2% and a net cash position of CHF 12.3 million as of 31 December 2017.

While business activities in Europe showed good growth and the OEM business bounced back, our operations in North America did not meet our expectations. Therefore, we initiated targeted measures to significantly strengthen our market position in this attractive region. Moreover, we signed in 2017 important strategic partnerships with strong players such as GE Healthcare and Dräger.

### Dividend of CHF 0.45 per share

The Board of Director is proposing a dividend of CHF 0.45 per share to the Annual General Meeting, representing a payout ratio of 62.5% of the Group profit. The higher dividend payment for fiscal year 2016 was an exception due to the pay out of the major part of the proceeds from the divestment of the former division Network Testing.

Ascom has a solid equity story focusing on long-term profitable growth and cash generation to create value for all stakeholders. The share price development in 2017 was very positive, reaching a maximum of CHF 25.40 and a market capitalization of CHF 907.2 million as of 31 December 2017 compared to CHF 576.0 million by the end of 2016.

**Successful launch of pioneering products**

Innovation is an important success driver for our growth strategy. We set new industry standards and increase workflow productivity in the healthcare sector as well as in the enterprise sector. Therefore, we launched several products and solutions during 2017, e.g. expanding the Ascom Myco portfolio, the new Ascom Telligence Patient Response System and the Unite Integration Platform. Going forward, we have a strong pipeline of innovative products and solutions including two new versions of our smart device Ascom Myco as well as new software solutions. We target to increase the share of software and professional services in our total revenue.

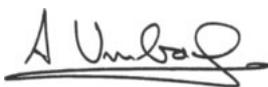
**Looking forward**

With the solid results in 2017 and achievement of our strategic milestones, we have set a good basis to continue executing our clear strategy to become a best-in-class healthcare ICT and mobile workflow solutions provider. In 2018, we strive to accelerate the strategy execution and we see strategic growth opportunities with new solutions, new services, new partners, and new markets. North America is a focus topic in 2018. A new leadership and strong and evolving strategic partnerships will support a positive development. In addition, we will further strengthen our strong market position in Europe and continue to grow our business in Asia Pacific.

Ascom targets to achieve 3–6% revenue growth for the full year 2018. The EBITDA margin for 2018 is expected to be in line with prior year, up to around 15%. Moreover, Ascom confirms its mid-term targets for 2020: Ascom strives to achieve 7–10% revenue growth in 2020 and has the ambition to reach an EBITDA margin of 20%.

**Note of thanks**

The 2017 business year was exciting and intensive. The entire Board of Directors and the Executive Committee would like to thank our shareholders, customers and business partners for their confidence in Ascom. A special thank goes to our employees for their extraordinary work and dedication to support our vision to become a best-in class healthcare ICT and mobile workflow solutions provider.

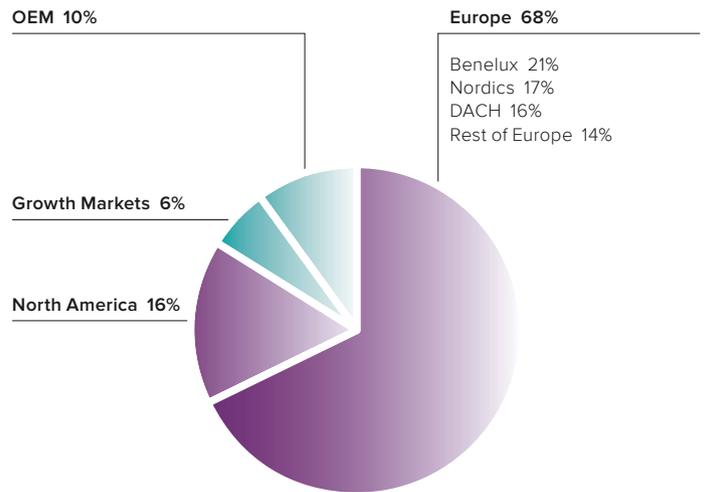


Andreas Umbach  
Chairman of the Board



Holger Cordes  
CEO

**Revenue by region**



**Revenue by segment**

