



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

Letter to Shareholders

Dear Shareholders,

2018 was a mixed year for Ascom. On the downside the financial results were disappointing and our shares suffered on accounts of investor sentiment and the setback in the stock markets. However, on the positive side we achieved many important and key strategic milestones in 2018.

We are well on track towards becoming the best-in-class healthcare ICT and workflow solutions company. The main reasons for our lower profitability were sales shortfalls in Enterprise and OEM and higher costs in professional services. We are certain that we will create significant additional value for the Company and its stakeholders in the future:

- Our healthcare sector grew at 5%. Ascom's Healthcare Platform is an unparalleled platform, in which digital clinical information flows efficiently across systems, devices and points of care.
- Americas is back on its growth trajectory and finished the year with double-digit growth. Under its new leadership, we successfully implemented the necessary measures to exploit the opportunities of the growing American healthcare communication market. In addition, we strengthened our already strong market position in Europe.
- The successful delivery of our flagship projects such as Erasmus Medical Center in Rotterdam was a major proof point for the execution of our strategy.
- We launched new cutting-edge products and solutions and established additional strong strategic partnerships.

Solid growth in the second half-year

In 2018, net revenue reached CHF 318.5 million compared to CHF 309.7 million in the previous year. With a net revenue of CHF 171.6 million (H2/2017: CHF 166.5 million), the second half-year was much stronger than the first six months. Overall, Ascom achieved revenue growth of 2.8% (at constant currencies 1.7%).

Incoming orders showed a modest growth of 1.5% while the order backlog increased by 4.4%.

Despite the significant improvement in profitability in the second half-year with an EBITDA margin of 17.1% (after 6.5% for the first six months) we did not quite meet the targeted EBITDA margin. In 2018, EBITDA reached CHF 39.0 million (2017: CHF 43.6 million), representing an EBITDA margin of 12.2% as compared to 14.1% in 2017.

Overall, Ascom closed the financial year 2018 with a Group profit of CHF 21.4 million (2017: CHF 25.9 million).

The Company has a solid balance sheet with an equity ratio of 38.1% and net cash of CHF 1.2 million.

Dividend of CHF 0.45 per share

The Board of Directors is proposing a dividend of CHF 0.45 per share at the Annual General Meeting 2019, representing a payout of about 75% of Group profits.

Ascom has a compelling equity story, focusing on long-term profitable growth and cash generation, to create value for all stakeholders.

Outlook

The growth in the healthcare sector and the successful turnaround of the American business were the major achievements in 2018. In addition, we launched new cutting-edge products and solutions such as the purpose-built smartphone Ascom Myco 3, the new patient system Telligence 6, and the Elderly Care Platform SmartSense. In 2019, we are aiming to exploit the numerous opportunities in our attractive market segments. Our focus will be an acceleration of software sales and an improvement of the professional services. Moreover, we are focusing on maintaining sustainable growth in North America.

In 2019, Ascom is targeting a revenue growth of 3–5% and an improvement of the EBITDA margin of between 100 and 200 basis points, compared to 2018. In the mid-term, Ascom expects mid-single digit revenue growth and an EBITDA margin converging towards 20%.

Jeannine Pilloud proposed as new Chairperson of the Board of Directors

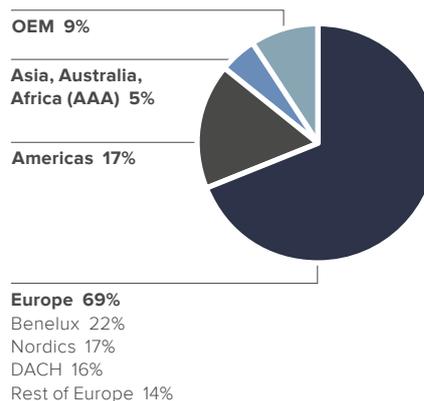
The Board is proposing that shareholders elect Jeannine Pilloud as new Chairperson of the Board of Directors. Jeannine Pilloud is an experienced leader with a strong track record in implementing transformation strategies and digitalization projects. She has a very international background and broad expertise in professional service businesses, in particular in the IT and telecommunication industries.

As previously communicated, Andreas Umbach has decided not to stand for re-election as Chairman of the Board at the upcoming Annual General Meeting. However, he will remain in the Board as an ordinary member. Therefore, all current Board Members are standing for re-election.

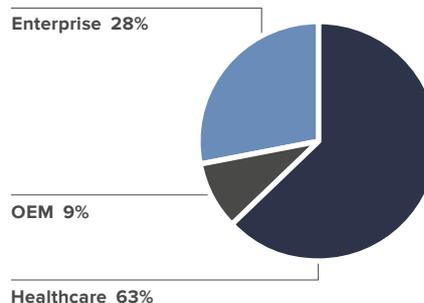
Note of thanks

On behalf of the entire Board of Directors and the Executive Committee, we would like to thank our customers and business partners for the confidence in our products, solutions and services. We sincerely thank our employees for their commitment and dedication to Ascom. Finally, we also thank our shareholders, who share and strongly support our vision to become a best-in-class healthcare ICT and mobile workflow solutions provider.

Revenue by region



Revenue by segment



Andreas Umbach
Chairman of the Board

Holger Cordes
CEO