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Half-Year Media Conference 2019

14 August 2019

Agenda

- **Welcome**
  Jeannine Pilloud, Chairperson & CEO

- **Financial Review**
  Daniel Lack, Company Secretary

- **Strategy Execution & Outlook**
  Jeannine Pilloud, Chairperson & CEO

  - Market & Strategy

  - Underlying value of Ascom intact

  - Internal initiatives going forward

- **Q&A**

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First half-year 2019 at a glance

H1 performance weak – H2 needs significant improvement

1. Challenges impacting H1 performance
   - Weak demand in the OEM business
   - Benelux and Nordics faced delays in delivery of larger projects
   - Longer certification and sales cycles

2. Group profit driven by one-offs
   - EBITDA impacted by lower revenue, unfavorable cost basis
   - Lower gross margin also due to product mix
   - Book gain from sale of Technologiepark Teningen

3. Opportunities for H2
   - Order backlog increase at 8.7% (at cc)
   - DACH and UK markets growing at high single digits
   - Productivity improvements in Professional Services

4. Ascom's strategic potential intact
   - Continues to be leading mobile workflow solution for Hospitals and Enterprises
   - Successful launch of Myco 3 with large order in UK
   - Ascom Myco certification by Epic
   - Important Digistat win in Italy

Note: cc=constant currencies, eliminating currency impacts

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Financial Review

Daniel Lack, Company Secretary
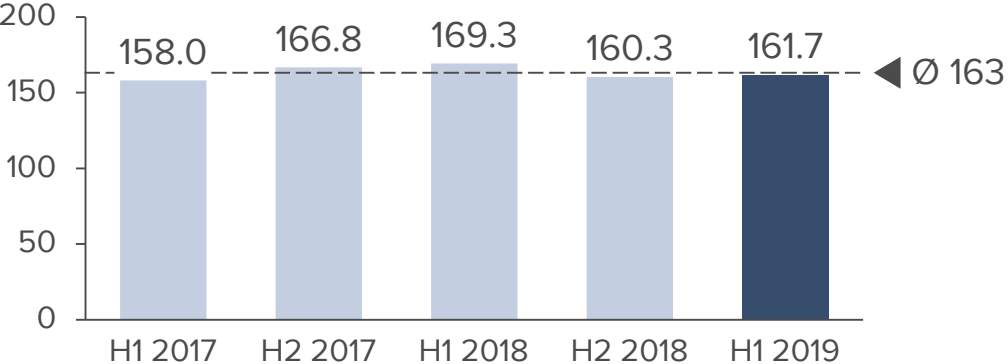
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H1 Key figures (vs. H1 2018)

	H1 2019	H1 2018
Net revenue	137.0 MCHF (Decline of 4.2% at cc)	146.9 MCHF
Incoming orders	161.7 MCHF (Decline of 1.9% at cc)	169.3 MCHF
Order backlog	172.1 MCHF (Increase of 8.7% at cc)	164.0 MCHF
EBITDA	1.4 MCHF (EBITDA margin of 1.0%)	9.6 MCHF (EBITDA margin of 6.5%)
Group profit	6.5 MCHF	5.4 MCHF
FTE	1'306	1'227

Incoming Orders and Backlog Development

Incoming Orders
in MCHF

	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
	158.0	166.8	169.3	160.3	161.7

◄ Ø 163

Order Backlog
in MCHF

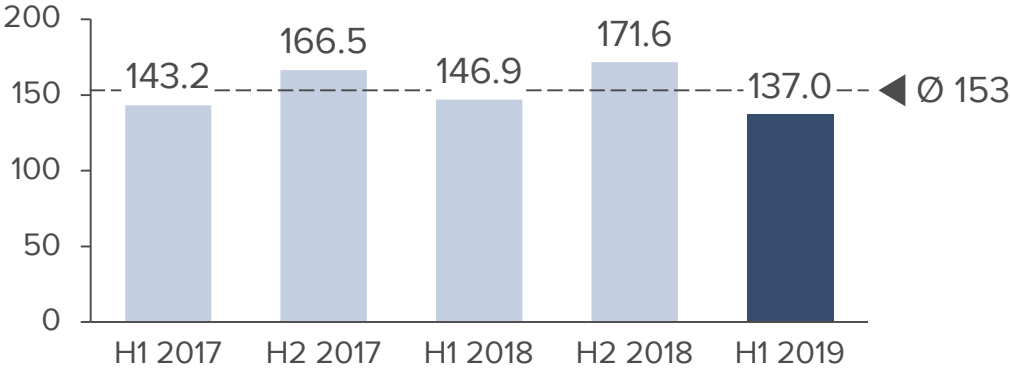|	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
	136.8	143.3	164.0	149.6	172.1

◄ Ø 153
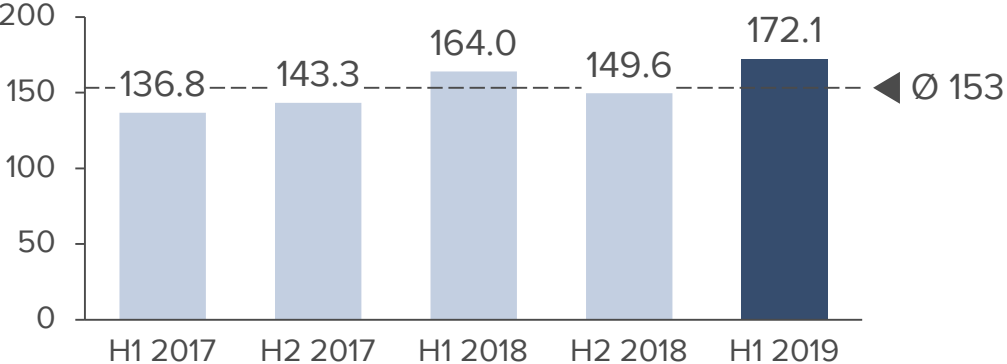
- Incoming orders during H1 2019 CHF 161.7 million (-1.9% at constant currencies compared to H1 2018)
  - Weak OEM business, decline by 29.7% at cc
  - Total incoming orders excl. OEM +0.6% at cc

- Order backlog at 30 June 2019 at CHF 172.1 million
  - Increase by 8.7% at cc
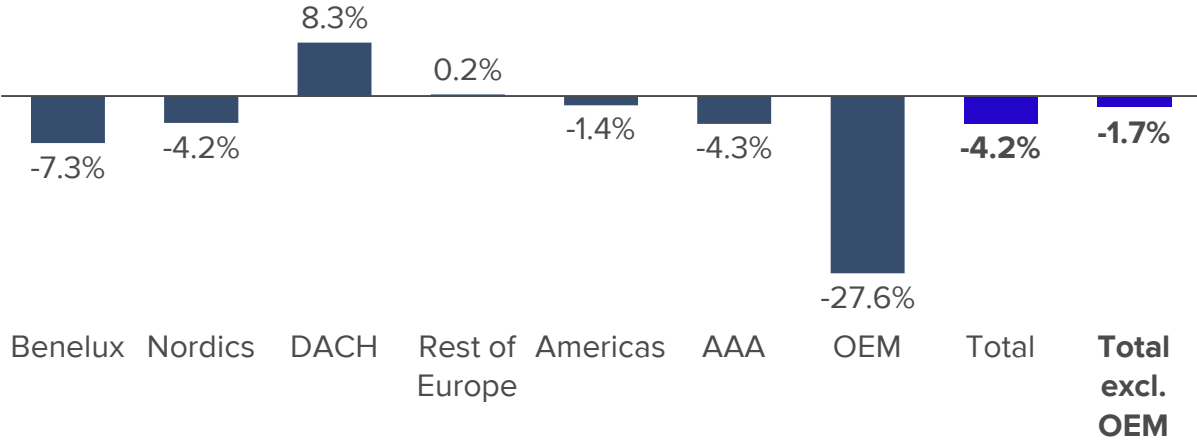 - More longer-term maintenance contracts

Note: cc=constant currencies, eliminating currency impacts; in CHF=as actually reported

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Net Revenue Development

Net Revenue development since One Company
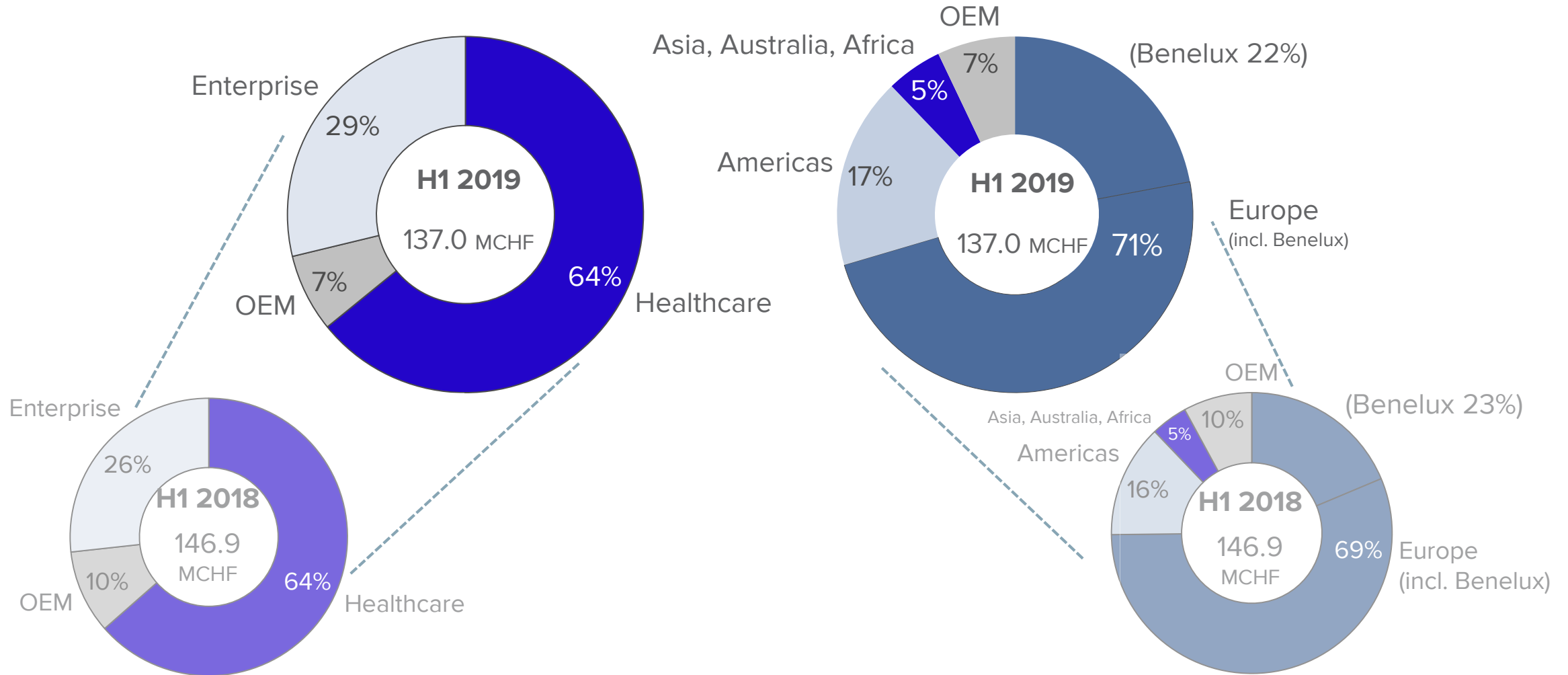in MCHF actual currencies

Bars:
- H1 2017: 143.2
- H2 2017: 166.5
- H1 2018: 146.9
- H2 2018: 171.6
- H1 2019: 137.0 ◀ Ø 153

Change in Net Revenue by region in H1 2019 vs. H1 2018
in % at constant currencies

- Benelux: -7.3%
- Nordics: -4.2%
- DACH: 8.3%
- Rest of Europe: 0.2%
- Americas: -1.4%
- AAA: -4.3%
- OEM: -27.6%
- Total: **-4.2%**
- Total excl. OEM: **-1.7%**

Note: cc=constant currencies, eliminating currency impacts; in CHF=as actually reported

Net Revenue Development H1 2019 vs H1 2018

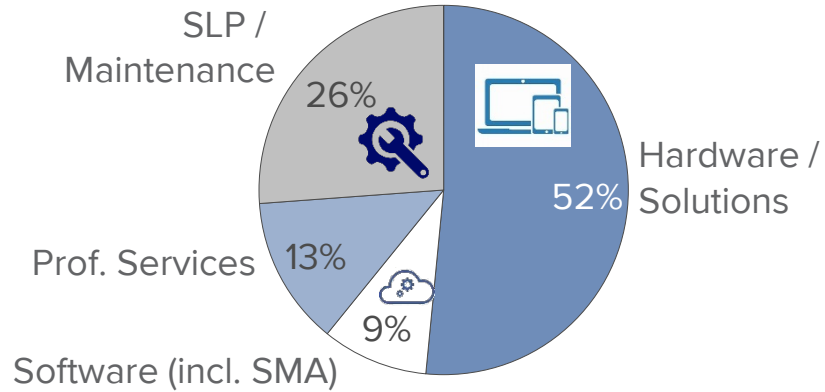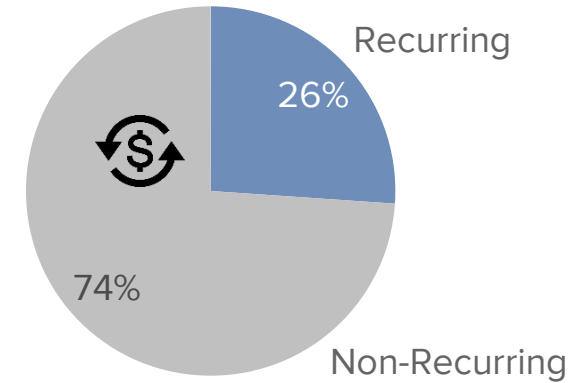*Enterprise growth offset by OEM decline*

H1 2019

Enterprise 29%

OEM 7%

Healthcare 64%

137.0 MCHF

H1 2018

Enterprise 26%

OEM 10%

Healthcare 64%

146.9 MCHF

H1 2019

OEM 7%

Asia, Australia, Africa

Americas 17%

(Benelux 22%)

Europe (incl. Benelux) 71%

5%

137.0 MCHF

H1 2018

OEM 10%

Asia, Australia, Africa

Americas 16%

(Benelux 23%)

Europe (incl. Benelux) 69%

5%

146.9 MCHF

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Net Revenue by Offering Mix and Type

Solid growth in recurring revenue

Offering Mix	Revenue Type Mix

H1/2019

SLP / Maintenance **26%**

Hardware / Solutions **52%**

Prof. Services **13%**

9%

Software (incl. SMA)

Recurring **26%**

74%

Non-Recurring

H1/2018

SLP/ Maintenance **25%**

Hardware / Solutions **53%**

Prof. Services **12%**

10%

Software (incl. SMA)

Recurring **23%**

77%

Non-Recurring

Note: SMA = Software Maintenance; SLP = Solution Lifecycle Plan

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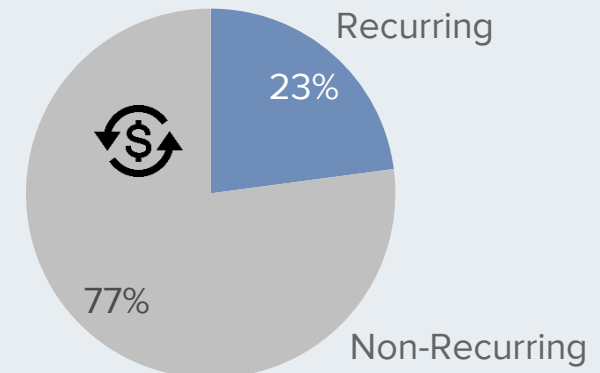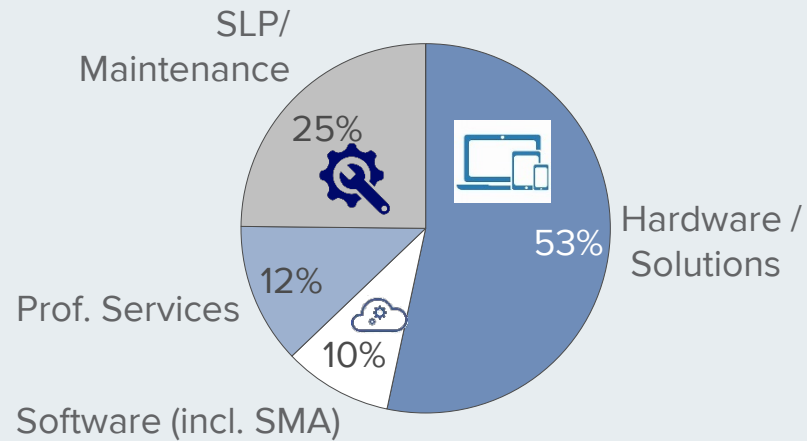
Consolidated income statement

(in MCHF, except %)	H1 2019	In % of Net Revenue	H1 2018	In % of Net Revenue
Incoming orders	161.7		169.3	
Net revenue	**137.0**		**146.9**	
Cost of sales	(75.7)		(76.1)	
Gross margin	**61.3**	*44.7*	**70.8**	*48.2*
Marketing and sales	(40.7)		(39.9)	
Research and development	(15.8)		(16.5)	
Administration	(9.4)		(10.0)	
Other operating expenses	(0.8)		(0.8)	
Operating result (EBIT)	**(5.4)**	*(3.9)*	**3.6**	*2.5*
Financial income net	1.4		1.7	
Ordinary result	**(4.0)**	*(2.9)*	**5.3**	*3.6*
Non-operating result	8.4		(0.1)	
Extraordinary result	1.1		1.1	
Profit before income tax	**5.5**	*4.0*	**6.3**	*4.3*
Income tax	1.0		(0.9)	
Group profit for the period	**6.5**	*4.7*	**5.4**	*3.7*
EBITDA[1]	1.4	*1.0*	9.6	*6.5*

- Gross margin decline primarily caused by:
  - Overall decrease in net revenue
  - Impact of software in the product mix
  - Increase of professional services cost of sales

- Non-operating results driven by the sale of Technologiepark Teningen (Germany)

Note: [1] Operating depreciation and amortization amounted to CHF 6.8 million in H1 2019 (H1 2018: CHF 6.0 million)

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Cash Development in H1 2019

In MCHF
(actual currencies)

21.2	5.5	6.9	-8.0	5.0	-16.2	-0.2	14.2
Cash at 01.01.2019	Operating cash flows	Proceeds from sale of Teningen	Capex investments	Change in borrowing	Dividends	Other cash flows	Cash at 30.06.2019

-7.0

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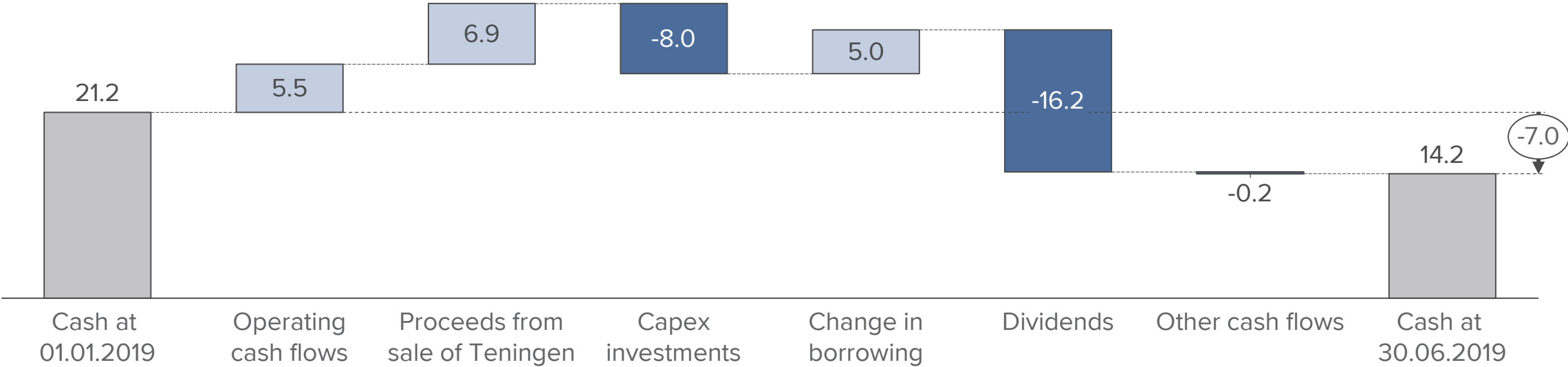
Balance Sheet as of 30 June 2019

Solid balance sheet structure

in MCHF, except %	30 June 2019	31 Dec 2018	30 June 2018
Cash and cash equivalents	**14.2**	21.2	25.4
Borrowings	**25.0**	20.0	24.0
Net (debt) / cash	**(10.8)**	1.2	1.4
NWC	**61.3**	74.5	56.2
Total assets	**198.6**	218.4	211.7
Total equity	**70.0**	83.2	67.4
Total equity %	**35.2%**	38.1%	31.8%

Note: NWC = Net Working Capital

- Cash decreased by CHF 7.0m

- Net debt CHF 10.8m due to lower operative performance and impact from dividend payment in Q2.

- Net Working Capital increased vs. June 2018 due to increase of Ascom Myco 3 stock for H2 and reduced vs. Dec 2018 due to strong collection of receivables.

- Equity ratio solid with 35.2% (including due to positive profit impact by sale of Technologiepark Teningen)
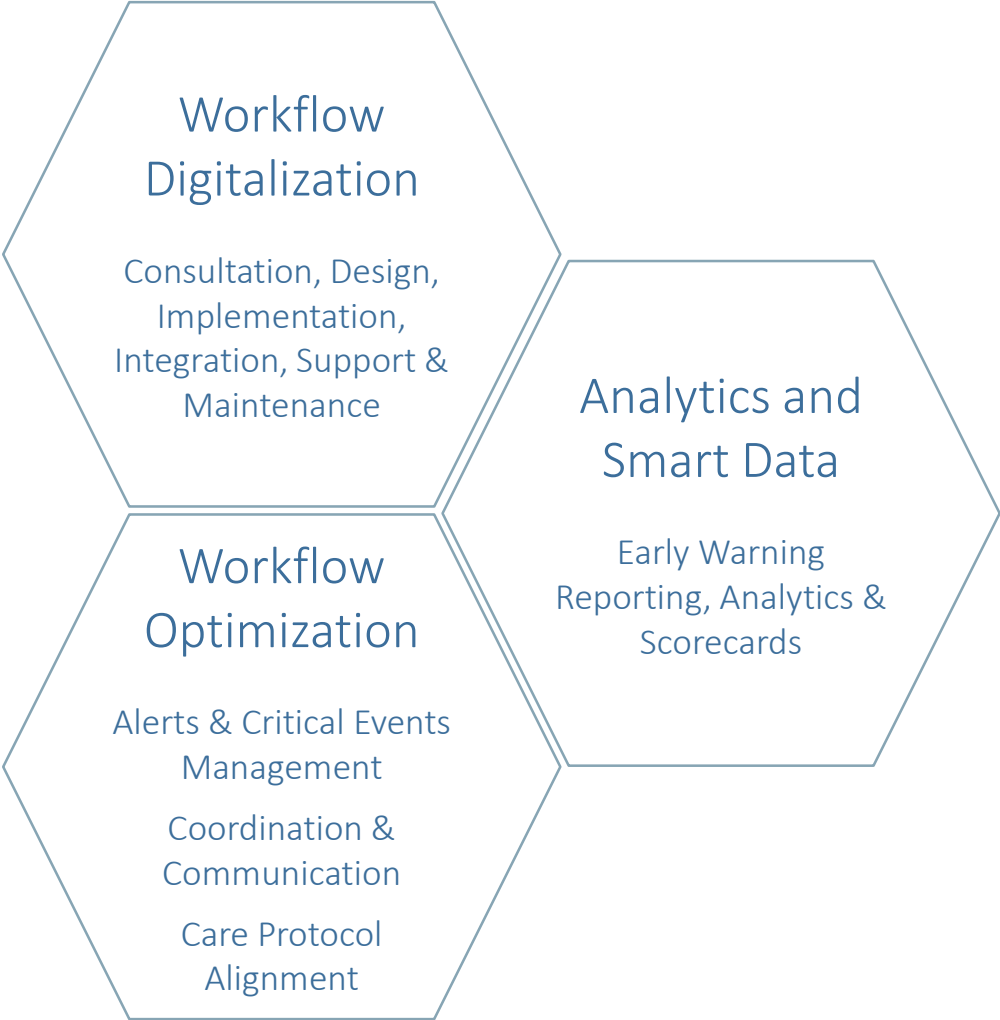
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Strategy Execution and Outlook

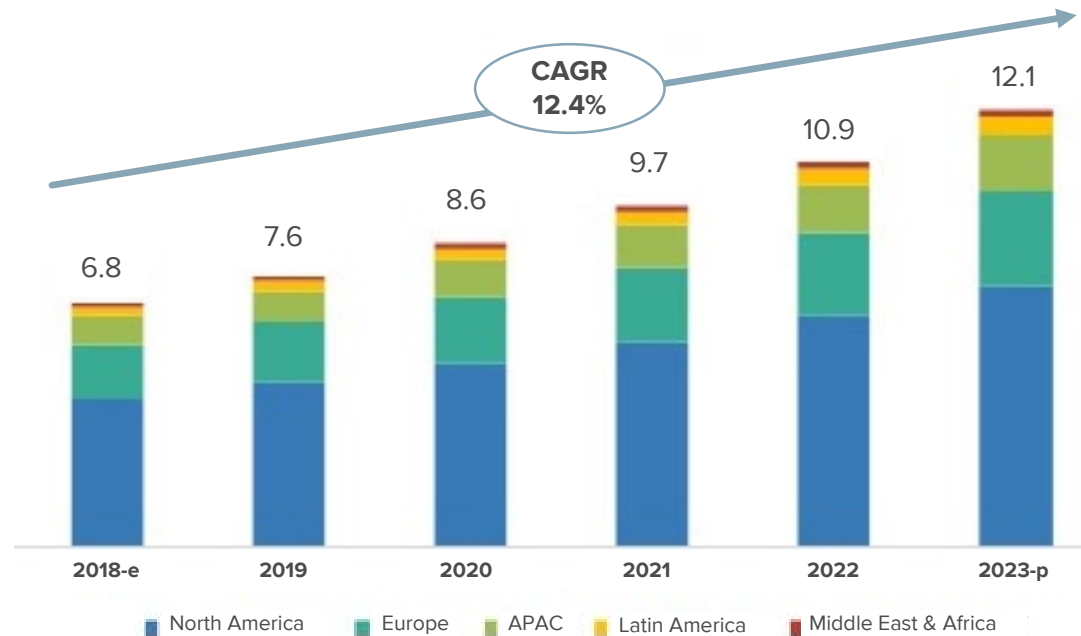Jeannine Pilloud, Chairperson & CEO

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Market & Strategy

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Our Vision

Ascom closes digital information gaps allowing for the best possible decisions anytime and anywhere

Workflow Digitalization

Consultation, Design, Implementation, Integration, Support & Maintenance

Analytics and Smart Data

Early Warning Reporting, Analytics & Scorecards

Workflow Optimization

Alerts & Critical Events Management

Coordination & Communication

Care Protocol Alignment

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Market attractiveness and projected development further support our business model

Clinical Workflow Solutions (CWS) market size by region*

In USD billion

CAGR 12.4%

Year	Value
2018-e	6.8
2019	7.6
2020	8.6
2021	9.7
2022	10.9
2023-p	12.1

Legend: North America · Europe · APAC · Latin America · Middle East & Africa

Background information

- Addressable market is **highly fragmented** and **very local**

- **Advantages of CWS** in enhancing patient care and safety along with **government initiatives for Healthcare ICT adoption** are escalating market growth

- Market segmented into:
  1. Workflow automation solutions
  2. Care collaboration solutions
  3. Real-time communication solutions
  4. Data integration solutions
  5. Enterprise reporting and analytics solutions

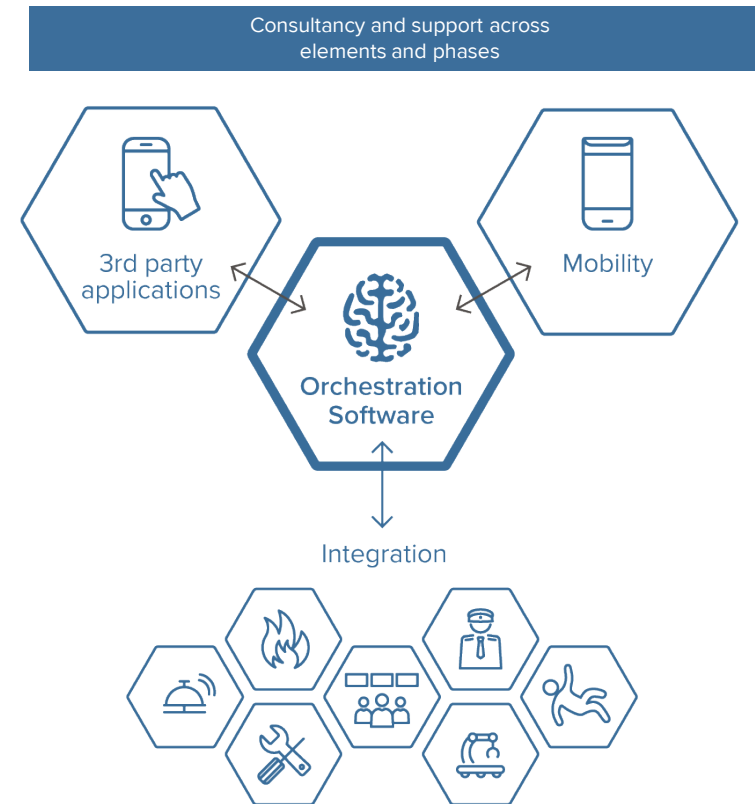**Ascom provides solutions in all market segments and is therefore well-positioned**

Ascom Healthcare Platform

Consultancy and Support
Across all elements and phases

Medical Device Integration

Mobility

Orchestration Software

Patient Response System

Applications
3rd party applications

Interoperable with Existing Hospital Information Systems
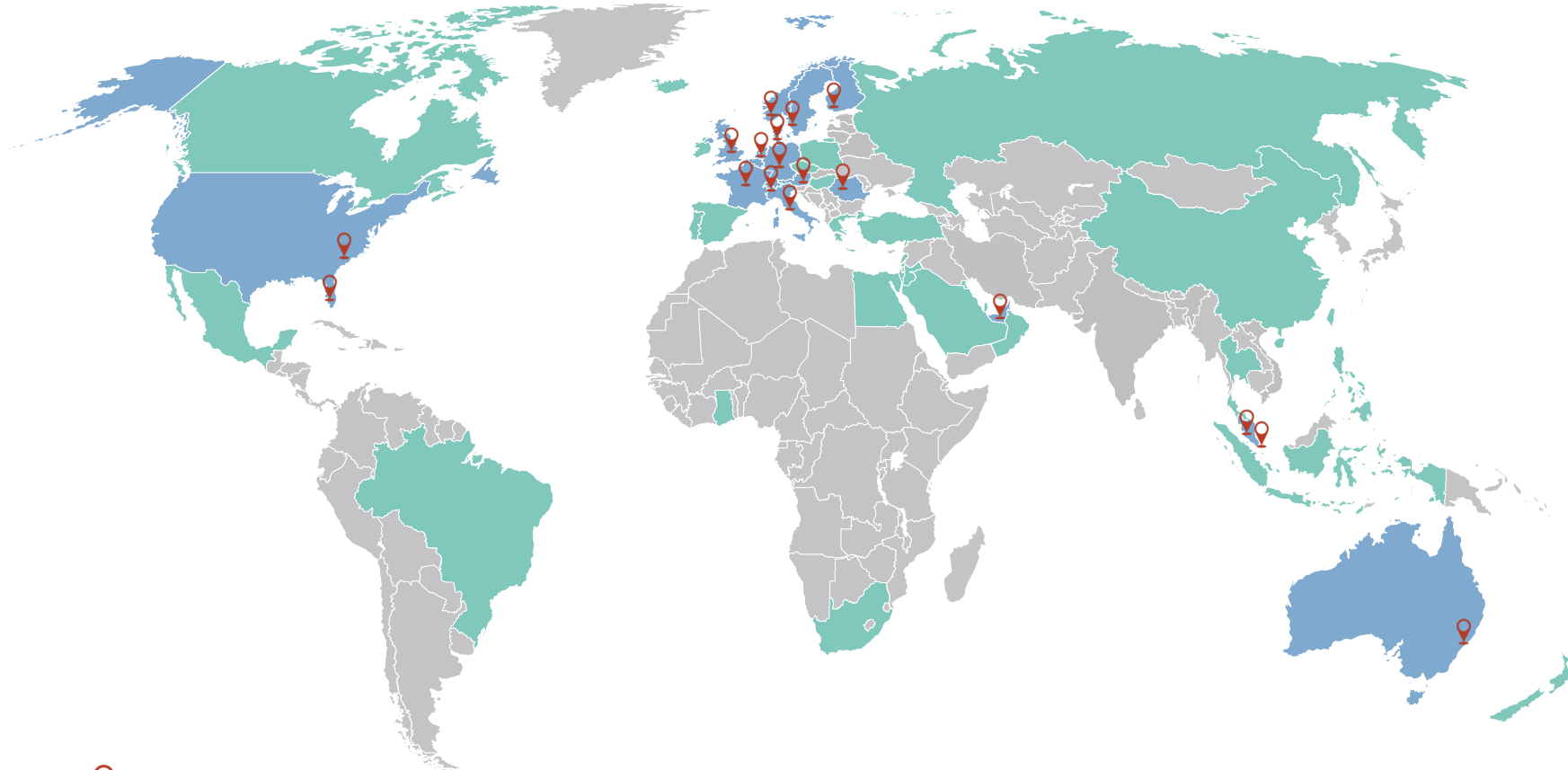
EHR EMR
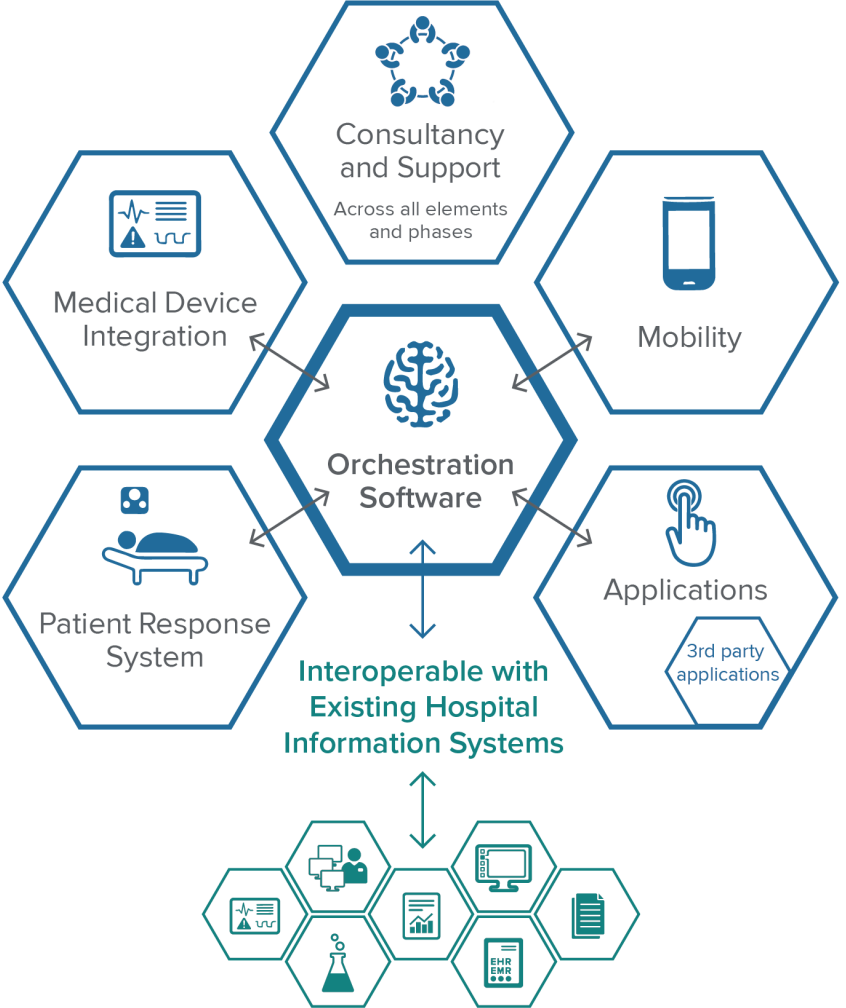
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... and Ascom Enterprise Platform

- **Integrate** – collating information from alarms, systems, machines, sensors and devices

- **Orchestrate** – filtering and analyzing that information, and then distributing real-time messages, alerts and notification, to the right people at the right time

- **Enable** – providing actionable insight for mobile workers to enable efficient and coordinated action and response

Integrate. Orchestrate. Enable.

Consultancy and support across elements and phases

3rd party applications

Mobility

Orchestration Software

Integration

Underlying value of Ascom intact

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Ascom – A comprehensive global presence

Legend:
- Ascom location
- Ascom presence
- Partner & Approved products

- One of the global players in the sector

- Large installed base creates unmatched platform for cross-selling new and existing products and services
  - Over 100,000 Nurse Call solutions installed
  - Over 12,000 hospitals with Unite equipped
  - Over 6,600 healthcare mobility solutions installed

- Significant organizational investments were made to be well-positioned for the future

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A broad customer base around the world
Overview of Healthcare and Enterprise customers

Americas

Europe

Asia, Australia, Africa

Comprehensive Ascom Platform offering

Software and Professional Services providing ecosystem with Hardware Solutions

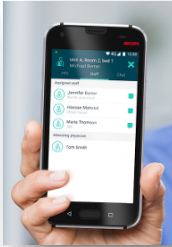| Our offerings	SW Applications, Maintenance & Support	HW Solutions, Solution Lifecycle Plans	Professional Services, Digital Solutions
Our solutions	▪ Unite Workflow ▪ Digistat Clinical Integration ▪ Smart Sense ▪ Various mobile Applications	▪ Ascom Myco Smartphone ▪ DECT and Wi-Fi Handset ▪ Pager and Security ▪ Telligence/Telecare Nurse Call ▪ Hardware Maintenance and Support ▪ Repair and On-site Support ▪ Managed Services	▪ System Integration ▪ Project/Change Management ▪ Workflow Reengineering ▪ Training
Share of revenue (H1/2019)	9%	78%	13%

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Software solutions selected by leading hospitals

Digistat

- Important win from Campus Bio-Medico Roma University Hospital (Italy)

- Software solution Digistat for Intensive Care Units (ICU), surgical rooms and labs

- Digistat is a unique solution for alarm collection and management

- ... and over 100 installations globally

Unite

- Complete workflow orchestration and alerting solution

- Installed entire Ascom Healthcare Platform from Nurse Call through Unite, Digistat and Mobility

- Latest Ascom innovations including Unite Platform Server – fully clustered redundancy – an industry first

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Hardware Solutions – Ascom Myco 3 with successful launch and Unite continuously enhanced

Ascom Myco 3
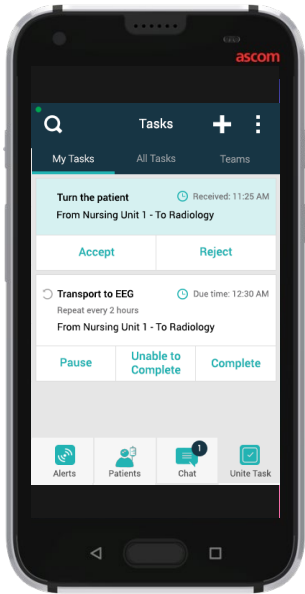
- Successful global market launch

- Certification from major global EMR player Epic

- Order of CHF 3.5m from Person Centred Software, a British mobile care monitoring specialist

- Will become the standard device for staff in 1,200 care homes in UK

- Proof of concepts and deliveries in all major regions

Platform Solutions Telligence

- 20 T6 New Patient Response System Platform for North America since March 29th

- Global launch in March 2019 and over 10 successful projects

- Integrated Medical Device Interfacing (MDI) with Ascom Digistat

- Browser based TelliConnect station supporting centralized clinical workflow solution

Sengkang General Hospital SingHealth

MUNSON HEALTHCARE

د. سليمان الحبيب DR SULAIMAN AL HABIB

The Medical Center of Southeast Texas A STEWARD FAMILY HOSPITAL Steward

Woodlands Health Campus National Healthcare Group

Digital Hospital

Humber River – High Reliability Hospital

- Ascom is an important communication and integration partner within the Humber River ecosystem

- Mission Control Centre combining data insights, with human expertise
  - Digital Data
  - Analytics
  - Visualization
  - Critical Alarms and Alerts

Successful digitalization: Humber River as one of our lighthouse projects

Internal initiatives going forward

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Ascom fundamentals

1. Leadership position in the Clinical Workflow Solutions market – track record of innovation
2. Clear growth opportunities across our solutions and geographies
3. Significant potential to deliver on larger and more complex projects through enhanced capabilities
4. Margin improvement opportunities

We have a strong pipeline of innovative products to set new industry standards

Transformation still needs effort

From Products	To Solutions	To Accelerated Growth

Foundations

Global One Company
organization

Increased Rate of
Innovation

Platform Integration

COMPLETED

Enabling

Solution speed to
market

Use Case Sales
and Sales Productivity

Operational Efficiency
/ Culture Change

ON-GOING

Accelerating

Solution Delivery
Excellence

Customer Care
Excellence
Managed Services

Professional Services
Productivity

PRIORITY FOCUS

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Initiatives for H2/2019 (1/2)

- Return to industry growth and stronger sustainable profitability
  - Realign organization for consistent and efficient delivery / go-to market
  - Strengthened management team
- Align Cost Base

Area	Target	Actions
Operational enhancement	Costs to be aligned to - top-line - industry benchmarks	- Streamline organization - Improve cost control
Accelerate Growth	- Consistent delivery model - Enable sale of clinical solutions	- Further enhance Go-To-Market Model - Improve delivery model across organization
Operational alignment	- Reduce complexity	- Adapt functional organization to be closer to customers - Streamline organization

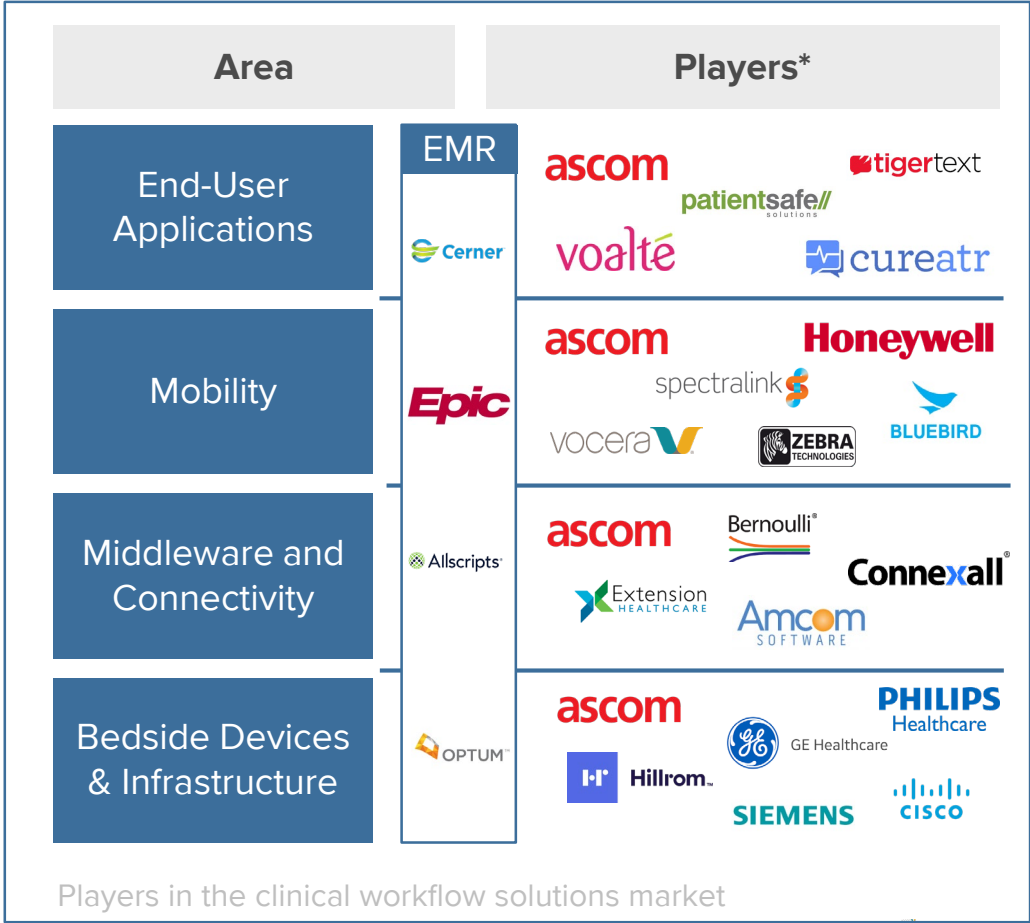| Overall target	Ascom to become a speedboat in this large growing market!

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Initiatives for H2/2019 (2/2)

- Strategy: Focused evaluation of strategic options with the support of experienced advisors

- Determination of further partnerships
  - Additional strategic alliances
  - Sales partnerships
  - Delivery partnerships

- Interests of all stakeholders to be considered
  - Customers
  - Employees
  - Shareholders

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... to sum it up: Ascom is a strong player in the Healthcare ICT market!

1. Ascom operates in several exciting and growing markets in healthcare and enterprise solutions

2. We are the only player with a global presence and a comprehensive product portfolio

3. Our innovation pipeline is full and our platform solutions drive significant value for our customers

4. We are in the middle of a significant transformation process and have taken decisive action to achieve our goals

Area	Players*
End-User Applications	ascom, tigertext, patientsafe solutions, voalté, cureatr
Mobility	ascom, Honeywell, spectralink, vocera, ZEBRA Technologies, BLUEBIRD
Middleware and Connectivity	ascom, Bernoulli, Connexall, Extension Healthcare, Amcom Software
Bedside Devices & Infrastructure	ascom, PHILIPS Healthcare, GE Healthcare, Hillrom, SIEMENS, CISCO

EMR: Cerner, Epic, Allscripts, OPTUM

Players in the clinical workflow solutions market

*Only selected players, illustration not exhaustive

Next Event – Ascom Investor Day
7 November 2019

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Restaurant Metropol, Zürich

Q&A

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This document contains specific forward-looking statements, e.g. statements including terms like "believe", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of Ascom and those explicitly presumed in these statements.

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.