

## MEDIA RELEASE

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### **Ascom anticipates stronger business performance in the second half-year – Net profit 2014 expected to be in line with the previous year**

Ascom experienced slower business development during the first half-year of 2014 compared to the strong first six months of 2013. Fewer large projects and delayed orders from customers were the main reasons for these results. In addition, both incoming orders and revenue were impacted by negative currency developments.

In the first six months of 2014, Ascom generated revenue of CHF 202.7 million (H1/2013: CHF 225.1 million), while incoming orders amounted to CHF 229.0 million (H1/2013: CHF 259.7 million). The book-to-bill ratio stood at a good level of 113%, and total order backlog at 30 June 2014 was CHF 165.0 million (year-end 2013: CHF 137.3 million).

Despite lower revenues Ascom achieved a double-digit EBITDA margin of 10.5% (H1/2013: 12.4%), including a positive impact from non-core one-offs. The Company ended the first half of 2014 with net profit of CHF 8.2 million (H1/2013: CHF 14.5 million). As of 30 June 2014, the Group showed a net cash position of CHF 2.3 million and an equity ratio of 48.0%.

Given that Ascom historically shows stronger business performance during the second half of the year, Ascom is confident to increase profitability in the coming months and to close 2014 in its core business with flat revenue development and an EBITDA margin of 14–16%. Ascom expects net profit for fiscal year 2014 to be at around the previous year's level.

## **On-going investments in growth initiatives**

The first half 2014 was disappointing – especially after an excellent fiscal year 2013, when Ascom achieved its best EBITDA margin ever. In order to improve operating results, Ascom continued to invest in growth initiatives in both divisions, while also conducting in-depth market assessments. The new healthcare smart device Ascom Myco is one of the Ascom Group's most important development projects. In addition, the Company strengthened its management team. In order to fortify the long-term strategy of profitable growth the new position of Head of Strategy and Business Development was created at Executive Board level. Francis Schmeer, a global executive with a solid track record, will take up this new position as of 1 September 2014. Moreover, two new Managing Directors for Wireless Solutions US and for Network Testing APAC were appointed.

## **Wireless Solutions anticipates strong second half-year**

Wireless Solutions showed mixed business performance during the first half of 2014. Overall, the division generated revenue of CHF 140.8 million (H1/2013: CHF 149.7 million) and reported an EBITDA margin of 10.9% for the first six months of 2014 (H1/2013: 14.0%). With the high order backlog of CHF 125.5 million by mid-year 2014 (22% higher compared to year-end 2013), a sound project pipeline and a seasonal pattern with stronger profitability during the second half-year periods, Ascom is confident that Wireless Solutions will close fiscal year 2014 with a much stronger EBITDA margin that is expected in line with the previous years.

Wireless Solutions continued to focus on innovation and on further growth initiatives. The division designed with Ascom Myco a unique purpose-built smart device for the healthcare sector. Ascom Myco has been pre-tested with key users and is planned to be launched in October 2014 with first revenues in 2015. In addition, with small acquisitions in Australia and Malaysia, the division completed first steps in growth markets expansion. Furthermore, Wireless Solutions has strengthened its divisional management team, by appointing Tim F. Whelehan, an experienced sales executive as new Managing Director of Wireless Solutions US.

## **Network Testing expects recovery after weak first half-year**

After a very good performance in 2013, Network Testing faced headwinds during the first half of 2014. As a result, the division closed the first six months of 2014 with revenue of CHF 52.7 million (H1/2013: CHF 65.2 million). In terms of profitability, gross margin was stable despite lower revenue, while the EBITDA margin came to 4.4% (H1/2013: 11.8%). However, encouraged by positive business developments seen in the second quarter of 2014 compared to the first three months, and given a solid order backlog (14% higher compared to year-end 2013), Network Testing is confident that it will increase revenue during the second half-year and close 2014 with a substantial improvement in profitability.

In order to deliver stronger results in the coming months, Network Testing has invested in growth initiatives such as the development of Capacity Management, integrated solutions capabilities, and an eContract Exchange system. In addition, a comprehensive market assessment underlines that Network Testing has a good basis to recover in the APAC region. A dedicated plan to bounce back in this region has been implemented, and Network Testing has appointed Faiq Khan, a very successful manager of the Middle East Africa sub region, as the new Managing Director to lead the combined Asia Pacific and Middle East Africa region.

### **EBITDA margin for 2014 expected to be 14–16%**

Ascom historically has a stronger second half-year and therefore anticipates significantly better results in the coming months. Ascom has undertaken important steps to improve operating results in both divisions. Wireless Solutions as well as Network Testing carry a strong project pipeline and there are already improving signs in terms of business performance in the last few months. In particular, Ascom started the second-half of 2014 with the win of two substantial orders in both divisions with a combined value of a high single digit CHF million amount.

Ascom expects to close the 2014 financial year with similar revenue in core business as in fiscal year 2013. Taking into account that Wireless Solutions expects a much stronger EBITDA margin in line with previous years, and that Network Testing will improve its profitability substantially, Ascom is confident to reach the targeted overall EBITDA margin of 14–16% in core business in 2014.

Based on the assumption of strong improvement in operating results during the second half-year 2014, Ascom anticipates net profit for fiscal year 2014 to be at around the previous year's level.

### Key figures Ascom Group

1 <sup>st</sup> half-year CHFm	2014	2013
Incoming orders	229.0	259.7
<b>Revenue</b>	<b>202.7</b>	<b>225.1</b>
<b>EBITDA</b>	<b>21.3</b>	<b>27.9</b>
<i>EBITDA margin (in %)</i>	<i>10.5%</i>	<i>12.4%</i>
<b>Group profit</b>	<b>8.2</b>	<b>14.5</b>

### Key figures Wireless Solutions

1 <sup>st</sup> half-year CHFm	2014	2013
Incoming orders	161.9	171.9
<b>Revenue</b>	<b>140.8</b>	<b>149.7</b>
<b>EBITDA</b>	<b>15.4</b>	<b>21.0</b>
<i>EBITDA margin (in %)</i>	<i>10.9%</i>	<i>14.0%</i>

### Key figures Network Testing

1 <sup>st</sup> half-year CHFm	2014	2013
Incoming orders	57.9	77.1
<b>Revenue</b>	<b>52.7</b>	<b>65.2</b>
<b>EBITDA</b>	<b>2.3</b>	<b>7.7</b>
<i>EBITDA margin (in %)</i>	<i>4.4%</i>	<i>11.8%</i>

The complete 2014 Half-Year Report of the Ascom Group is available in English only and can be viewed online at [www.ascom.com/hyr2014-en](http://www.ascom.com/hyr2014-en).

The full presentation of the Media & Analyst Conference (in English) can be downloaded after the conference at:  
[www.ascom.com/en/index/investor-relations/ir-reports-presentations/ir-media-presentations.htm](http://www.ascom.com/en/index/investor-relations/ir-reports-presentations/ir-media-presentations.htm)

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## ABOUT ASCOM

[Ascom](#) is a global solutions provider with comprehensive technological know-how in mission-critical wireless communication. The company focuses on the [Wireless Solutions](#) (an international market leader for high-value, customer-specific on-site communication solutions and workflow optimization) and [Network Testing](#) (a global market leader in testing, monitoring, post processing, and performance optimization for mobile networks) divisions. The Ascom Group is headquartered in Switzerland, has subsidiaries in 17 countries, business activities in more than 130 countries, and employs around 1,600 people worldwide. Ascom registered shares (ASCN) are listed on the SIX Swiss Exchange in Zurich.

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