

## MEDIA RELEASE

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### **Ascom Network Testing hit by harsh market environment mainly in North America**

**Ascom Network Testing anticipates delivering weaker results than expected for fiscal year 2015 due to harsh market conditions particularly in North America. In contrast, Ascom Wireless Solutions continues its solid performance according to expectations. Discussions with interested parties to evaluate strategic options for the Network Testing Division are proceeding.**

The division Network Testing is facing in the fourth quarter 2015 an increasingly challenging market environment due to substantial changes in the North American Telecom sector. Mobile operators are facing stringent cost pressure, which recently resulted in several announcements from some of the largest customers of Network Testing conducting major restructurings impacting their network related spending patterns. One major North American operator postponed significant network investments with infrastructure and service providers into 2016, resulting in a revenue loss of USD 8 million for Network Testing this year.

Structural changes and cost measures have been initiated to align the testing business of the Division Network Testing to the new market realities and to improve its profitability substantially. The costs associated with these measures amounting to CHF low to mid-single digit millions will be reported in the 2015 result, with full payback in 2016.

The German business unit Systems & Solutions (which accounts for about 12% of the division's business) continued to perform below expectations. The Network Testing Division as a whole expects a single-digit decline in revenue at constant currencies compared to 2014. Including the charge for restructuring of the testing business, Network Testing Division is expected to generate for 2015 a loss of CHF low to mid-single digit millions.

In contrast, the division Wireless Solutions (accounting for about 75% of the Group's business) continues its positive business development. Supported by the launch of Ascom

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Myco and important hospital lighthouse project wins, the division made good progress and consequently pushes forward in its transformation towards becoming a leading provider of healthcare ICT solutions. Although the sales cycles in the more complex solutions business are longer compared to the pure product selling business, the division expects revenue growth in the range of 3-4% at constant currencies compared to 2014. Revenues in the healthcare sector are growing above the division average. Wireless Solutions expects to achieve an EBITDA margin in the range of 14-15% for fiscal year 2015 taking into account the costs for the executed investment program as announced in January 2015 and substantial efforts in progressing with strategic partnerships and M&A towards the implementation of the strategy "Ascom 2020". Going forward, Wireless Solutions is expected to achieve revenue growth of 5-10% at constant currencies and an EBITDA margin of 14 – 18% in 2016 and 2017.

Consequently, Group profit for 2015 will be substantially lower than in the previous year. However, taking into account the on-going solid development of the Wireless Solutions Division, the Board of Directors intends – from a current point of view - to recommend to the Annual General Meeting 2016 to pay out a dividend at last year's level of CHF 0.45 per share.

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## ABOUT ASCOM

[Ascom](#) is an international solutions provider with comprehensive know-how in healthcare workflows and telecommunications. The company is active in [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). The Ascom Group is headquartered in Switzerland, has subsidiaries in 19 countries and employs around 1,700 people worldwide. Ascom registered shares (ASCN) are listed on the SIX Swiss Exchange in Zurich.

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