



9 March 2017

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Ascom as a OneCompany expects 3–6% revenue growth (with stronger growth rates in Healthcare) and 14–15% EBITDA margin in 2017

Overview fiscal year 2016 results:

Wireless Solutions

- Decent results with stronger profitability in the second half-year
- Net revenue in line with the previous year with an EBITDA margin of 14.0% (before OneCompany restructuring costs)
- Innovation focus on Healthcare and point of care
- Attained 63% Healthcare share through 5% growth

Network Testing

- Divestment closed as of 30 September 2016
- Net revenue of CHF 53.8 million with an operative loss (EBIT) of CHF 20.0 million in the first nine months
- Extraordinary loss of CHF 145.1 million in connection with the divestment resulting principally from the non-cash recycling of goodwill (as announced on 22 August 2016)

Ascom Group

- EBITDA of CHF 41.7 million with an EBITDA margin of 13.9% (adjusted for Network Testing and OneCompany restructuring costs)
- Net cash position of CHF 24.1 million and equity ratio of 35.9%
- Loss at Group level of CHF 145.7 million due to extraordinary effects in connection with the divestment of Network Testing

Ascom as a OneCompany organization – Outlook*

- 2017: Revenue growth of 3–6% (with stronger growth rates for Healthcare) and an EBITDA margin of 14–15%
- 2020 (mid-term target): 7–10% revenue growth with the ambition to reach an EBITDA margin of 20%

* At constant currencies



2016 was a year of major changes for Ascom

The following important steps have been taken:

- Portfolio decision to convert Ascom from a divisional group structure to an integrated organization
- Sale of the Division Network Testing
- Strategic business focus on healthcare ICT and mobile workflow solutions
- Appointment of a new CEO with excellent knowledge of the healthcare ICT industry and expertise in software and solutions sales and delivery
- Increased investments into cutting-edge software development teams, driving growth and gross margin in the coming years
- Dedicated focus on organic growth, no major acquisitions planned
- Asset light operation with substantial recurring revenues and solid balance sheet with a net cash position

Solid result for Wireless Solutions

Wireless Solutions achieved in 2016 net revenue of CHF 300.8 million, with the healthcare business growing 5%. The revenue level was largely in line with the previous year despite fundamental changes in the organization and processes due to the transformation of Ascom to a OneCompany business.

Supported by a stronger second half-year, Wireless Solutions achieved an EBITDA margin of 14.0% (adjusted for the OneCompany restructuring costs) despite higher R&D costs. Thanks to a higher gross margin, the profitability in the second half-year increased to an EBITDA margin of 17.7% (adjusted for the OneCompany restructuring costs).

Divestment of Network Testing Division

The former Network Testing Division continued to suffer from a very difficult market environment for telecom operators with consolidating markets and significant price pressure over the last years. In the first nine months of 2016, the former Network Testing Division posted net revenue of CHF 53.8 million with an operative loss of CHF 20.0 million on EBIT level.

After 20 months of intensive search and negotiations, a good industrial solution for all stakeholders and the right owner to develop and scale this business further has been found. The divestment of the Network Testing Division was closed on 30 September 2016.

As announced in the media release of 22 August 2016, the divestment of the Network Testing Division led to an extraordinary loss of CHF 145.1 million, resulting principally from the non-cash recycling of goodwill previously offset against shareholders' equity according to Swiss GAAP FER.

**Extraordinary effects impacted Group result**

Adjusted for Network Testing and the non-recurring costs of CHF 13.1 million (including the CHF 10.6 million cost of the OneCompany program), Ascom achieved an EBITDA of CHF 41.7 million with an EBITDA margin of 13.9%. As a result of the extraordinary effects in connection with the divested Network Testing Division, Ascom posted a loss at Group level of CHF 145.7 million for fiscal year 2016.

Strong balance sheet as a solid basis for future growth

Ascom has a strong balance sheet with a net cash position of CHF 24.1 million (2015: CHF 37.3 million) and an equity ratio of 35.9% (2015: 40.7%) as of 31 December 2016.

Dedicated focus on healthcare

During Q4 2016, Ascom converted from a divisional and regional set-up to a OneCompany functional organization with one business, one mission and one culture. Going forward, Ascom concentrates its investments on Healthcare ICT products and solutions – with healthcare being the most complex and challenging mobile workflow environment. Thus, innovation for healthcare will support sales in many other industries too. Healthcare accounted for 63% of the total revenue of Wireless Solutions in 2016.

The accelerating digitalization of healthcare starts to drive rapid growth. The digitalization of healthcare has suffered from the challenge to reach the point of care with its mission critical, mobile and ad hoc workflows. Ascom is uniquely positioned to provide this final missing link for healthcare to start embracing the full potential of information technology and knowledge driven workflows. Global Healthcare ICT spend is approaching USD 150 billion per year, growing at over 7%. The healthcare market offers tangible growth opportunities for Ascom, who can leverage an impressive installed base in this expanding market.

Outlook

The accustomed seasonality indicates a stronger second-half year also in 2017. The first half-year will be still impacted by the aftermath of the OneCompany restructuring and on-going recruiting in sales. Furthermore, the second half-year will benefit from several new releases of products and solutions (such as Ascom Myco 2, Telligence, Apps, Unite Reporting), the planned sales force increase and the ramping up of new partnership agreements.

Ascom targets to achieve 3–6% revenue growth for the full year 2017 with stronger growth rates for Healthcare. The EBITDA margin is expected at 14–15% for the full year 2017 at constant currencies.

Moreover, Ascom confirms its mid-term targets for 2020 as communicated on 3 November 2016: Ascom strives to achieve 7–10% revenue growth in 2020 and has the ambition to reach an EBITDA margin of 20%.



KEY FIGURES

Ascom Group

<i>Figures in CHFm, except EPS and %</i>	2016	2015
Net revenue	354.3	410.8
EBITDA	16.9	43.8
<i>EBITDA margin</i>	4.8%	10.7%
Group profit / (loss)	(145.7)*	24.3
Earnings per share (EPS) in CHF	(4.07)*	0.69
Number of employees (FTE) at 31.12.	1,188	1,658

*As announced in the media release of 22 August 2016, the divestment of the Network Testing Division led to an extraordinary loss of CHF 145.1 million, resulting principally from the non-cash recycling of goodwill previously offset against shareholders' equity according to Swiss GAAP FER

Wireless Solutions

<i>Figures in CHFm, except %</i>	2016	2015
Incoming orders	303.3	311.8
Net revenue	300.8	304.2
EBITDA	31.6	45.5
<i>EBITDA margin</i>	10.5%	15.0%
EBITDA before restructuring costs	42.0	45.5
<i>EBITDA margin before restructuring costs</i>	14.0%	15.0%
Number of employees (FTE) at 31.12.	1,173	1,237

Transformation Ascom OneCompany

<i>Figures in CHFm, except %</i>	Ascom Group FY 2016	Network Testing**	2016 one-off charges	OneCompany (pro forma) 2016
Incoming orders	360.4	57.5		302.9
Net revenue	354.3	53.8		300.5
EBITDA	16.9	(11.7)	(13.1)	41.7
<i>EBITDA margin</i>	4.8%	n/a		13.9%

** Divestment as of 30 September 2016

The full 2016 Annual Report of the Ascom Group and the Full-Year Results Presentation 2016 are available online at <https://www.ascom.com/corp/investor-relations/reports-presentation.html>



ABOUT ASCOM

Ascom is a global solutions provider focused on healthcare ICT and mobile workflow solutions. The vision of Ascom is to close digital information gaps allowing for the best possible decisions – anytime and anywhere. Ascom’s mission is to provide mission-critical, real-time solutions for highly mobile, ad hoc, and time-sensitive environments. Ascom uses its unique product and solutions portfolio and software architecture capabilities to devise integration and mobilization solutions that provide truly smooth, complete and efficient workflows for healthcare as well as for industry and retail sectors.

Ascom is headquartered in Baar (Switzerland), has subsidiaries in 15 countries and employs around 1,200 people worldwide. Ascom registered shares (ASCN) are listed on the SIX Swiss Exchange in Zurich.

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