



16 August 2018

Ascom Group Media Office, Daniel Lack, Senior VP Legal & Communications / IR

+41 41 544 78 10, daniel.lack@ascom.com

Ascom grows healthcare revenue within a mixed first half-year

Important strategic milestones achieved in the first half-year

- Significant revenue growth in Healthcare as well as in Software and Services
- Successful implementation of the Ascom Healthcare Platform at the Erasmus Medical Center in Rotterdam, a leading academic hospital center in Europe
- North America has been stabilizing. Several strategic and operational measures have been implemented and a stronger second half-year 2018 is expected
- New products and solutions, such as an Elderly Care Platform, CDAS (Confirmed Distributed Alarm System) and Myco 3 to be launched later in 2018

Financial Results H1 2018 show a mixed picture

- Incoming orders rose by 7.2% to CHF 169.3 million (+2.4% at constant currencies)
- Order backlog was CHF 164.0 million by mid-year (30 June 2017: CHF 136.8 million)
- Net revenue grew by 2.6% to CHF 146.9 million (–1.6% at constant currencies)
- EBITDA margin at 6.5% (H1/2017: 9.7%) due to higher investments, mainly in innovation
- Group profit of CHF 5.4 million (H1/2017: CHF 6.6 million)

Guidance 2018 confirmed

- Expectation of a stronger second half-year 2018
- Targets in FY 2018: Revenue growth of 3–6% and an EBITDA margin expected to be in line with last year, up to around 15%

Eventful and challenging first half-year 2018

While the developments in net revenue and EBITDA margin were below Ascom's expectations, the increase in incoming orders and the good level of order backlog are positive achievements.

Ascom succeeded in winning important orders in all geographic regions. Incoming orders came to CHF 169.3 million (H1/2017: CHF 158.0 million), resulting in an increase of 7.2% (+2.4% at constant currencies). The high order backlog of CHF 164.0 million by mid-year 2018 (30 June 2017: CHF 136.8 million) supports the expected growth in the second half of 2018. Given the longer delivery cycles in the software and solutions business, not all order backlog will be converted short-term.



Ascom generated net revenues of CHF 146.9 million (H1/2017: CHF 143.2 million), representing a growth of 2.6% (–1.6% at constant currencies) in the first half-year 2018.

In line with the strategy, overall Healthcare sector revenues grew year-on-year by 9.0% (+4.6% at constant currencies). In Europe, the Healthcare sector increased by 19.1% (+11.4% at constant currencies). Ascom further expanded its software and service business revenues with a combined growth rate of 8.0% (+3.1% at constant currencies) while the Enterprise sector decreased. The OEM business delivered solid results, albeit below the very strong performance achieved in the previous year.

Within Europe, the performance varied from market to market. The strongest performance was achieved in the Benelux region. A major milestone was the successful implementation of the Ascom Healthcare Platform at the Erasmus Medical Center in Rotterdam, a leading academic hospital center in Europe. In addition, the Nordic region also performed well; however, other European regions and the Asia, Australia, Africa (AAA) region showed flat development. In some geographic areas, an element of transition can still be seen.

North America has been stabilizing during the first half of 2018. A comprehensive analysis showed that Ascom is well positioned with its portfolio to exploit the opportunities of the growing American healthcare communication market. North American software sales accelerated significantly year-on-year with additional solid growth in mobility and services. Ascom continues to reinvigorate its channel strategy in regard to the Patient Systems solutions. Overall, the North American region's revenue was slightly below the previous year's. The strengthening of the US management is almost completed, and Ascom sets up a more focused sales structure by improving indirect channel management as well as by increasing direct sales to tap into the growing market potential. Ascom expects a stronger second half-year 2018 in North America.

Further investments into the future of the company

The Ascom Healthcare Platform is an unmatched platform, where digital clinical information flows efficiently across systems, devices and points of care. Ascom has the most complete and comprehensive platform to integrate, orchestrate and enable resources in a clinical and mission-critical environment.

Ascom is confident about its strategy. Although the full implementation may take longer than originally expected, Ascom continues to invest into its future. Ascom strives to develop new solutions and to improve market penetration. As a healthcare ICT provider, innovation is an important success driver. R&D expenses increased by about 20% to CHF 16.5 million for the first half-year 2018 representing 11.2% of net revenue compared to CHF 13.8 million in H1/2017 (9.6% of net revenue). Moreover, Ascom increased its sales and marketing expenses to strengthen the sales performance. Overall, total functional costs increased to CHF 66.4 million (H1/2017: CHF 60.8 million).



Due to higher investments, mainly in innovation, EBITDA for the first half-year 2018 was at CHF 9.6 million (H1/2017: CHF 13.9 million) with an EBITDA margin of 6.5% (H1/2017: 9.7%). Ascom closed the first half-year of 2018 with a Group profit of CHF 5.4 million (H1/2017: CHF 6.6 million). Ascom is a financially sound company with a net cash position of CHF 1.4 million and an equity ratio of 31.8% as of 30 June 2018.

Growth is expected to accelerate in the second half of 2018

Due to the usual seasonality of its business, the higher level of incoming orders and order backlog, Ascom expects acceleration in growth in the second half of 2018, and a recovery in North America due to the strategic and operational measures that have been taken during the last months. Furthermore, Ascom expects a positive impact from the successful reference projects and to benefit from accelerated strategic partnerships as well as through new solutions, such as the purpose-built smartphone Myco 3, CDAS (Confirmed Digital Alarm System) and an Elderly Care Platform, which will be launched this year.

Guidance 2018 confirmed

Based on the expectation of a stronger second half-year, Ascom confirms its communicated guidance for the full year 2018. The target is to achieve revenue growth of 3–6%; the EBITDA margin is expected to be in line with last year, up to around 15%.

KEY FIGURES 1st HALF-YEAR Swiss GAAP FER

CHFm	1 st half-year 2018	1 st half-year 2017
Incoming orders	169.3	158.0
Order backlog	164.0	136.8
Net revenue	146.9	143.2
EBITDA	9.6	13.9
<i>EBITDA margin in %</i>	6.5%	9.7%
Group profit for the period	5.4	6.6
Number of employees (FTE) at 30.06.	1,227	1,199

The complete 2018 Half-Year Report of the Ascom Group and the Half-Year Results Presentation 2018 are available in English only and can be viewed online at <http://www.ascom.com/corp/investor-relations/reports-presentation.html>

Audio Live Webcast to the half-year media conference is starting on Thursday, 16 August 2018, 09.30 CET. Please join online via <http://swisscomstream.ch/ascom/audiowebscast/>



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 18 countries and employs around 1,300 people worldwide. Ascom registered shares (ASCN) are listed on the SIX Swiss Exchange in Zurich.

This document does not constitute an offer or solicitation to subscribe for, purchase or sell any securities. This document is not being issued in the United States of America or the United Kingdom and should not be distributed in any jurisdiction in a manner where such distribution would not comply with regulatory requirements. In particular, this document may not be distributed into the United States, to United States persons or to publications with a general circulation in the United States. In addition, the securities of Ascom have not been and will not be registered in any jurisdiction outside Switzerland. The securities of Ascom may not be offered, sold or delivered and no solicitation to purchase such securities may be made within the United States or to U.S. persons absent an applicable exemption from the registration requirements of the United States securities laws or within any other jurisdiction and in a manner where such offer, sale, delivery or solicitation might not be in compliance with regulatory requirements (including the United Kingdom).