



Challenging first half-year 2019

Baar, Switzerland

14 August 2019

Daniel Lack
Senior VP Legal & Communications / IR
Ascom Group Media Office
+41 41 544 78 10
daniel.lack@ascom.com

- **Half-year 2019 results**
 - **Net revenue** of CHF 137.0 million, decline of 4.2% at constant currencies (H1/2018: CHF 146.9 million)
 - **Incoming orders** of CHF 161.7 million, decline of 1.9% at constant currencies (H1/2018: CHF 169.3 million)
 - **Order backlog** as of 30 June 2019 at CHF 172.1 million, increase of 8.7% at constant currencies (end of H1/2018: CHF 164.0 million)
 - **EBITDA** at CHF 1.4 million, and EBITDA margin of 1%, mainly due to lower revenue (H1/2018: CHF 9.6 million with a margin of 6.5%)
 - **Group profit** increased to CHF 6.5 million (H1/2018: CHF 5.4 million) due to one-off effects
- **Leadership change**

In addition to her function as Chairperson, Jeannine Pilloud became acting CEO as of 2 August 2019. Dominik Maurer takes over as CFO as of 10 October 2019
- **Internal initiatives going forward**

Specific actions defined by the Board of Directors and the Management to better exploit Ascom's growth potential and to improve long-term profitability
- **Targets 2019**

From a current point of view, Ascom will not achieve the targets 2019 as communicated. The Group is expected to achieve net revenue of about CHF 300 million with a high single digit EBITDA margin as a base case

Weaker than expected performance during the first six months

Ascom generated for the first half-year 2019 net revenue of CHF 137.0 million, representing a decline of 4.2% at constant currencies (H1/2018: CHF 146.9 million). Ascom suffered from weak demand in the OEM business (accounting for about 10% of total revenue in H1/2018), which declined by about 30%. Moreover, the initiated measures to increase the quality and capacity of the service business did not fully materialize.

Good performance in UK and the DACH region

The various regions performed differently. UK and the DACH region showed a solid performance with a high single-digit revenue growth. The Benelux region and the Nordic countries faced delays in project delivery resulting in a revenue decline compared to H1/2018. Business in North America was in line with the previous year while the business in Australia and Asia developed slower.

The healthcare sector accounts for about 64% of the revenue of the first half-year 2019, in line with the previous year. While the revenue share of OEM business fell from 10% to 7%, the enterprise sector grew from 26% to 29%. Recurring revenue increased to 26% compared to 23% in H1/2018.

Order backlog continued to grow

Ascom achieved a total volume of new orders of CHF 161.7 million in the first half-year 2019 (H1/2018: CHF 169.3 million). Order backlog stood at CHF 172.1 million (H1/2018: CHF 164.0 million), representing an increase of 8.7% at constant currencies, which is a solid basis for a better business performance in the second half of 2019 and in 2020.

Profitability hit by lower revenue

Profitability in the first half of 2019 was lower than in the previous year, primarily due to the decline in revenue and a lower gross margin, while overall functional costs remained at previous year's level. Therefore, EBITDA came to CHF 1.4 million (H1/2018: CHF 9.6 million), with an EBITDA margin at 1.0% compared to 6.5% for the first half-year 2018.

Higher Group profit due to one-off effects

In spite of the lower operational profitability, Ascom closed the first half of 2019 with a higher Group profit of CHF 6.5 million (H1/2018: CHF 5.4 million) due to one-off effects, in particular the divestment of the non-operating property Technologiepark Teningen (Germany) resulting in a substantial book gain.

Positive operating cash flow and solid balance sheet structure

During the first six months of the year, Ascom generated a positive cash flow of CHF 5.5 million from operating activities. At balance sheet date of 30 June 2019, cash and cash equivalents stood at CHF 14.2 million with an equity ratio of 35.2%.

Internal initiatives going forward

Ascom's strategic positioning in Healthcare is strong and the Company's portfolio shows a solid development. However, the transformation to a solution company still needs a concentrated and focused effort. Costs have to be better aligned to the revenues and it is very important to implement a consistent delivery model throughout Ascom's large growing market.

At the beginning of August 2019, the Board of Directors has taken the decision that in addition to her role as Chairperson of the Board, Jeannine Pilloud also assumes operational leadership as acting CEO of the Ascom Group with immediate effect. Dominik Maurer will join as new CFO as of 10 October 2019.

The Board of Directors and the Management have defined specific actions to better exploit Ascom's growth potential and to improve the Company's long-term profitability. Ascom has to become faster, more customer-focused, and the solutions have to be impeccable.

Objective is to return to industry growth and stronger sustainable profitability. The organization shall be realigned for a consistent and efficient delivery and go-to-market. In addition, several actions will be initiated to align the cost base to top-line and industry benchmarks.

The Board of Directors of Ascom Holding AG initiated a focused evaluation of strategic options with the support of experienced advisors. In addition, further partnerships shall be determined. The interests of all stakeholders such as customers, employees and shareholders shall be considered.

Outlook

In 2019, Ascom still faces a challenging journey. The Board of Directors and the Management are convinced that the strategic positioning of Ascom is correct, and the objectives are clearly formulated: return to growth and increase of profitability sustainably.

Ascom expects the second half of 2019 to be better than the first half of the year. However, from a current point of view, Ascom will not achieve the targets 2019 as communicated. The Group is expected to achieve net revenue of about CHF 300 million with a high single digit EBITDA margin as a base case.

KEY FIGURES HALF-YEAR 2019

Swiss GAAP FER

In CHFm, except %

	H1 2019	H1 2018
Incoming orders	161.7	169.3
Net revenue	137.0	146.9
EBIT	-5.4	3.6
<i>EBIT margin in %</i>	-3.9%	2.5%
EBITDA¹	1.4	9.6
<i>EBITDA margin in %</i>	1.0%	6.5%
Group profit	6.5	5.4
Number of employees (FTE) at 30.06.	1,306	1,227

¹ Earnings before interest, income tax, depreciation and amortization (EBITDA) as a subtotal includes the operating result (EBIT) before deduction of depreciation and impairment of property, plant and equipment as well as amortization and impairment of intangible assets. H1/2019: operating depreciation and amortization amounted to CHF 6.8 million (H1/2018: CHF 5.9 million).

The complete 2019 Half-Year Report of the Ascom Group and the Half-Year Results Presentation 2019 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 at Wednesday, 14 August 2019, 10.00 CEST. Please join online via <http://swisscomstream.ch/ascom/audiowebcast/>

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

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