



Ascom initiated the necessary steps to return to profitable growth

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- **Financial year 2019 results**
 - **Net revenue** of CHF 282.9 million, decline of 8.5% at constant currencies¹
 - **Incoming orders** of CHF 315.5 million, decline of 1.4% at constant currencies
 - **Order backlog** as of 31 December 2019 at CHF 177.5 million, increase of 22% at constant currencies
 - **EBITDA**² at CHF 0.8 million, due to lower revenue, high cost base and restructuring costs; normalized EBITDA (adjusted for one-off effects) was at CHF 11.0 million
 - **Group profit** of CHF 0.5 million due to one-off-effects

- **New Group structure and cost savings program**
 - New Group structure implemented as of 1 February 2020
 - Group-wide transformation project is well on track
 - A comprehensive cost-saving program has been initiated in order to reduce annual cost base by CHF 10 to 15 million

- **Outlook**

2020 targets: low single digit revenue growth (at constant currencies) with a high single digit EBITDA margin

Details of 2019 results

Ascom generated in 2019 net revenues of CHF 282.9 million, representing a decline of 8.5% at constant currencies (2018: CHF 318.5 million). The Company suffered from a weak demand in the OEM business (which is accounting for 7% of the total revenue), which declined by 35%. While UK and the DACH region showed a positive development, performance in North America as well as in most of the other regions was unsatisfactory. The Healthcare sector accounted for 64% of the revenue in 2019 (2018: 63%), while the Enterprise sector was at 29% (2018: 28%) and the OEM business at 7% (2018: 9%). Recurring revenue increased to 24% compared to 21% in the previous year.

Lower profitability

Profitability was hit by the decline in revenue, the high cost base and one-off effects including restructuring costs of CHF 6.1 million in the second half of 2019. Overall, EBITDA was slightly positive and amounted to CHF 0.8 million (2018: CHF 39.0 million), while EBIT was negative at CHF -13.4 million (2018: CHF 26.6 million). The normalized EBITDA, adjusted for one-off effects of CHF 10.2 million mainly due to restructuring costs, amounts to CHF 11.0 million with an EBITDA margin of 3.9%.

Due to a positive net financial result, a positive one-off effect in particular from the divestment of the non-operating property Technologiepark Teningen (Germany) in the first half-year 2019 and a positive effect in income taxes, Ascom closed financial year 2019 with a Group profit of CHF 0.5 million (2018: CHF 21.4 million).

Strong order backlog

Incoming orders in 2019 came to CHF 315.5 million (-1.4% at constant currencies) while the order backlog grew by 22% at constant currencies and increased to CHF 177.5 million.

Cash flow and balance sheet

During financial year 2019, Ascom generated a positive cash flow of CHF 2.9 million from operating activities (2018: CHF 20.0 million). The lower operating cash flow compared to the previous year resulted primarily from the significant lower operating result, and higher inventories and work in progress due to delivery issues.

At balance sheet date of 31 December 2019, cash and cash equivalents stood at CHF 18.2 million (2018: CHF 21.2 million). Shareholder's equity was at CHF 63.2 million (2018: CHF 83.2 million), and the equity ratio amounted to 29.5% (2018: 38.1%).

New Group structure and comprehensive cost saving program

As already announced in January 2020, the Board of Directors decided to implement a new Group structure as of 1 February 2020. Ascom will focus on a lean and simple organization and strong customer proximity. A group-wide transformation project has been initiated to achieve this and is well on track.

Already in the second half of 2019, a comprehensive cost-saving program has been initiated in order to reduce Ascom's annual cost base by CHF 10 to 15 million.

Dividend payment

Ascom has paid a dividend in previous years in relation to the achieved Group profit. Due to the very low Group profit in 2019, the Board of Directors proposes not to pay out a dividend for 2019 accordingly.

Outlook

Ascom expects 2020 to become a challenging year of transition. The Board of Directors and the Executive Committee have laid the foundations to achieve improvements during the current business year. Ascom targets for 2020 a low single digit revenue growth (at constant currencies) with a high single digit EBITDA margin.

KEY FIGURES FINANCIAL YEAR 2019

In CHFm	Ascom Group			
	FY 2019	H2 2019	H1 2019	FY 2018
Incoming orders	315.5	153.8	161.7	329.6
Net revenue	282.9	145.9	137.0	318.5
EBIT	(13.4)	(8.0)	(5.4)	26.6
EBIT margin in %	(4.7)%	(5.5)%	(3.9)%	8.4%
EBITDA	0.8	(0.6)	1.4	39.0
EBITDA margin in %	0.3%	(0.4)%	1.0%	12.2%
Group profit	0.5			21.4
Employees (FTE) at 31.12.	1,292			1,246

¹ Constant currencies are calculated by converting numbers using the prior year's average exchange rate

² EBITDA, earnings before interest, income tax, depreciation and amortization, see also definition in the 2019 Annual Report on page 65.

The complete 2019 Annual Report of the Ascom Group and the Full 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>

Live Audio Webcast to the full-year media conference is starting at Thursday, 5 March 2020, 10.00 CET. 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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