

MEDIA RELEASE

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Ascom reports very good results: strong growth, higher profitability and an increase in Group profit

Ascom has presented very good results for the first half of 2010. With revenue increasing year-on-year from CHF 235.2 million to CHF 281.2 million, the Group posted growth of 19.6%. Incoming orders rose by 31.8% to CHF 308.2 million. Ascom generated on EBITDA level CHF 33.9 million (prior-year: CHF 12.3 million) with an EBITDA margin of 12.1%. Thus, the profitability has been more than doubled compared to last year. At CHF 17.1 million, Group profit was well above the prior-year result of CHF 11.9 million.

The EBITDA guidance for fiscal year will be raised to 11-12%. Ascom has a clearly focused strategy and is financially sound. At 30 June 2010, the company held cash and cash equivalents amounting to CHF 112.4 million and, provided a well ongoing course of business, intends to pay an annual dividend starting from 2011.

The consistent implementation of Ascom's niche strategy with its focus on Mission-Critical Communication proved to be remarkably successful also during the first half of 2010. The investments in new businesses, but also in research and development as well as in the expansion of the sales channels, paid off in an increase of revenue of almost 20%. All three divisions achieved encouraging results. The process of integration in the newly created Network Testing Division is on schedule and will be completed by the end of this year.

Significant increase in revenue and incoming orders

In the first six months of 2010, Ascom was able to increase Group revenue by 19.6% to CHF 281.2 million (previous year: CHF 235.2 million). Wireless Solutions achieved substantial growth, increasing revenue by 9.5% to CHF 138.2 million. At constant exchange rates, revenue even rose by 11.3%. Due to the acquisition of TEMS, Network Testing almost doubled revenue year-on-year to CHF 80.1 million. As expected, revenue generated by the Security Communication Division from Swiss business and international customers was on a par with the prior-year result at CHF 64.3 million.

At Group level, incoming orders for the first half of 2010 were 31.8% higher at CHF 308.2 million. Ascom started the second half of 2010 with a comfortable order backlog of CHF 248.6 million.

EBIT and EBITDA margins more than doubled

Ascom succeeded in increasing profitability in all three divisions in the first half of 2010. At EBIT level, the Group recorded a result of CHF 24.0 million (previous year: CHF 7.3 million), including one-off integration costs of CHF 1.6 million as well as amortization costs of CHF 5.3 million related to acquisitions. At 8.5%, the EBIT margin more than doubled compared to the first six months of 2009. Ascom also increased EBITDA to CHF 33.9 million (previous year: CHF 12.3 million), corresponding to an EBITDA margin of 12.1%.

With EBIT of CHF 13.9 million (previous year: CHF 6.7 million) and an EBIT margin of 10.1%, Wireless Solutions recorded a very good result. At EBITDA level, the division posted a result of CHF 17.3 million with an EBITDA margin of 12.5%.

Network Testing achieved an encouraging EBIT result of CHF 6.4 million and an EBIT margin of 8.0%. This result was influenced by integration and amortization costs of CHF 6.9 million as well as positive and negative one-off effects related to the sale of the Network Planning Business and TelcoNet Services. At EBITDA level, the division posted a result of CHF 12.3 million with margin of 15.4%.

Strict cost and process management, coupled with a one-off effect of CHF 1.7 million, had a positive impact on profitability at Security Communication. The division increased EBIT to CHF 5.2 million with a margin of 8.1%, and with CHF 5.8 million and a margin of 9.0% the division achieved a good result at EBITDA level.

Substantial rise in Group profit

Ascom's Group profit in the first six months of 2010 increased by 43.3% to CHF 17.1 million (previous year: CHF 11.9 million). It should be considered that substantial currency gains have occurred in the previous year, which was not the case in 2010. Moreover, in the first-half of 2010, amortization costs of CHF 5.3 million (prior-year: CHF 1.4 million) related to acquisitions incurred. Thus, the current half-year result is enhanced additionally.

Improvement in equity ratio

At 30 June 2010, Ascom held cash and cash equivalents of CHF 112.4 million. The equity ratio increased to 31.4%. This is a clear indication that Ascom is a financially sound technology group and has sufficient cash and cash equivalents to pursue its chosen corporate strategy resolutely and successfully.

Strong position in attractive markets

Thanks to its niche strategy with its clear focus on Mission-Critical Communication, Ascom has succeeded in growing and substantially increasing profitability. Ascom has still substantially invested in research and development and increased its R&D expenses to 9.5% of revenue (prior-year: 7.8%). All three divisions operate in important and attractive markets. Wireless Solutions commands a strong position in the healthcare market, which, given by the demographic trends alone, is anticipated to grow further. The foreseeable introduction of the new LTE mobile standard is expected to boost investment spending by mobile network operators, and Network Testing is confident it will be able to benefit from this trend in the medium term. Security Communication holds a leading position in the home market, and is also working with partners to force internationalization.

Outlook

In view of its successful performance in the first half-year, Ascom can look ahead to the 2010 full-year results with confidence. Barring any negative economic trends or adverse exchange rate developments, Ascom expects to grow organically compared to the prior-year. Based on this assumption, the EBITDA guidance for fiscal year 2010 will be raised to 11-12%. The Company intends to pay an annual dividend starting from 2011, provided a well ongoing course of business.

Key Financial Figures, Income Statement

1 st half-year	2010	2009
CHFm		
Incoming orders	308.2	233.8
Revenue	281.2	235.2
Gross profit	131.8	92.2
<i>as % of revenue</i>	46.9%	39.2%
EBITDA	33.9	12.3
<i>as % of revenue</i>	12.1%	5.2%
Profit before interest and income taxes (EBIT)	24.0	7.3
<i>as % of revenue</i>	8.5%	3.1%
Group profit	17.1	11.9

Key figures for the divisions

	Wireless Solutions		Network Testing*		Security Communication	
1 st half-year	2010	2009	2010	2009	2010	2009
CHFm						
Incoming orders	157.9	139.5	86.4	37.7	65.2	56.2
Revenue	138.2	126.1	80.1	42.5	64.3	66.3
Gross profit	67.9	58.0	46.2	18.9	18.6	15.9
<i>as % of revenue</i>	49.1%	46.0%	57.7%	44.5%	28.9%	24.0%
EBITDA	17.3	9.3	12.3	0.7	5.8	4.2
<i>as % of revenue</i>	12.5%	7.4%	15.4%	1.6%	9.0%	6.3%
EBIT	13.9	6.7	6.4	(0.9)	5.2	3.4
<i>as % of revenue</i>	10.1%	5.3%	8.0%	n/a	8.1%	5.1%

* TEMS consolidated since June 2, 2009

The full 2010 Half-Year Report of the Ascom Group can be downloaded from www.ascom.com/hyr2010-en.

ABOUT ASCOM

Ascom is an international solution provider with comprehensive technological know-how in Mission-Critical Communication. The company focuses on the areas of Wireless Solutions (high-value, customer-specific on-site communications solutions), Network Testing (a global market leader in testing and optimization solutions for mobile networks) and Security Communication (secure, reliable communication solutions for alerts, mobilization and tactical communication). The company is headquartered in Switzerland, has subsidiaries in 20 countries and a workforce of some 2,300 employees worldwide. Ascom registered shares (symbol ASCN) are listed on the SIX Swiss Exchange in Zurich (Switzerland).

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