

Appendices

Appendix 1: Sales Forecasts

1.1. WS sales forecasts per segment

Sales per segment										
(in CHF million)	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Healthcare	172	179	188	183	192	204	217	231	244	255
Industry	35	32	29	30	27	26	26	25	24	23
OEM	41	38	38	30	27	26	26	25	24	23
Hotel & Retail	22	19	19	15	13	13	14	13	13	12
Secure Establishments	13	16	16	9	7	8	8	8	8	7
Others	35	35	29	37	30	31	32	32	33	31
Total	297,7	306,1	318,9	304,2	295,9	309,1	323,0	334,2	346,0	354,7

Source: Ascom Annual Reports, Author's assessment

1.2. WS growth forecasts per segment

Growth rates										
%yoy	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Healthcare		3,7%	5,4%	-3,0%	5,0%	6,5%	6,5%	6,5%	5,5%	4,5%
Industry		-9,1%	-10,0%	6,0%	-12,5%	-1,3%	-1,7%	-3,0%	-3,4%	-4,3%
OEM		-7,7%	0,0%	-20,5%	-12,5%	-1,3%	-1,7%	-3,0%	-3,4%	-4,3%
Hotel & Retail		-14,3%	0,0%	-20,5%	-12,5%	-0,2%	2,1%	-1,4%	-3,0%	-5,3%
Secure Establishments		25,0%	0,0%	-42,8%	-18,9%	4,5%	4,5%	-4,8%	-1,0%	-4,5%
Others		0,0%	-18,2%	27,2%	-17,1%	3,8%	2,7%	-2,3%	3,8%	-4,9%
Total		2,8%	4,2%	-4,6%	-2,7%	4,5%	4,5%	3,5%	3,5%	2,5%

Source: Ascom Annual Reports, Author's assessment

1.3. WS sales split per segment

Segmental sales split										
as % of sales	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Healthcare	54%	56%	59%	60%	65%	66%	67%	69%	71%	72%
Industry	11%	10%	9%	10%	9%	9%	8%	8%	7%	7%
OEM	13%	12%	12%	10%	9%	9%	8%	8%	7%	7%
Hotel & Retail	7%	6%	6%	5%	5%	4%	4%	4%	4%	4%
Secure Establishments	4%	5%	5%	3%	3%	3%	3%	2%	2%	2%
Others	11%	11%	9%	12%	10%	10%	10%	9%	9%	9%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Ascom Annual Reports, Author's assessment

1.4. WS sales forecasts by region

Sales by region										
(in CHF million)	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Middle East and Africa				3,0	3,0	4,4	5,9	7,4	8,9	10,4
Asia Pacific	3,0	3,0	13,0	12,2	11,8	12,4	13,0	14,5	16,0	17,5
Americas	48,0	51,0	48,0	57,8	59,2	59,8	60,4	61,8	63,3	64,8
Europe	250,1	254,1	258,3	231,2	221,9	219,2	216,6	212,1	207,7	203,3
Total	297,7	306,1	318,9	304,0	296,0	309,0	323,0	334,2	346,0	354,7

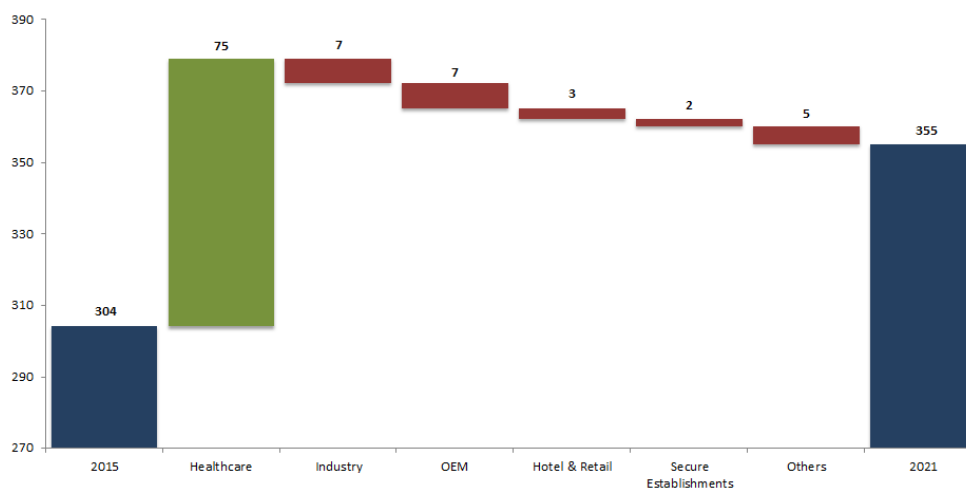
Source: Ascom Annual Reports, Author's assessment

1.5. WS sales split by region

Regional sales split										
as % of sales	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Middle East and Africa	-	-	-	1%	1%	2%	2%	3%	3%	4%
Asia Pacific	1%	1%	4%	4%	4%	4%	4%	5%	5%	6%
Americas	15%	16%	15%	19%	20%	20%	20%	21%	21%	22%
Europe	84%	83%	81%	76%	75%	74%	73%	72%	70%	69%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

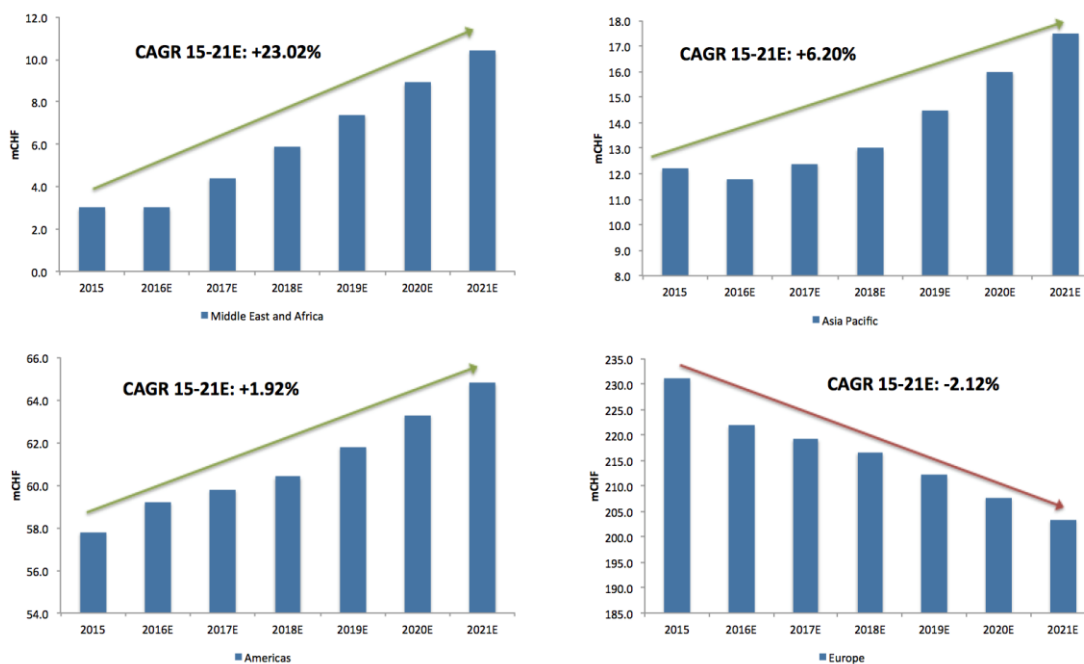
Source: Ascom Annual Reports, Author's assessment

1.6. Sales contribution per product group



Source: Ascom Annual Reports, Author's assessment

1.7. Forecasts sales in 2015-2021 by region



Source: Ascom Annual Reports, Author's assessment

Appendix 2: Financial Statements

2.1. Income statement projections

(in CHF mn)	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Revenue	459,7	437,7	410,8	348,7	309,1	323,0	334,2	346,0	354,7
COGS	(232,6)	(210,4)	(204,1)	(177,1)	(153,0)	(156,6)	(158,8)	(160,9)	(161,4)
Gross profit	227,1	227,3	206,7	171,5	156,1	166,3	175,5	185,1	193,3
SG&A	(129,4)	(130,1)	(130,3)	(117,3)	(86,2)	(90,8)	(94,6)	(98,6)	(101,8)
R&D	(41,5)	(40,5)	(43,1)	(39,9)	(24,7)	(25,5)	(26,1)	(26,6)	(27,0)
Other income	3,2	(9,1)	(6,0)	(6,4)	(5,0)	(4,6)	(4,1)	(3,6)	(2,9)
EBITDA	68,3	59,7	39,0	20,6	54,8	62,5	69,2	66,1	72,1
Depreciation	(4,3)	(3,7)	(3,6)	(3,5)	(4,0)	(4,5)	(3,8)	(2,1)	(2,3)
Amortization	(15,7)	(8,4)	(8,1)	(9,1)	(10,7)	(12,5)	(14,7)	(7,6)	(8,2)
EBIT	48,3	47,6	27,3	8,0	40,2	45,5	50,7	56,3	61,6
Interest expense	(6,5)	(3,0)	(2,0)	(1,0)	(0,9)	(0,7)	(0,5)	(0,3)	(0,1)
Interest income	0,5	1,1	6,4	-	0,6	0,6	0,6	0,6	0,6
Other Non Operating (Expense) / Income	-	3,1	0,4	(13,5)	-	-	-	-	-
Net Foreign Exchange (Loss) / Gain	-	-	-	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)	(0,5)
Pre-tax Income	42,3	48,8	32,1	(7,0)	39,4	44,9	50,3	56,1	61,6
Income tax	(4,7)	(11,3)	(7,8)	1,7	(9,5)	(10,8)	(12,1)	(13,5)	(14,8)
Net Income before Extra-ordinary/One-off adjustments	37,6	37,5	24,3	(5,3)	29,9	34,1	38,3	42,6	46,8
Extra-ordinary/One-off adjustments	-	(7,1)	-	(145,0)	-	-	-	-	-
Net Income (Including goodwill)	37,6	30,4	24,3	(150,3)	29,9	34,1	38,3	42,6	46,8

Source: Ascom Annual Reports, Author's assessment

2.2. Income statement assumptions

Income Statement - Assumptions	
Revenue	Incremental increase towards perpetual incoming orders growth rate and order backlog
COGS	Related to gross profit margin. Gross profit margin is slowly increasing in time as we expect profitability to improve after the restructuring of the company
Gross profit	Revenues-COGS
SG&A	Related to percentage of sales, increasing by 0.2% a year as of 2017
R&D	Related to percentage sales, we keep the 9% from 1H2016 for 2H2016E, 8% for 2017 and decaying by 0.1% since
Other income	Related to percentage of sales (2% in 2016 gradually decaying to 1% in 2021)
EBITDA	Gross profit - SG&A - R&D + Other income
Depreciation	Linear depreciation assuming depreciation period of current CAPEX of 3.6 years and 10 years for future CAPEX
Amortization	Linear amortization assuming amortization period of current intangible of 4 years and 7 years for future intangibles
EBIT	EBITDA - Depreciation - Amortization
Interest income	4% interest on InfoVista loan
Interest expense	Calculated assuming 4% interest on long term debt and 4.5% on short term debt
Other Non Operating (Expense) / Income	CHF 13.5 mio one-off expense related to restructuring
Net Foreign Exchange (Loss) / Gain	Calculated using a constant share of revenue from each currency (Euro, Pound Sterling, US Dollar, Swedish krona) and the average gain/loss of the CHF against these currencies between 2015 and 2016 for the future
Pre-tax Income	EBIT + Interest income - Interest expense + Other Non Operating (Expense) / Income + Net Foreign Exchange (Loss) / Gain
Income tax	Obtained using a tax rate of 24% throughout
net income before Extra-ordinary/One-off adjustments	Pre-tax income - Income tax
Extra-ordinary/One-off adjustments	145 mio CHF Offset of goodwill due to divestment of NT division
Net Income (Including Goodwill)	net income before Extra-ordinary/One-off adjustments - Extra-ordinary/One-off adjustments

Source: Ascom Annual Reports, Author's assessment

2.3. Balance sheet projections

(in CHF mn)	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
ASSETS	IFRS	Swiss GAAP	Swiss GAAP						
Cash & Cash Equivalents	58,2	50,2	57,4	73,4	83,6	90,0	99,1	109,6	123,7
Accounts & Notes Receivable	95,5	110,5	101,8	87,9	77,1	79,6	81,5	83,4	84,5
Inventories	24,9	24,8	22,6	20,4	17,2	17,2	17,0	17,2	17,2
Prepaid Expenses + Other Current Assets	42,0	36,9	22,9	20,9	18,5	19,4	20,1	20,8	21,3
Total current assets	220,6	222,4	204,7	202,6	196,4	206,2	217,7	231,0	246,8
Net Property, Plant & Equipment	14,6	15,2	14,4	12,5	13,2	13,6	14,8	16,1	16,1
Net Intangibles / Goodwill	54,1	48,5	40,7	31,9	32,0	32,4	32,8	33,5	33,7
Other Assets	20,0	27,3	26,6	29,1	27,5	28,1	28,5	29,0	29,4
Total non-current assets	88,7	91,0	81,7	73,5	72,7	74,1	76,1	78,6	79,2
Total Assets	309,3	313,4	286,4	276,1	269,1	280,3	293,8	309,5	326,0
LIABILITIES									
Short Term Borrowings	-	-	20,0	-	-	-	-	-	-
Trade payables	24,1	32,9	29,4	25,2	21,4	21,5	21,3	21,2	20,8
Other Current Liabilities	97,4	110,1	83,5	76,7	67,4	69,8	71,5	73,4	74,5
Provisions	8,0	7,1	6,7	8,0	8,0	8,0	8,0	8,0	8,0
Total current liabilities	129,5	150,1	139,6	109,9	96,8	99,2	100,8	102,5	103,3
Long Term Borrowings	61,1	23,1	0,1	25,0	20,0	15,0	10,0	5,0	-
Other Liabilities	27,3	0,5	0,4	7,0	6,2	6,5	6,7	6,9	7,1
Provisions	6,9	31,8	29,6	38,6	38,6	37,5	37,5	37,5	37,5
Total non-current liabilities	95,3	55,4	30,1	70,6	64,8	59,0	54,2	49,4	44,6
Shareholders' Equity	18,2	21,4	30,3	30,3	30,3	30,3	30,3	30,3	30,3
Retained earnings	73,2	86,5	86,4	65,3	77,3	91,8	108,5	127,4	148,2
Minority Interest	-	-	-	-	-	-	-	-	-
Total Liab. & Shareholders' Equity	309,3	313,4	286,4	276,1	269,1	280,3	293,8	309,5	326,0

Source: Ascom Annual Reports, Author's assessment

2.4. Balance sheet assumptions

Balance Sheet - Assumptions	
ASSETS	
Cash & Cash Equivalents	Resulting from Cash Flow statement
Accounts & Notes Receivable	Related to Accounts & Notes Receivable as Days of Sales
Inventories	Related to Inventories as Days of COGS
Prepaid Expenses + Other Current Assets	Related to percentage of sales (6%)
Total current assets	Sum of current assets
Net Property, Plant & Equipment	Related to percentage of sales, 25% of PPE sold after NT divestment
Net Intangibles / Goodwill	Related to percentage of sales
Other Assets	Related to percentage of sales (4%) + 15 mn CHF loan to InfoVista related to the NT division sale
Total non-current assets	Sum of non-current assets
Total Assets	Total current + non-current assets
LIABILITIES	
Short Term Borrowings	Total repayment in 2016
Trade payables	Related to Accounts Payable as Days of COGS
Other Current Liabilities	Related to percentage of sales
Provisions	Related to the divestment of NT, amount to CHF 8 mio throughout
Total current liabilities	Sum of current liabilities
Long Term Borrowings	Assuming a drawdown of 20 mn CHF in 2016 and a gradual retirement of 5 mn CHF a year
Other Liabilities	Related to percentage of sales (2%)
Provisions	Additional CHF 9 mio allocated to provisions in 2016 and 2017 then remain constant at CHF 37.5 mio as of 2018
Total non-current liabilities	Sum of non-current liabilities
Shareholders' Equity	Constant across years
Retained earnings	Net Income-Dividends-Net Foreign Exchange Loss
Minority Interest	Assumed null
Total Liab. & Shareholders' Equity	Equal to total assets

Source: Ascom Annual Reports, Author's assessment

2.5. Cash flow statement projections

(in CHF mn)	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
	IFRS	Swiss GAAP	Swiss GAAP						
Operating Activities									
Net Income:	37.6	37.5	24.3	(5.3)	29.9	34.1	38.3	42.6	46.8
+ Depreciation	4.3	3.7	3.6	3.5	4.0	4.5	3.8	2.1	2.3
+ Amortization	15.7	8.4	8.1	9.1	10.7	12.5	14.7	7.6	8.2
+ Minority Interests	-	-	-	-	-	-	-	-	-
+ Decreases / (Increases) in Working Capital	5.7	4.6	(5.2)	7.2	3.2	(0.9)	(0.7)	(1.2)	(0.9)
Cash Flow from Operations	63.3	54.2	30.8	14.5	47.8	50.2	56.0	51.2	56.4
Investing Activities									
+/- Proceeds/Investment in PP&E	(2.0)	0.9	(4.3)	(5.2)	(4.6)	(4.8)	(5.0)	(3.5)	(2.3)
+/- Proceeds/Investment in Intangibles	(5.8)	(9.2)	(9.0)	(10.5)	(10.8)	(12.9)	(15.0)	(8.3)	(8.5)
+/- Disposals/Acquisitions	(12.2)	1.4	(1.1)	24.3	-	(1.1)	-	-	-
+/- Change in Other Assets	1.6	3.9	1.1	(2.5)	1.6	(0.6)	(0.5)	(0.5)	(0.3)
+/- Change in Other Liabilities	-	-	-	6.6	(0.8)	0.3	0.2	0.2	0.2
Cash Flow from Investing Activities	(18.4)	(3.0)	(13.3)	12.6	(14.7)	(19.1)	(20.3)	(12.0)	(11.0)
Financing Activities									
Issuance / (Retirement) of Short Term Debt	12.7	20.2	30.0	(20.0)	-	-	-	-	-
Issuance / (Retirement) of Long-Term Debt	(55.6)	(60.1)	(33.0)	24.9	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Issuance / (Repurchase) of Equity	5.6	2.8	8.7	-	-	-	-	-	-
Dividends ⁽²⁾	(12.2)	(14.0)	(15.8)	(16.1)	(17.7)	(19.5)	(21.4)	(23.6)	(25.9)
Cash Flow from Financing Activities	(49.5)	(51.1)	(10.1)	(11.2)	(22.7)	(24.5)	(26.4)	(28.6)	(30.9)
Cash Balances									
Beginning Cash Balance	63.1	58.2	50.2	57.8	73.4	83.6	90.0	99.1	109.6
Net Change in Cash	(4.6)	0.1	10.3	15.9	10.4	6.6	9.3	10.6	14.4
+/- Foreign currency translation differences on cash and cash equivalents	(0.3)	(0.4)	(2.7)	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)	(0.3)
Ending Cash Balance	58.2	57.9	57.8	73.4	83.6	90.0	99.1	109.6	123.7
Unlevered Free Cash Flow Calculation									
Cash Flow from Operations	63.3	54.2	30.8	14.5	47.8	50.2	56.0	51.2	56.4
+ After Tax Net Interest Expense / (Income)	5.8	2.3	1.5	0.7	0.7	0.5	0.4	0.2	0.1
- Capital Expenditure	(20.0)	(6.9)	(14.4)	8.6	(15.5)	(18.9)	(20.1)	(11.8)	(10.8)
Unlevered Free Cash Flow	49.1	49.6	17.9	23.8	33.0	31.9	36.3	39.7	45.6
FCFE	0.4	7.4	13.4	27.9	27.4	26.3	31.0	34.5	40.5

Source: Ascom Annual Reports, Author's assessment

2.6. Cash flow statement assumptions

Cash Flow Statement - Assumptions	
Cash Flow	Cash Flow calculated given assumptions of income statement and balance sheet
CAPEX	The purchase of PPE and intangible are related to a percentage of sales + \$30 mio from NT divestment
Dividends	Dividends are expected to grow 10 % annually

Source: Ascom Annual Reports, Author's assessment

Appendix 3: Financial Analysis

3.1. Profitability ratios

Profitability									
	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Gross profit margin	49,4%	51,9%	50,3%	49,2%	50,5%	51,5%	52,5%	53,5%	54,5%
EBITDA margin	14,9%	13,6%	9,5%	5,9%	17,7%	19,3%	20,7%	19,1%	20,3%
EBIT margin	10,5%	10,9%	6,6%	2,3%	13,0%	14,1%	15,2%	16,3%	17,4%
Pretax profit margin	9,2%	11,1%	7,8%	-2,0%	12,7%	13,9%	15,1%	16,2%	17,4%
Net profit margin	8,2%	8,6%	5,9%	-1,5%	9,7%	10,6%	11,4%	12,3%	13,2%
Pretax ROA	13,7%	15,6%	11,2%	-2,5%	14,6%	16,0%	17,1%	18,1%	18,9%
ROA	12,2%	12,0%	8,5%	-1,9%	11,1%	12,2%	13,0%	13,8%	14,4%
Pretax ROE	46,3%	45,2%	27,5%	-7,3%	36,6%	36,8%	36,3%	35,6%	34,5%
ROE	41,1%	34,8%	20,8%	-5,6%	27,8%	28,0%	27,6%	27,0%	26,2%
ROIC	33,1%	30,7%	17,1%	5,8%	31,4%	35,2%	38,3%	41,1%	43,9%
EPS (CHF)	1,04	1,04	0,68	-0,15	0,83	0,95	1,06	1,18	1,30

*Number of outstanding shares: 36mio

Source: Ascom Annual Reports, Author's assessment

3.2. Solvency ratios

Solvency									
	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Debt	61,10	23,10	20,10	25,00	20,00	15,00	10,00	5,00	0,00
Debt ratio	19,8%	7,4%	7,0%	9,1%	7,4%	5,4%	3,4%	1,6%	0,0%
Debt to equity ratio	2,46	1,90	1,45	1,89	1,50	1,30	1,12	0,96	0,83
Net debt / EBITDA	4,2%	-45,4%	-95,6%	-234,9%	-116,0%	-120,1%	-128,8%	-158,3%	-171,6%
Asset to equity	3,61	3,12	2,67	2,65	2,68	2,39	2,20	2,03	1,89
Interest coverage	7,4	15,9	13,7	8,4	44,6	65,0	101,5	187,7	616,1

Source: Ascom Annual Reports, Author's assessment

3.3. Efficiency ratios

Liquidity									
	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Current ratio	1,70	1,48	1,47	1,84	2,03	2,08	2,16	2,25	2,39
Quick ratio	1,51	1,32	1,30	1,66	1,85	1,91	1,99	2,09	2,22
Cash ratio	0,45	0,33	0,41	0,67	0,86	0,91	0,98	1,07	1,20

Source: Ascom Annual Reports, Author's assessment

3.4. Dupont decomposition

Dupont Decomposition									
In millions	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Operating efficiency									
Sales	459,7	437,7	410,8	348,7	309,1	323,0	334,2	346,0	354,7
Net Income	37,6	37,5	24,3	-5,3	29,9	34,1	38,3	42,6	46,8
Profit margin	8,2%	8,6%	5,9%	-1,5%	9,7%	10,6%	11,4%	12,3%	13,2%
Asset use efficiency									
Sales	459,7	437,7	410,8	348,7	309,1	323,0	334,2	346,0	354,7
Average assets	330,0	311,4	299,9	281,2	272,6	274,7	287,0	301,6	317,8
Total asset turnover	1,39	1,41	1,37	1,24	1,13	1,18	1,16	1,15	1,12
Financial leverage									
Average assets	330,0	311,4	299,9	281,2	272,6	274,7	287,0	301,6	317,8
Average equity	91,4	99,7	112,3	106,1	101,6	114,8	130,4	148,3	168,1
Assets / Equity	3,61	3,12	2,67	2,65	2,68	2,39	2,20	2,03	1,89
Return on equity	41,1%	37,6%	21,6%	-5,0%	29,5%	29,7%	29,3%	28,8%	27,8%

*Total assets 2012: 521.5 - 170.9 (Goodwill) = 350.6 (Reconciliated for Swiss GAAP)

Source: Ascom Annual Reports, Author's assessment

3.5. Operating Cycle

Operating cycle									
in millions and days	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	2021E
Cost of goods sold	232,6	210,4	204,1	177,1	153,0	156,6	158,8	160,9	161,4
Average inventory	27,8	24,9	23,7	21,5	18,8	17,2	17,1	17,1	17,2
Inventory turnover	8,4	8,5	8,6	8,2	8,1	9,1	9,3	9,4	9,4
Days in inventory	44	43	42	44	45	40	39	39	39
Net sales	459,7	437,7	410,8	348,7	309,1	323,0	334,2	346,0	354,7
Average receivables	105,0	103,0	106,2	94,8	82,5	78,3	80,6	82,5	84,0
Receivables turnover	4,4	4,2	3,9	3,7	3,7	4,1	4,1	4,2	4,2
Days in accounts receivable	83	86	94	99	97	89	88	87	86
Cost of goods sold	232,6	210,4	204,1	177,1	153,0	156,6	158,8	160,9	161,4
Average payables	23,6	28,5	31,2	27,3	23,3	21,4	21,4	21,2	21,0
Payables turnover	9,9	7,4	6,6	6,5	6,6	7,3	7,4	7,6	7,7
Days in accounts payables	37	49	56	56	56	50	49	48	47
Operating cycle	90	80	81	87	87	79	78	78	78

Source: Ascom Annual Reports, Author's assessment

Appendix 4: Valuation

4.1. Discounted cash-flow method

(in CHF mn)	2016E	2017E	2018E	2019E	2020E	2021E
Operating Activities						
Net Income:	(5.3)	29.9	34.1	38.3	42.6	46.8
+ Depreciation	3.5	4.0	4.5	3.8	2.1	2.3
+ Amortization	9.1	10.7	12.5	14.7	7.6	8.2
+ Minority Interests	-	-	-	-	-	-
+ Decreases / (Increases) in Working Capital	7.2	3.2	(0.9)	(0.7)	(1.2)	(0.9)
Cash Flow from Operations	14.5	47.8	50.2	56.0	51.2	56.4
Investing Activities						
+/- Proceeds/Investment in PP&E	(5.2)	(4.6)	(4.8)	(5.0)	(3.5)	(2.3)
+/- Proceeds/Investment in Intangibles	(10.5)	(10.8)	(12.9)	(15.0)	(8.3)	(8.5)
+/- Disposals/Acquisitions	24.3	-	(1.1)	-	-	-
+/- Change in Other Assets	(2.5)	1.6	(0.6)	(0.5)	(0.5)	(0.3)
+/- Change in Other Liabilities	6.6	(0.8)	0.3	0.2	0.2	0.2
Cash Flow from Investing Activities	12.6	(14.7)	(19.1)	(20.3)	(12.0)	(11.0)
Financing Activities						
Issuance / (Retirement) of Short Term Debt	(20.0)	-	-	-	-	-
Issuance / (Retirement) of Long-Term Debt	24.9	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Issuance / (Repurchase) of Equity	-	-	-	-	-	-
Dividends ⁽²⁾	(16.1)	(17.7)	(19.5)	(21.4)	(23.6)	(25.9)
Cash Flow from Financing Activities	(11.2)	(22.7)	(24.5)	(26.4)	(28.6)	(30.9)
Cash Balances						
Beginning Cash Balance	57.8	73.4	83.6	90.0	99.1	109.6
Net Change in Cash	15.9	10.4	6.6	9.3	10.6	14.4
+/- Foreign currency translation differences on cash and cash equivalents	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)	(0.3)
Ending Cash Balance	73.4	83.6	90.0	99.1	109.6	123.7
Unlevered Free Cash Flow Calculation						
Cash Flow from Operations	14.5	47.8	50.2	56.0	51.2	56.4
+ After Tax Net Interest Expense / (Income)	0.7	0.7	0.5	0.4	0.2	0.1
- Capital Expenditure	8.6	(15.5)	(18.9)	(20.1)	(11.8)	(10.8)
Unlevered Free Cash Flow	23.8	33.0	31.9	36.3	39.7	45.6
Discount Factor	93.0%	86.5%	80.5%	74.8%	69.5%	64.6%
Discounted Free Cash Flow	22.1	28.6	25.6	27.2	27.6	29.5

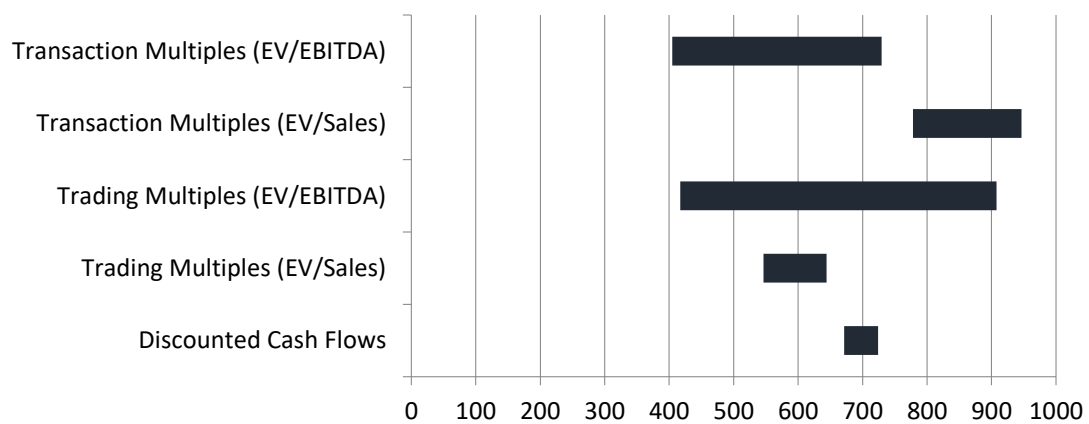
Source: Ascom Annual Reports, Author's assessment

4.2. WACC analysis

	2016E	2017E	2018E	2019E	2020E	2021E
Cost of Equity						
10Y Swiss Government Bonds/Risk-free Rate	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)
10Y Sovereign CDS	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Implied Equity Risk Premium:	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Earnings growth rate	-	4.5%	4.5%	3.5%	3.5%	2.5%
DPS	0.45	0.49	0.54	0.60	0.65	0.72
Stock Price	17.2					
Cost of Equity	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Cost of Debt						
Weighted Average Cost of Debt	4.2%	4.0%	4.0%	4.0%	4.0%	4.0%
Effective Tax Rate	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
After Tax Cost of Debt ⁽²⁾	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%
Capitalization						
Total Equity (Market Value)	724.0	779.2	838.7	902.6	971.4	1 045.5
Total Debt (Book Value)	25.0	20.0	15.0	10.0	5.0	0.0
Equity Weight	96.7%	97.5%	98.2%	98.9%	99.5%	100.0%
Debt Weight	3.3%	2.5%	1.8%	1.1%	0.5%	0.0%
WACC	7.5%	7.5%	7.5%	7.6%	7.6%	7.6%

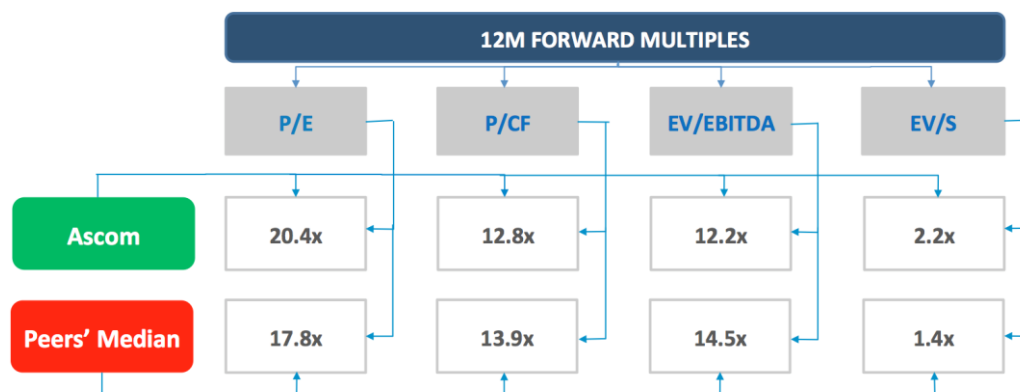
Source: Reuters, Author's assessment

4.3. Summary chart of the different methods used for valuation



Source: Author's assessment

4.4. Comparative ratios between Ascom and its peers for the valuation



Source: Reuters, Author's assessment

Appendix 5: Factors in making investment decisions

High (●) >50%; Med (◆) >30%<50%;Low (○) <30%

Factor	Frequency
Size	●
P/B	●
P/FCF	◆
Share Repurchase	◆
Earnings Estimate Revision	◆
Margins	◆
Relative Strength	◆
EPS Momentum	◆
D/E	◆
EPS Variability	◆
DDM/DCF	◆
PEG	◆
Long-Term Price Trend	◆
P/CF	◆
Analyst Neglect	◆
Dividend Growth	◆
Projected 5-Year EPS Growth	◆
Mean Reversion	◆
Normalized P/E	◆
P/S	◆
Net Debt/EBITDA	○
EPS Surprise	○
ROC	○
ROA	○
EPS Estimate Dispersion	○
Analyst Rating Revisions	○
Foreign Exposure	○
Long-term Price Trend/Short-Term Reversal	○
Trading Volume	○
Price Target	○
Ownership	○
Short-Term Price Trend	○
EV/Sales	○
Low Price	○
Altman Z-Score	○
Equity Duration	○

Source: BofA Merrill Lynch Institutional Factor Surveys 2015