



March 31st 2005

ZENITEL GIVES ITS Q1 2005 TRADING UPDATE

- **Turnover in the first quarter 2005 up 1.678 KEUR or 5.8% compared to 2004**
- **Total Backlog increased with 4,8% compared to 31 December 2004**
- **Pressure on margins is Zenitel's most important challenge**
- **Negotiations started with works' council of Zenitel Wireless France**

Brussels, May 10, 2005 (Embargo : 17u45)

Turnover in the first quarter of 2005 increased with 1.678 KEUR compared with the first quarter of 2004. The main driver for this increase mainly relates to the increase in the turnover of the Business Unit Wireless Solutions (WS), partially offset by the decrease in turnover of the Business Unit Communication and Security Systems (CSS).

The subsidiaries that benefited most from the increase in revenue, within Wireless Solutions are Belgium and the Netherlands. These increases are respectively due to the sales related to the ASTRID project and the C2000 project. For both projects, the deliveries are ongoing. Due to larger than expected deliveries the safeguarding of the desired margins is a challenge.

The turnover of the Business Unit Communication and Security Systems (CSS) decreased. This decrease is partially due to a change in the consolidation (sale of Servoteknik in 2004) and to decreased revenues in a number of countries. This decrease is mainly due to the fact that the first quarter of 2004 was extremely good since the delivery problems that occurred in 2003 had been solved.

Our total backlog increased with 4,8% compared to December 31, 2004.

On May 3, 2005 negotiations with the works' council of Zenitel Wireless in France have started ("Livre 4"). At the same time, the relocation/centralisation to Norway of the logistics and administrative department of CSS, Sweden has started as from the beginning of May. Since both negotiations are still ongoing, the financial impact cannot yet be sufficiently estimated (one-time items).

Important projects that have been signed during the first quarter for WS are HTM, and Police Gelderland in the Netherlands, Police Brussels (ASTRID) for Belgium. For CSS, the contracts that have been signed during the first quarter are the Metro (fire alarm system) and the Airport Extension in Prague, as well as orders for several tankers in China, Croatia and Turkey.

The financial calendar for the rest of the year is as follows:

- * May 24, 2005: Extra-ordinary shareholders' meeting
- * September 5, 2005: Half-year results
- * November 9, 2005: Q3 Trading update

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ZENITEL is a leading player in the market for reliable, fast, secure and safe communication. Its customers are professional users for whom communication is critical because their work involves protecting human lives or very valuable activities. ZENITEL is structured into two business units. The Wireless Solutions (WS) business unit provides solutions and services for reliable wireless communication for police services and transport companies, for example. The Communication & Security Systems (CSS) business unit designs and sells systems for reliable internal communication in buildings and hospitals. ZENITEL is also a world market leader in the market for intercom systems on board of large ships such as the Queen Mary; as well as in buildings such as Capitol Hill and the CNN Center. Air France, SAS and almost every important airport in the world are ZENITEL customers. The group employs 643 people all over the world. www.zenitel.biz.