



**Press release:  
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## **Zenitel announces its first quarter trading update**

### **Zenitel confirms the outlook for 2006 based on Q1 results**

Turnover in the first quarter of 2006 is in line with expectations and amounts to 30.175 KEUR. This turnover is still partially driven by the last phase of the large initial C2000 orders in the Netherlands and the ASTRID deliveries in Belgium to the police and fire brigades.

Zenitel is organized into three key areas, also with geographical focus: products and distribution, system integration and networks.

*Europe 1* (Netherlands, UK, Denmark, the Czech Republic and the Caribbean) is Zenitel's primary network territory. This region closed the quarter with increased turnover compared to 2005, chiefly due to the delivery on the last phase of the initial C2000 orders in the Netherlands, and partially offset by lower revenues in Colsys. Last year, turnover in Colsys was influenced by the large deliveries for the Airport project in Prague, on which the company however generated low margins.

*Europe 2* (Belgium and France) has a focus on system integration and product sales. The region saw a decrease in its turnover compared to the first quarter 2005, mainly due to lower revenues in Belgium and the former Zenitel Wireless France. However, gross margins have improved.

Lastly, the *NAUI* (Nordics, Asia, USA and Italy) region, strong in own and third party products and some system integration increased its turnover compared to 2005. This was partly due to increased product sales in the Marine segment (mainly Asia) and system integration in Norway and Sweden.



**Contracts and growth**

Zenitel announces a further increase in backlog of 12% compared to 31 December 2005, when it amounted 58,6 million EUR. This increase is both the result of the major order signed with the Caracas subway, for the supply of a radio communication system covering line 1, and a number of long term contracts relating to the network business in both the Caribbean and the Netherlands. The evolution of the backlog is in line with the strategy of obtaining longer term stable revenue streams.

Since 31 December 2005, an additional thirty new VoIP (Voice over IP) products have been sold, resulting in a total installed base of this new product - and before the commercial launch - of approximately 150 systems. The commercial launch of the new product is planned for June 2006.

Since January 1, 2006, the MCCN-network is fully operational in the Amsterdam area, where *Dienst Stadstoezicht* (City Guard) and a large museum signed a long term contract with Zenitel. Since January, radio coverage is now also available in the Rotterdam harbour, Utrecht, Almere and the Den Haag region. In the Caribbean, both the police and the coast guard signed-up as customers for the ChuChubi-network. Zenitel is pleased to announce that the company has now passed its 4.000 RGU's (revenue generating users/units) on the TETRA networks (MCCN and ChuChubi), compared to 1.900 RGU's on 31 December 2005.

### **Outlook**

Based on the Q1 performance, Zenitel confirms its outlook, as given during the publication of its 2005 results.

For turnover, a level compatible with 2005 is expected. Taking into account the restructuring measures of 2005, EBITDA is forecasted to substantially improve. Zenitel still expects 10.000 RGU's on the TETRA networks.

There is no reason to expect that any significant one-time items will influence the results.

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