



**Press release:  
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Zellik, 8 November 2007

## **Zenitel announces its third quarter trading update**

**252 end-to-end VoIP AlphaCom-E switches were sold during Q3, being the highest number of AlphaCom platforms sold in a quarter.**

**Sales and marketing efforts continue in the TETRA network operations<sup>1</sup> in order to close long term contracts which, by nature, have longer lead times in an emerging segment of the security market.**

**The weak distribution of 3<sup>rd</sup> party end-user products in the system integration unit continues. Reorganization procedures were performed in September.**

Year-to-date turnover, until September 2007 amounts to 69.3 million EUR, compared to 83.4 million EUR in 2006. The decrease of the revenue is mainly due to a weaker demand for 3<sup>rd</sup> party mobile radio equipment primarily in both the Netherlands (LARA) and Belgium (ASTRID) ( total -10.1 million EUR) and the sale of Colsys (-5.7 million EUR), partially offset by the increase in Intercom sales.

### **Contracts and growth**

As per 30 September 2007, backlog (excl. Colsys) was stable versus 30 June 2007, amounting to 59.8 million EUR. After September 2007, backlog increased sharply to 67 million EUR, since Zenitel Denmark has won a new service contract with the Danish Railways Infrastructure Operator for 5 years and a contract to deliver TETRA systems to Maersk drilling rigs.

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<sup>1</sup> TETRA network operations – Caribbean (ChuChubi) & Belgium & the Netherlands (MCCN)



### **Intercom – Launch of the AlphaCom-E platform**

Sales of additional VoIP (Voice over IP) switches have further increased compared to the previous quarters, demonstrating the success of this new product portfolio based on IP. At the same time, the first IP (sub) stations have been successfully delivered in customer projects. In the course of 2008, Zenitel will also launch its new IP master stations.

After the development of the 'integration & interface module', the migration of the analogue RingMaster' platform will be a fact as from January 1, 2008. Thanks to the interface module, these customers can still use the existing platform, and extend it with the new Alphacom E switches. In this way they can assure continuity of critical communications. The migration of the analogue platforms is part of Zenitel's strategy to simplify its product portfolio in the intercom business.

The total accumulated AlphaCom-E switches that have been sold, amounts to 1,475, compared to 542 switches per 31 December 2006.

### **MCCN and ChuChubi TETRA networks**

At the end of this year, it is Zenitel's ambition to cover the whole Randstad area in the Netherlands and have presence in each province of the Netherlands. In Belgium, the whole Antwerp harbour area and part of the city will be covered.

Zenitel has now reached its 7,400 RGU's (revenue generating users/units) on the TETRA networks (MCCN and ChuChubi), compared to 7,199 RGU's per 1 September 2007, and 6,781 RGU's per 31 December 2006. Negotiations are ongoing with some important customers.

Zenitel is very proud to announce that it has now gained customers in the Antwerp Diamond area.

### **System Integration**

As announced in the press release on the second quarter, Zenitel has started streamlining and integrating the System Integration business in Belgium and the Netherlands. Currently headcount has been reduced with 20 FTE's.



## Outlook

As previously stated 2007 is a year of further consolidation and continued investments, both in capital expenditures as in additional operating expenses.

Zenitel expects the turnover, excluding the turnover of its divestments (being EUR - 12.5 million) to be around 100 million EUR.

The divestment of Colsys, the start-up and roll-out of the Networks in the Netherlands and Belgium, and the further required development costs related to the new AlphaCom E applications (total estimated impact on EBITDA of EUR -2.2 million EUR), will negatively impact the EBITDA.

The lower than expected turnover in the business unit system integration will further negatively impact Zenitel's EBITDA. At the same time, the reorganization efforts that started in this business unit will result in approximately 3 million EUR one time effect.

The total number of contracted users on the TETRA networks at year-end will be between 7,600 and 8,000 users, depending on the signing of some larger contracts, mainly in both the Netherlands and Belgium.

## Other items

Per 19 September 2007, Zenitel received a transparency declaration indicating that the company Quaeroq obtained more than 5% of the company's shares. The transparency declaration has been published on the website of Zenitel and can also be found on the Euronext web site.

An extraordinary general shareholders' meeting will be organized per 26 November 2007 (next meeting, in case of insufficient quorum, 14 December), mainly to change the articles of association in respect of the abolishment of the bearer shares.

As from January 1, 2008, Zenitel will change its reporting structure, implementing 3 segments following its business strategy: System Integration, Secure Communication Systems (Intercom), Networks.

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ZENITEL is a leading player in instant audio and data communication. Communication products, communication networks and system integration services that are so reliable, so fast and so secure, they are also used as critical communication tools at a time of crisis. Zenitel communication is the preferred choice for those in authority or whose work involves protecting human lives or managing vital activities. Zenitel is organized into three regions, each of which has a focus on, but is not exclusively dedicated to, one of Zenitel's key principle offerings: own Intercom products, System Integration services and Network Services.

Zenitel is a listed company (Euronext). The headquarters of Zenitel are in Brussels. For more information: [www.zenitel.com](http://www.zenitel.com).

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***For further information, please contact :***

Mrs. Rika Coppens: +32 2 370 56 32

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