



Zenitel towards operational cash flows and profitable growth *March 31, 2006*

Disclaimer

Various statements contained in this document constitute “forward-looking statements”. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” “budget,” and similar expressions identify these forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to our liquidity or results of operations; our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers; our ability to compete against other communications businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to design networks, obtain and maintain any required (governmental) licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements

Mission Statement

Some people live in a world where security has a pre-eminent meaning. It is about staying alive. These people cannot rely on means of communication that 'almost always' work. They deserve the best possible solution for the circumstances they encounter. These people are police officers, fire brigade men, security officers, nurses and doctors, prison-guards, and all the other men and women who rely on the best security means available.

These people are our clients. It is for them we are doing our utmost. We work to help them make that one vital call."



Agenda

Introduction

- *2005 in a nutshell*

2005

- *Results*
- *Immediate actions taken*
- *Restructurings*
- *Financial position*
- *Backlog*

From now on

- *Zenitel on one page*
- *Market share NL/BE*
- *New product*
- *Integration*
- *New networks*

Conclusions



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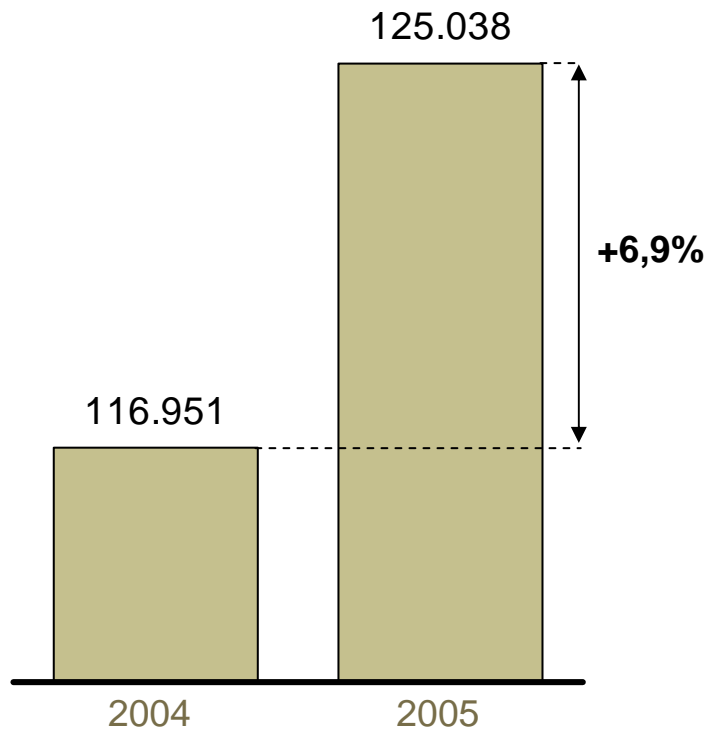
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- 2005 in a nutshell

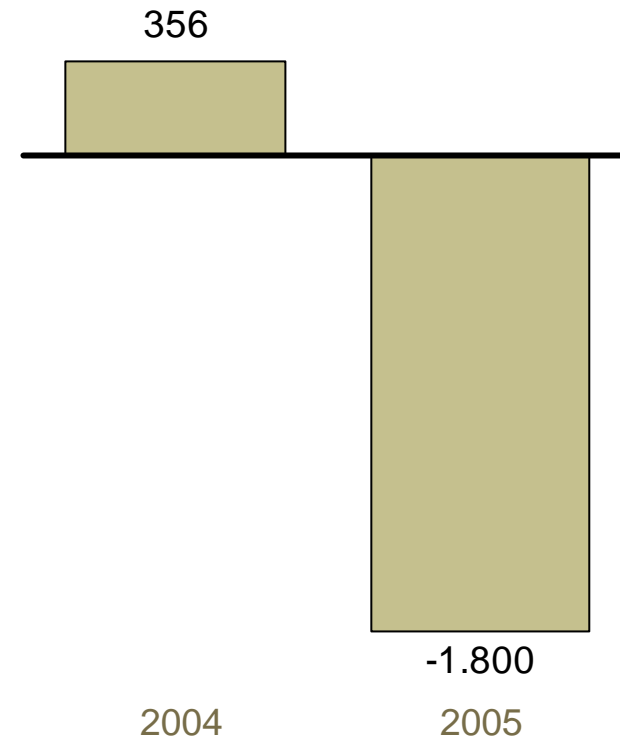
Growth in top line in difficult 2005

Total turnover



EUR Thousands

Recurrent EBITDA



EUR Thousands

The objectives of our February 2005 capital increase

Financial Health

- Realize some quick-wins
- Implement a limited number of restructurings in line with our focused strategy
- Improve our balance sheet/liquidity position

Growth Realization

- Allow us to finance our growth
- Allow us to execute a number of new projects

These objectives translated into actions taken in 2005

Financial Health

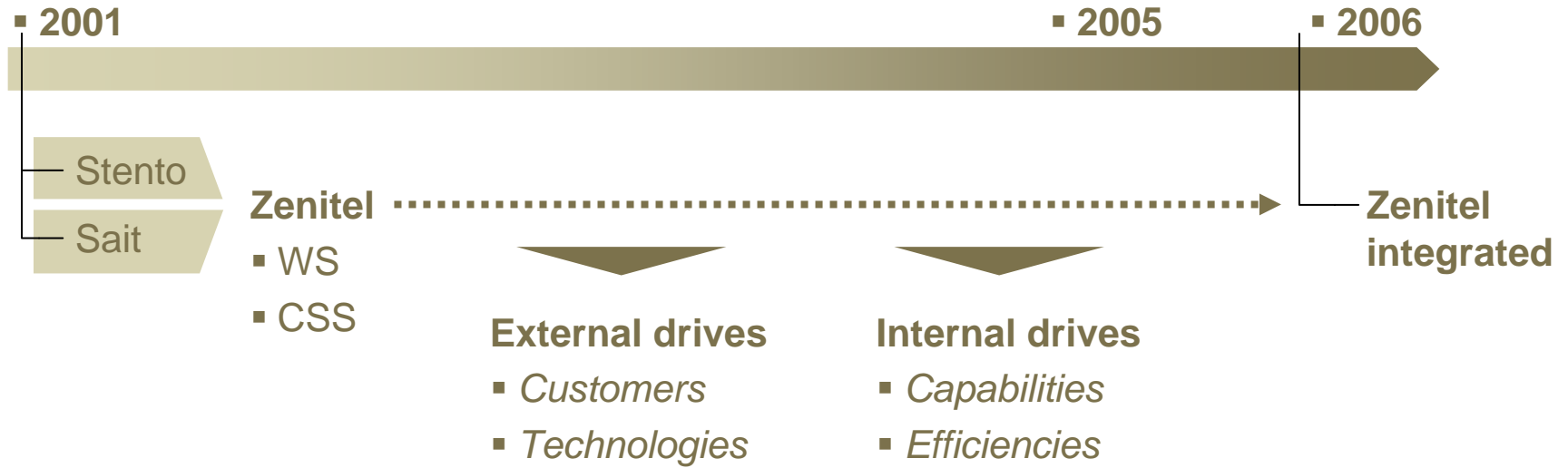
- Rationalize and integrate headquarters
- Restructure (&Rebuild) France
- Restructure WS Norway, Marine Sweden, CSS UK, WS Finland,
- DEC Project
- Conclude and/or deliver difficult projects
- Pay outstanding creditors
- Revision of our Balance sheet

Growth Realization

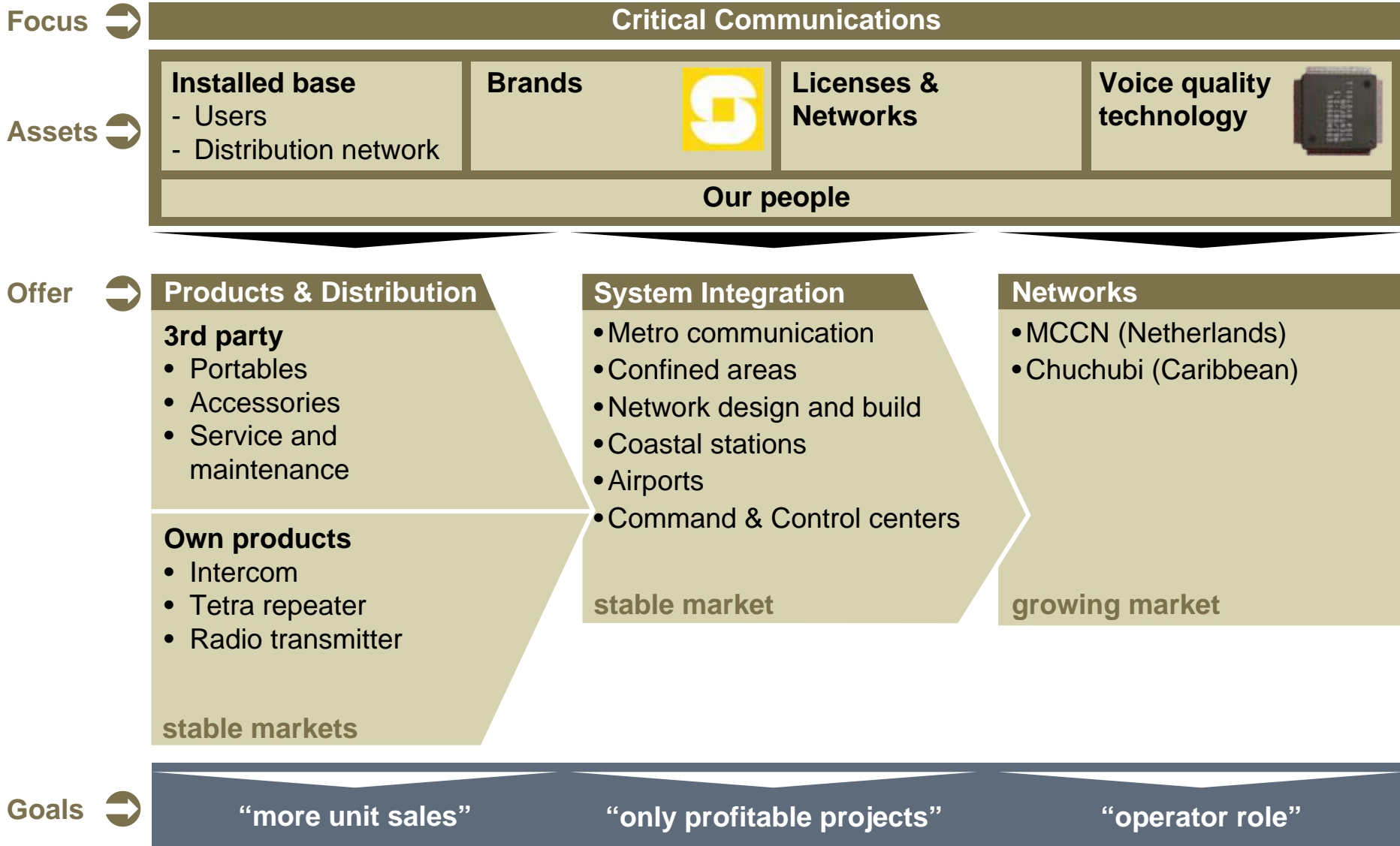
- Gain market share in the Netherlands/Belgium
- Integrate the company
- Build and operate our own TETRA networks
- Develop our new VoIP product

- 2005 in a nutshell

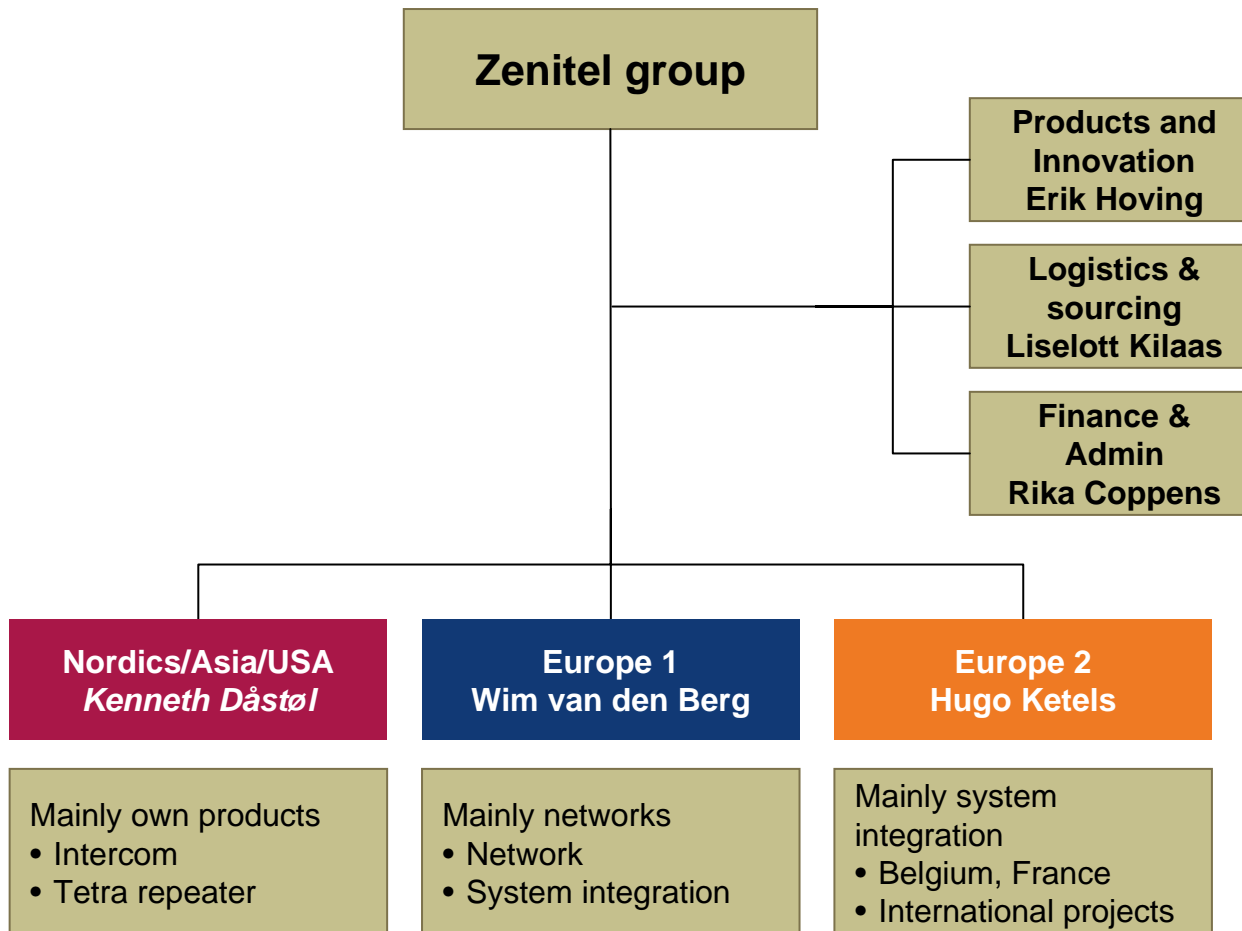
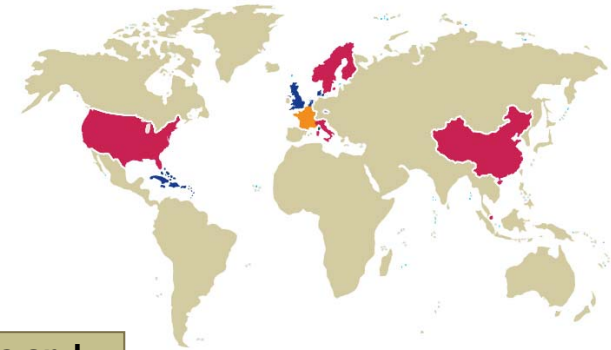
Zenitel integrated



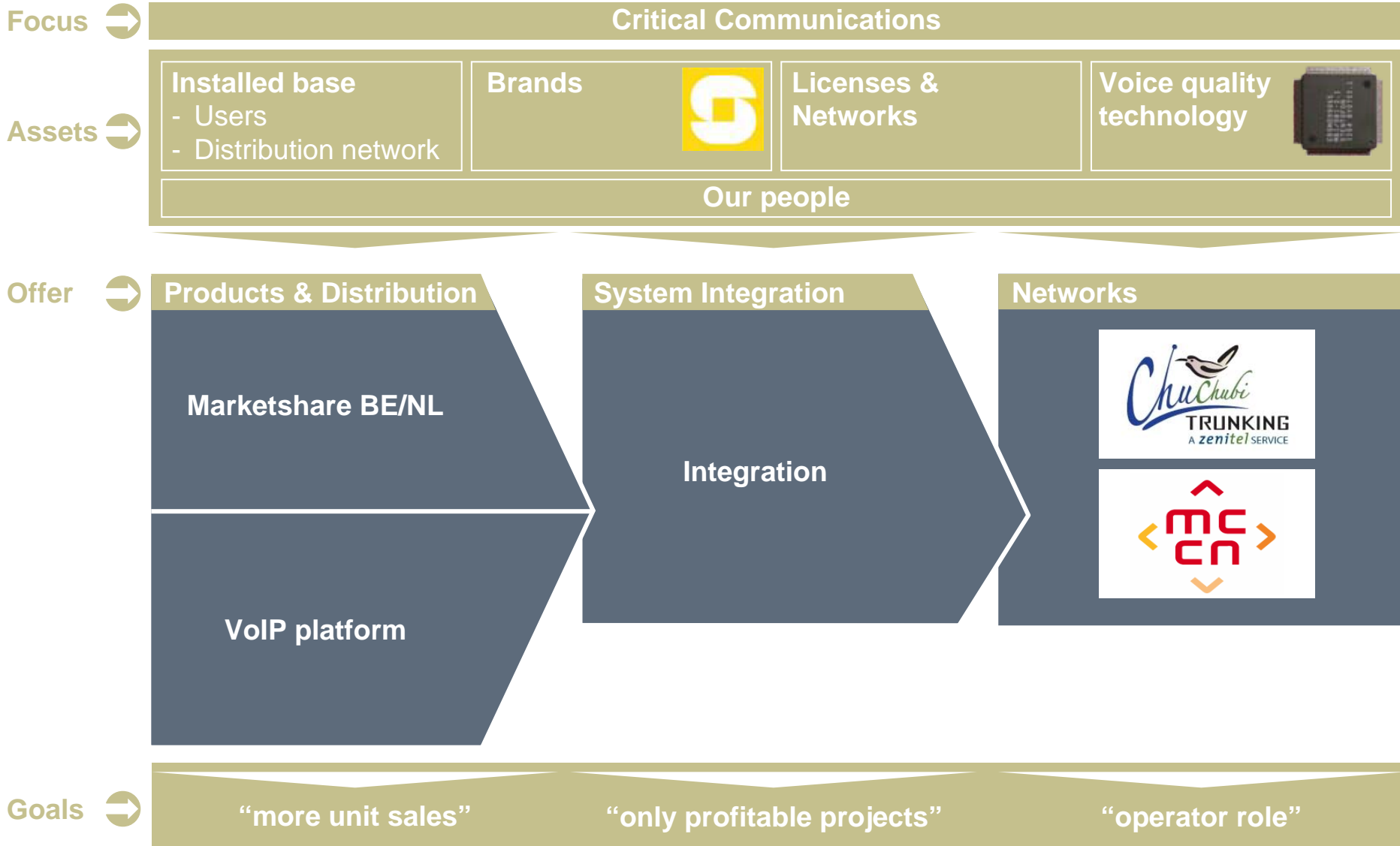
Zenitel on one page



Zenitel's new organization



Profitable Growth opportunities





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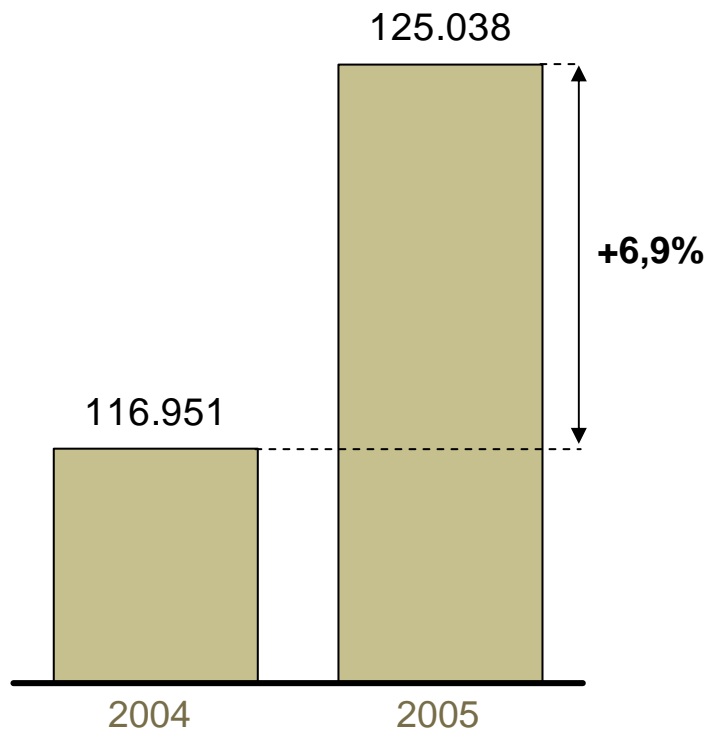
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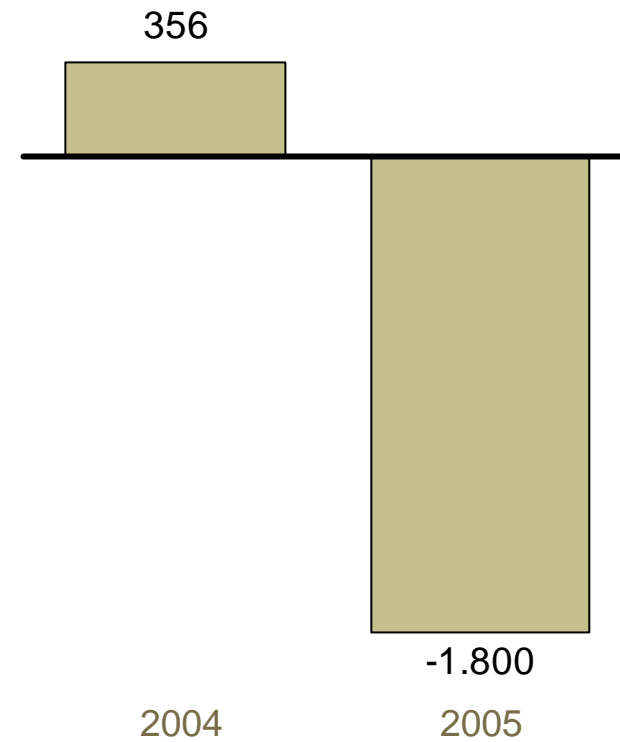
Growth in top line in difficult 2005

Total turnover



EUR Thousands

Recurrent EBITDA



EUR Thousands

Consolidated income statement

YTD	31/12/2004	31/12/2005
Total turnover	116.951	125.038
Total other operating income	1.200	2.203
Total revenues	118.151	127.241
Depreciation and amortization	1.736	2.336
Amortization losses on current assets	890	588
Other operating charges	129.840	132.825
Total operating expenses	132.466	135.749
Profit/(Loss) from operating activities	(14.315)	(8.508)
Finance income/(cost)	(1.562)	(1.267)
Profit/(losses) from ordinary operating activities before tax	(15.877)	(9.775)
Tax	2.992	(1.170)
Net result for the period	(12.885)	(10.945)
EBITDA	(11.689)	(5.584)
<i>One-time-items included in EBITDA</i>	<i>12.045</i>	<i>3.784</i>
Restructuring France	1.300	1.131
Other restructurings	-	2.964
Start-up MCCN	-	282
French litigation	-	785
Capital gain buildings	-580	-1.378
Sale Servoteknikk	-251	-
Pension adjustment	11.217	-
Other	359	-
Recurrent EBITDA	356	(1.800)

EUR Thousands

Investments in network activities and VoIP platform

Consolidated balance sheet (1/2)

ASSETS	31/12/2004	31/12/2005	
Non-current assets			
Intangible assets	9.142	10.230	VoIP
Tangible assets	12.839	15.130	Networks
Available for sale investments	290	296	
Receivables	2.818	3.095	
Deferred taxes	3.420	2.381	
Total non-current assets	28.509	31.232	
Current assets			
Inventories	12.021	12.042	
Contracts in progress	8.098	9.578	Growth top line
Trade debtors	23.851	26.894	
Other amounts receivable	2.545	2.324	
Deferred charges and accrued incomes	867	1.026	
Cash and cash equivalent	4.793	6.642	Liquidity
Total current assets	52.175	58.506	
TOTAL ASSETS	80.684	89.638	

EUR Thousands

Restructure liabilities

Consolidated balance sheet (2/2)

EQUITY AND LIABILITIES	31/12/2004	31/12/2005	
Equity			
Ordinary shares	33.631	14.850	
Share premium account	40.456	6.795	
Reserve for warrants	-	121	
Consolidated reserves	-54.976	731	
Translation differences (+) (-)	1.893	2.244	
Treasury shares	-2.958	-2.958	
Total equity	18.046	21.783	➔ Equity position
Minority interests			
Non-current liabilities			
Interest bearing loans and borrowings	6.285	7.255	
Deferred tax liabilities	5	8	
Retirement benefit obligation	5.214	5.266	
Provisions	408	310	
Other liabilities	242	103	
Total non-current liabilities	12.154	12.942	
Current liabilities			
Trade payables	24.150	26.102	➔ Networks
Other payables	10.454	13.449	
Current tax liabilities	2.198	1.546	
Borrowings	8.994	7.648	➔ Repayment
Provisions	4.688	6.168	
Total current liabilities	50.484	54.913	
TOTAL LIABILITIES AND EQUITY	80.684	89.638	

EUR Thousands

Key figures

Key figures	31/12/2004	31/12/2005
Shareholder's equity	18.046	21.783
Working capital/turnover	4,4%	3,2%
Net debt	10.486	8.261
Total debt/equity	53,7%	44,4%

EUR Thousands



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Capital increase

Financial health

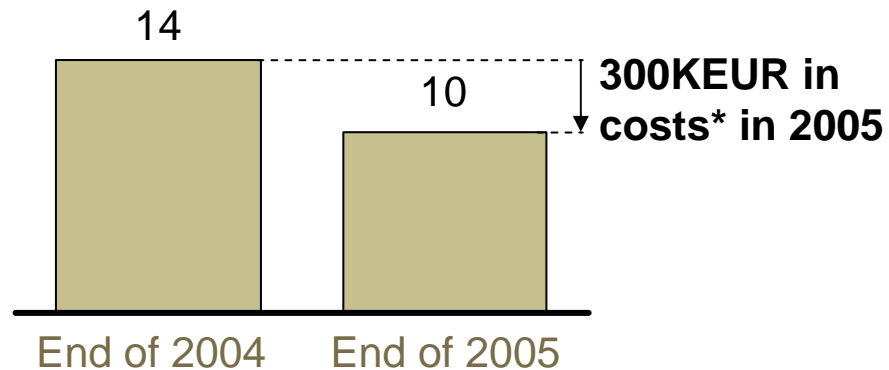
- **Realize some Quick-Wins**
 - Integrate and rationalize headquarters
- **Implement a number of restructurings in line with our focused strategy**
- **Improve our balance sheet/liquidity position**

Growth Realization

- **Allow us to finance our growth**
- **Allow us to execute a number of new projects**

Integrate and rationalize headquarters

FTE's



Outsourcing contracts renegotiated

- IT/Communications -300KEUR
- Bookkeeping – insourcing -100KEUR

Main actions

- HQ and BU integrated
- Outsourcing contracts renegotiated

Capital increase

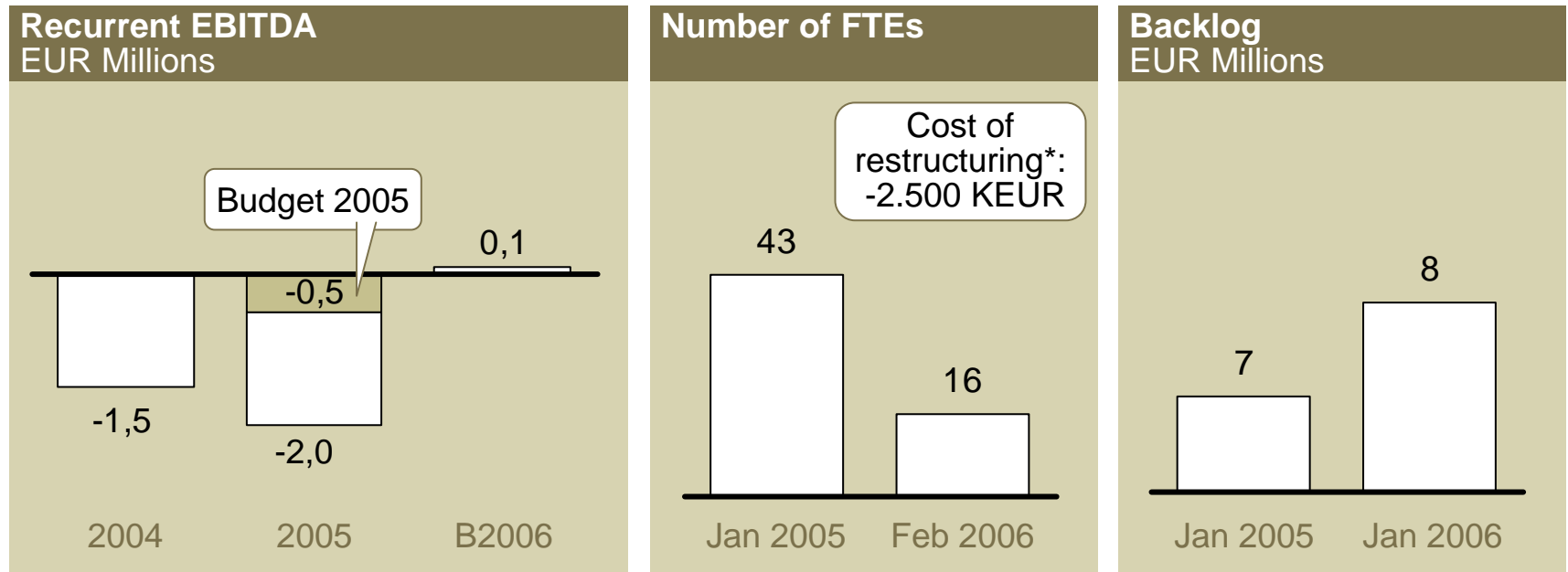
Financial health

- Realize some Quick-Wins
- **Implement a number of restructurings in line with our focused strategy**
 - Stabilize WS France
 - Other reorganizations
 - WS Norway, Marine Sweden, CSS UK, WS Finland
 - DEC-project
- Improve our balance sheet/liquidity position

Growth Realization

- Allow us to finance our growth
- Allow us to execute a number of new projects

Stabilize WS France



* Including 1.300 KEUR provision included in 2004 accounts

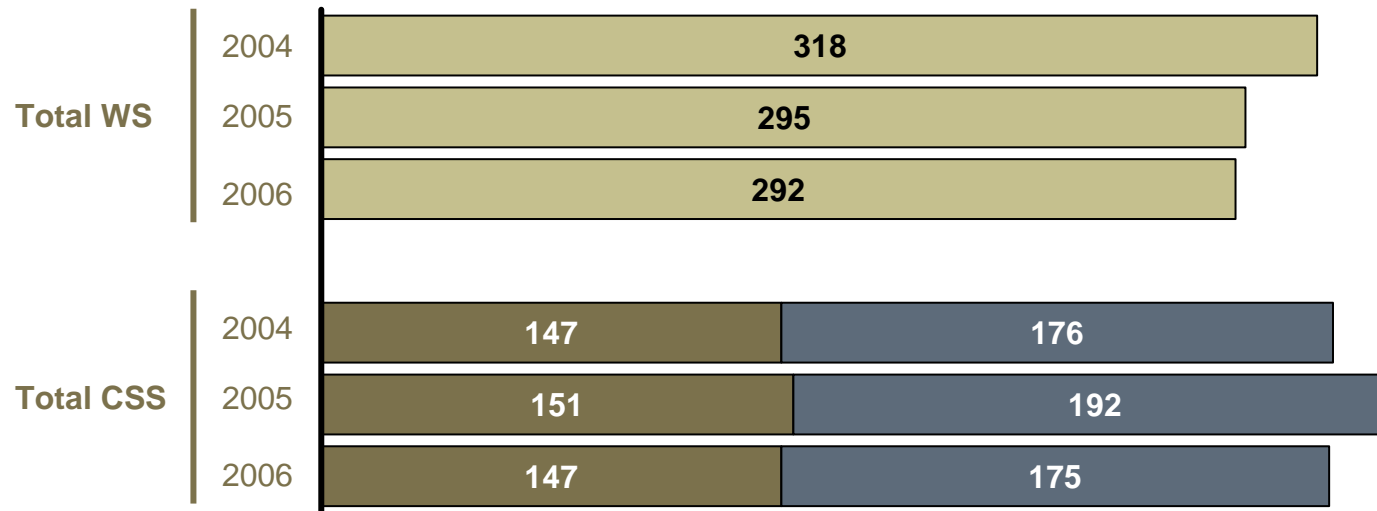
- *Immediate actions taken*

Other reorganizations resulted in a decrease of 23 FTE

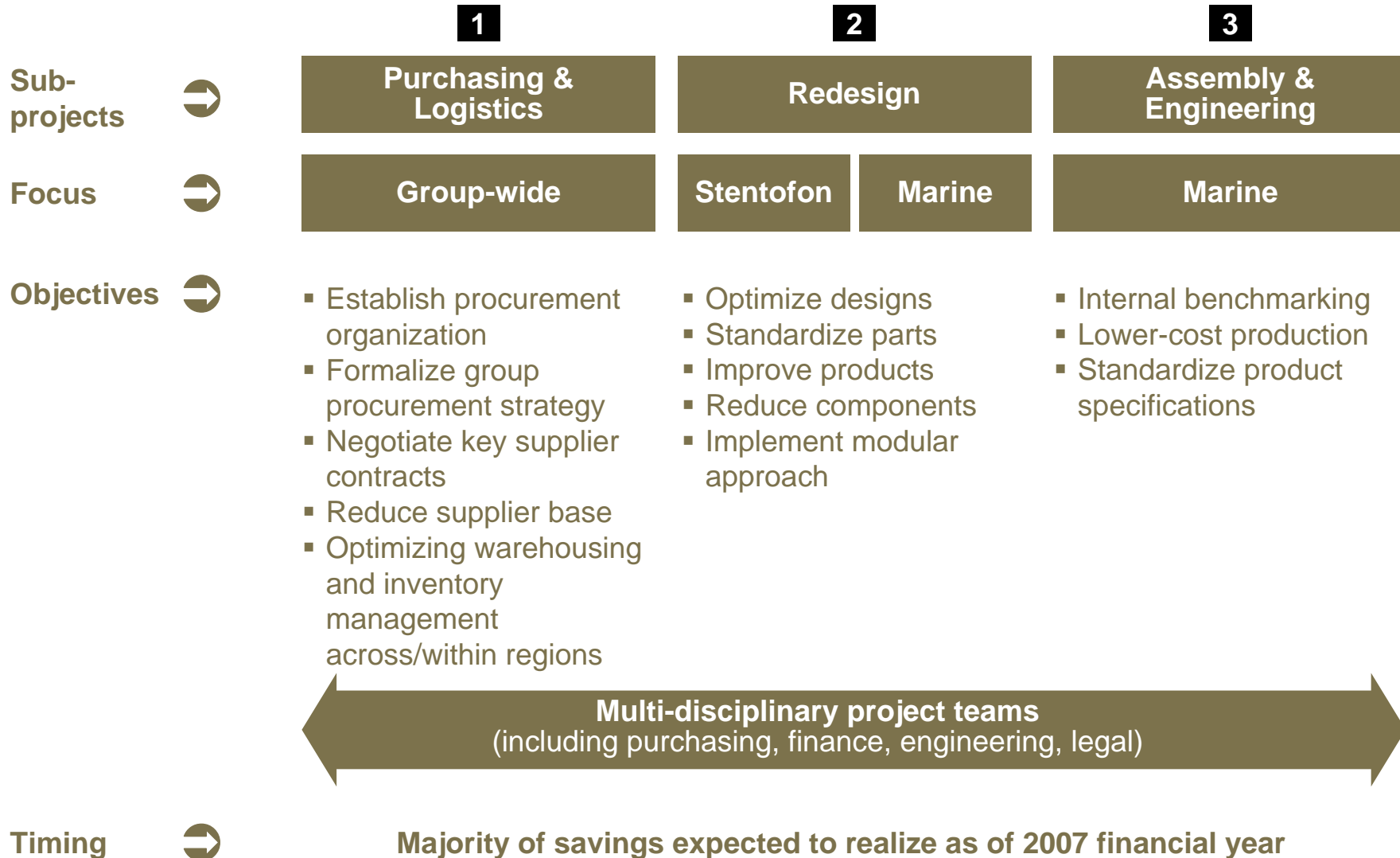
-
- WS Norway from 22,0 to 13,5 FTE
 - Marine Sweden from 20 to 10 FTE
 - CSS U.K. from 9,5 to 7,0 FTE
 - WS Finland from 12 to 10 FTE
-

Result of reorganizations

■ Intercom
■ Colsys



DEC Project





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Capital increase

Financial health

- Realize some Quick-Wins
- Implement a number of restructurings in line with our focused strategy
- **Improve our balance sheet/liquidity position**
 - Conclude on and/or deliver (long term) difficult projects former WS
 - Pay outstanding creditors
 - Revision balance sheet

Growth Realization

- Allow us to finance our growth
- Allow us to execute a number of new projects

Conclude on and/or deliver (long term) difficult projects former WS

P&L impact in 2005

Included in recurrent EBITDA

▪ Projects in NL	-0,8
▪ Projects in DK	-0,5
▪ Reorganization France	P.M. (EBITDA France -2,0)

Included in one-time-items

▪ Litigation WS France	-0,7
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EUR Millions

Pay outstanding creditors

▪ Repayment of borrowings	2,5
▪ Total long term creditors outstanding	2,0
▪ Suppliers long overdue	2,0
TOTAL	6,5

EUR Millions

Revision balance sheet

P&L impact in 2005

Not included in recurrent EBITDA

▪ Write-off deferred tax asset	1,1
▪ Impair goodwill on WS Norway	0,4

EUR Millions



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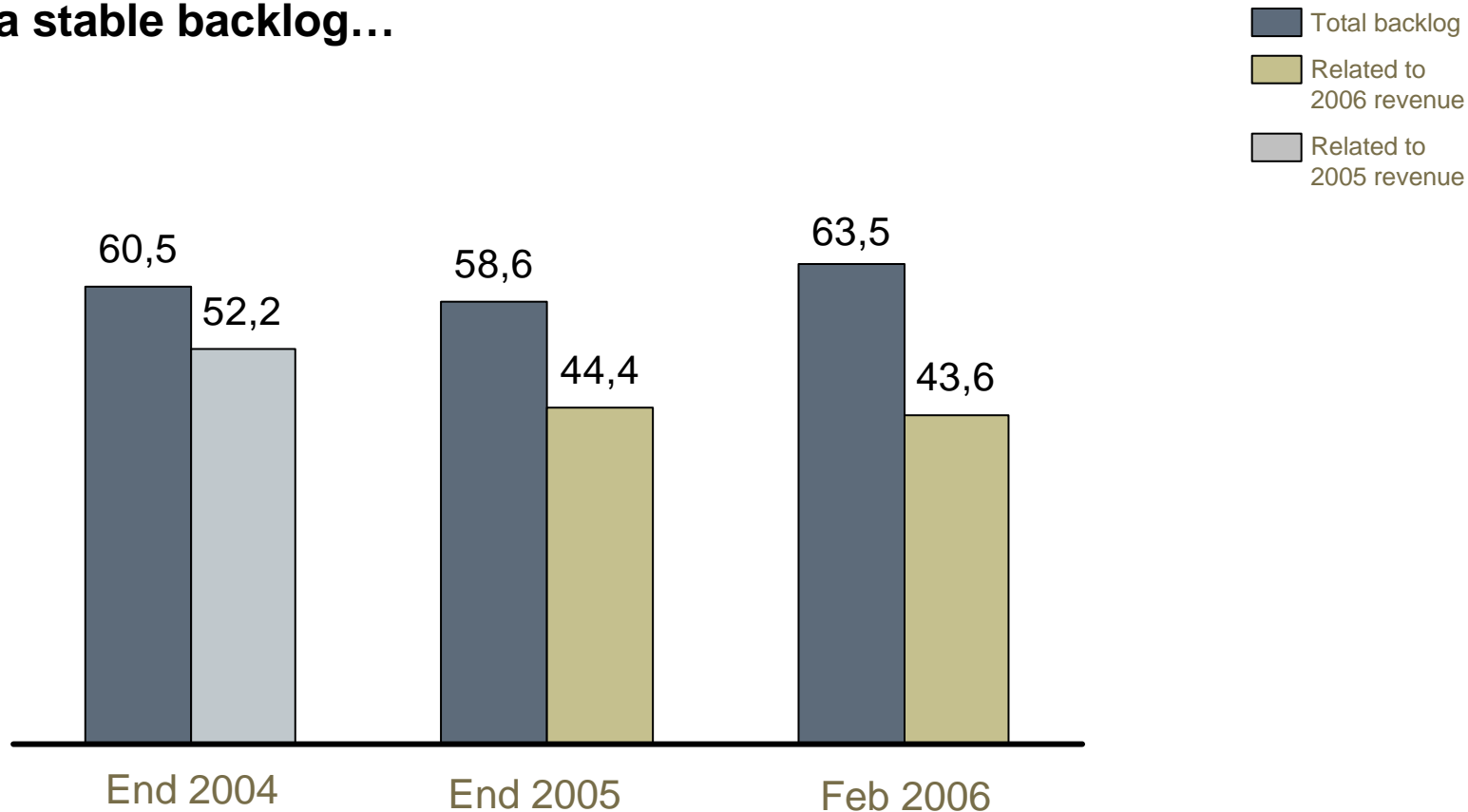
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Towards a stable backlog...



This backlog constitutes the orders received by Zenitel at the respective dates mentioned. Since we are running a different portfolio (longer time orders for networks), these numbers are difficult to compare.

EUR Millions



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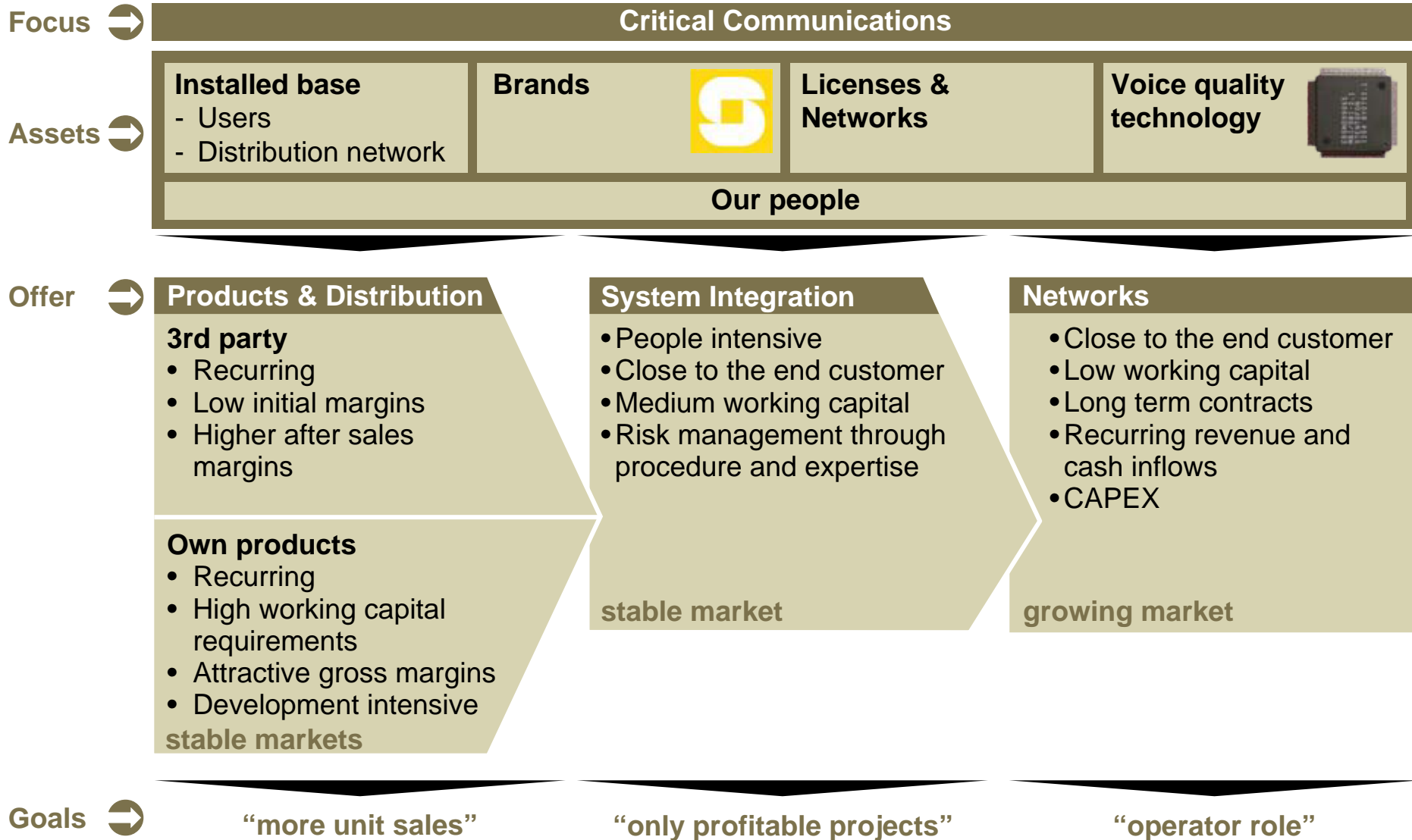
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

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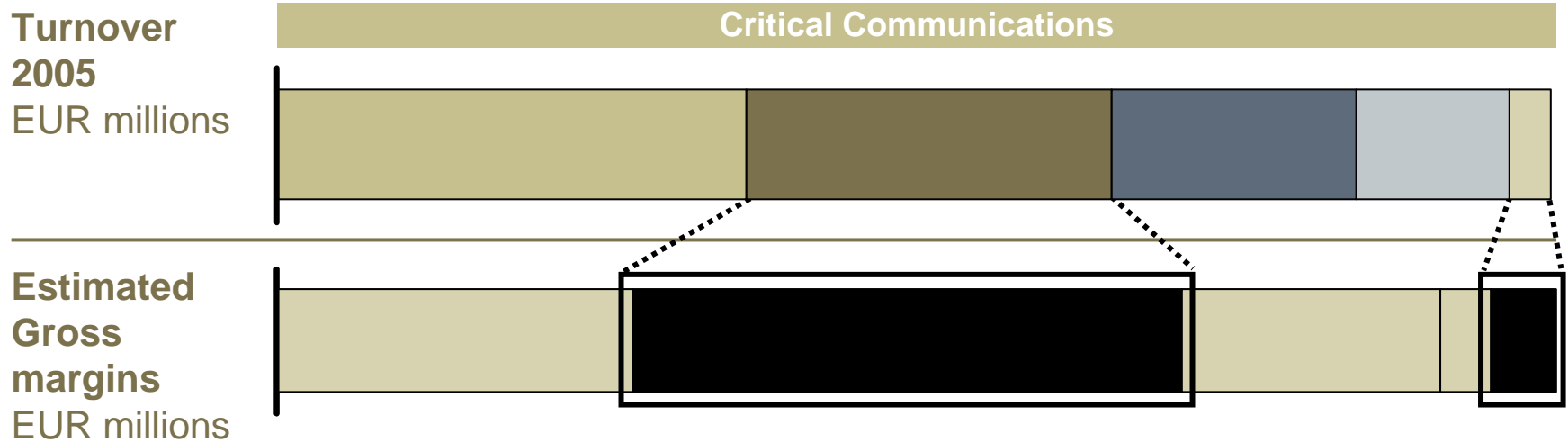
Conclusions

Zenitel on one page



Analysis of 2005 results – INDICATIVE

-  3rd party products
-  Own products
-  System integration
-  Colsys
-  Networks
-  Main areas of investment in 2006



* Gross margin is including material cost, direct execution cost and excluding OPEX

Capital increase

Financial health

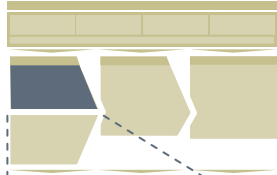
- Realize some Quick-Wins
- Implement a number of restructurings in line with our focused strategy
- Improve our balance sheet/liquidity position

Growth Realization

- **Allow us to finance our growth**
 - Gain market share in NL/BL
- **Allow us to execute a number of new projects**
 - Invest in Networks Caribbean and MCCN
 - Invest in New core platform for intercom business
 - Integrate the company to leverage existing positions

Our current business model

Gain market share in BE & NL



Products & Distribution

3rd party

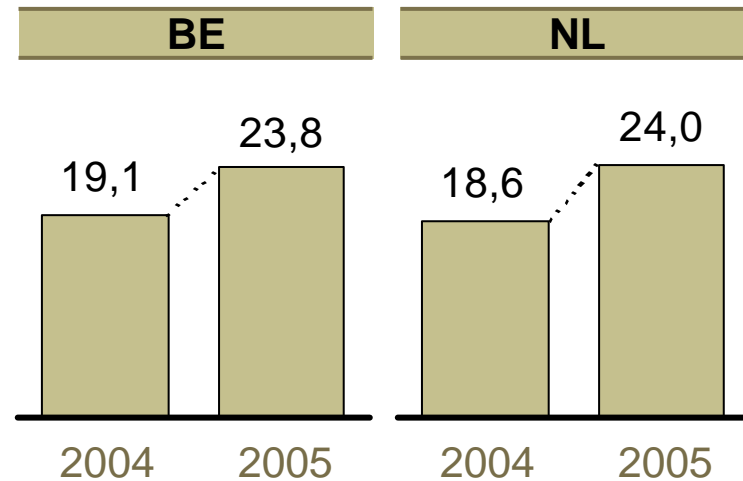
- Portables
- Accessories
- Service and maintenance

- LARA
- ASTRID

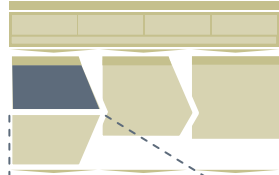
Total growth in number of customers – TETRA users

- BE 5.200 (still approx. 3.000 to deliver) (40% market share)
- NL 22.000 (still at least 10.000 to deliver)(60% market share)

Total growth in Turnover



Focus on aftermarket service revenues



Products & Distribution

3rd party

- Portables
- Accessories
- Service and maintenance

assets →

Installed base I Brands

2004/2005

- 18.000 Police men*
- 6.000 Fire men*
- 3.200 other*

27.200 new customers
(13.000 to deliver)

- 30 million Euro (handsets)
- Low gross margin**

Future

- Replacement
- Service
- After sales (accessories)
- Applications
- Back-up facilities

* Indicative numbers

** Gross margin is including material cost, direct execution cost and excluding OPEX

Approach market step by step



Products & Distribution

Own products

- Intercom
- Tetra repeater
- Radio transmitter



Develop 1 VoIP platform

- Backwards compatible
- Open interface (SIP) and networking
- Increased capacity and multiservice platform

Revamp product portfolio

- Reposition
- Software and license fees
- Applications

Reduce DEC

Phase out old platforms

From now on

- New product

Develop VoIP platform



Products & Distribution

Own products

- Intercom
- Tetra repeater
- Radio transmitter

- Total investment 2005: 1.210KEUR
- Total investment 2006: 600KEUR

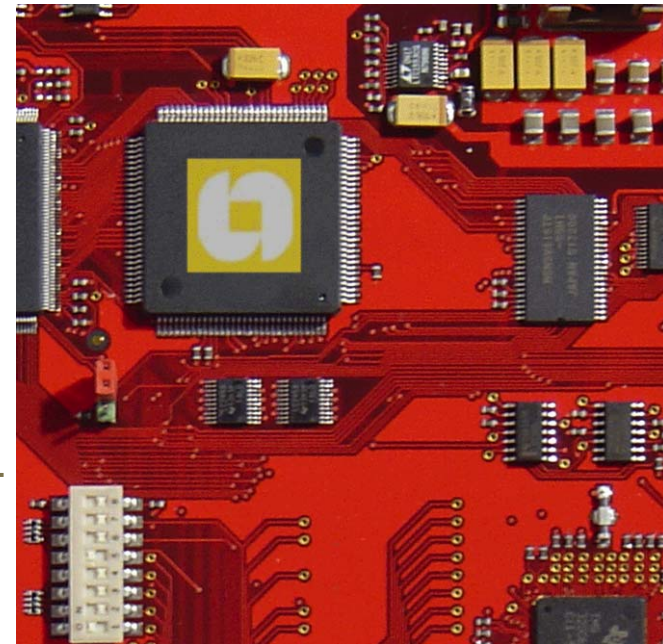
assets →

Installed base | Brands | Voice quality technology

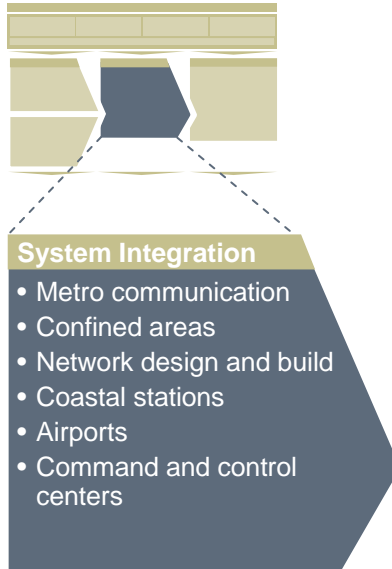


Already 120 new systems sold

- Brandenburg Police
- Sanef France
- ...



Integrate the company to leverage existing positions



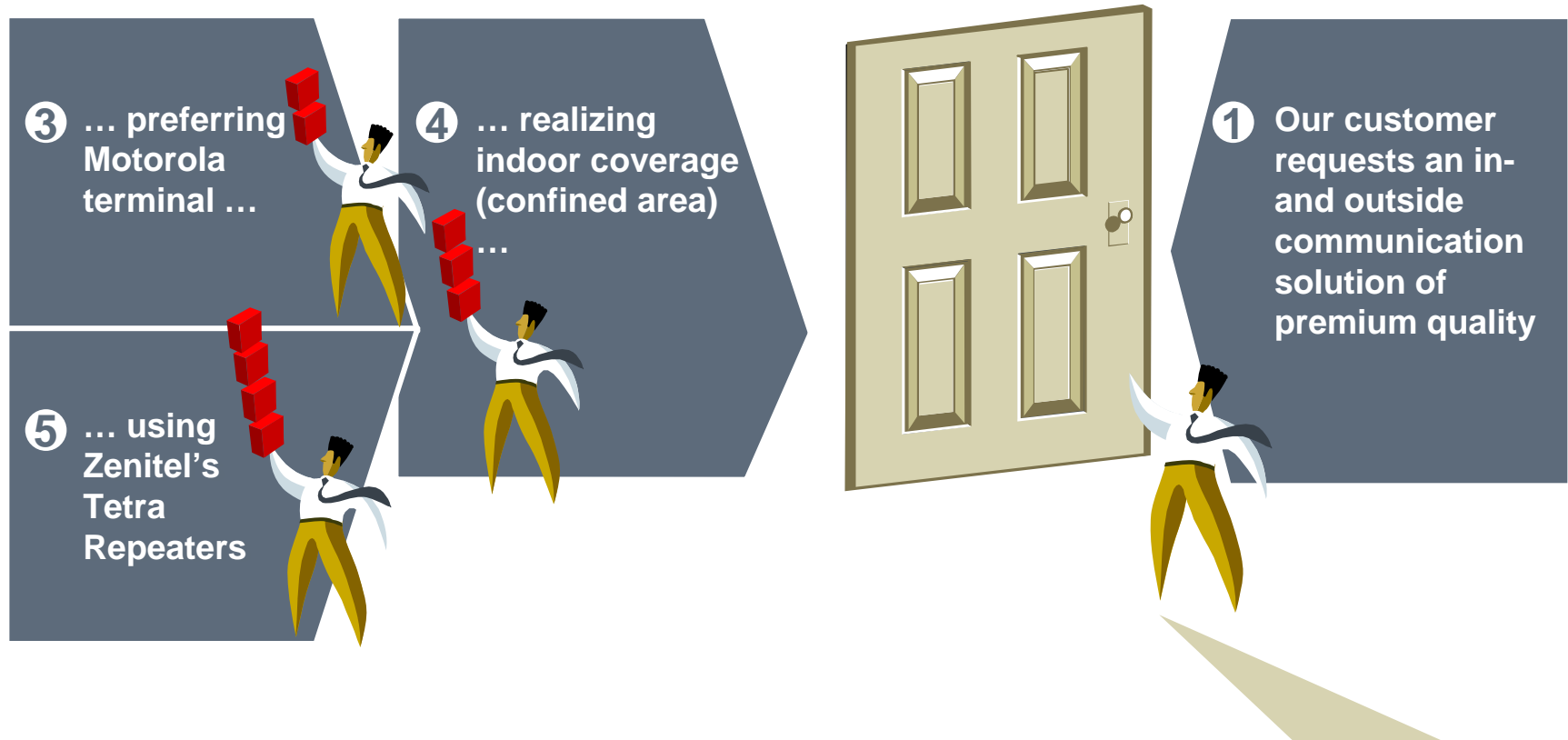
ZENITEL RECEIVES AN ORDER OF 4.7 MILLION EUR FOR RADIOCOMMUNICATION IN THE SUBWAY OF CARACAS



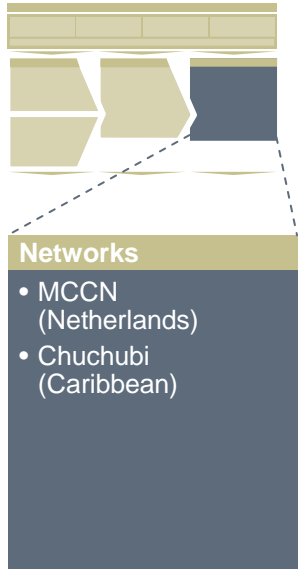
Brussels, February 11th 2006 - After the difficult restructuring period of 2005, Zenitel Wireless France SA, being a subsidiary of Zenitel NV, is pleased to announce that it signed a contract with 'C.A. Metro de Caracas' for the supply of a radio communication covering line 1. The contract represents a total amount of 4.7 million EUR. Apart from the traditional security communication, this radio system also provides safety signs, **and contains both radio- and intercom technology.**

Zenitel Belgium N.V. will support the implementation of this project. In the past, Zenitel Wireless France SA, has already supplied communication for the other 3 lines.

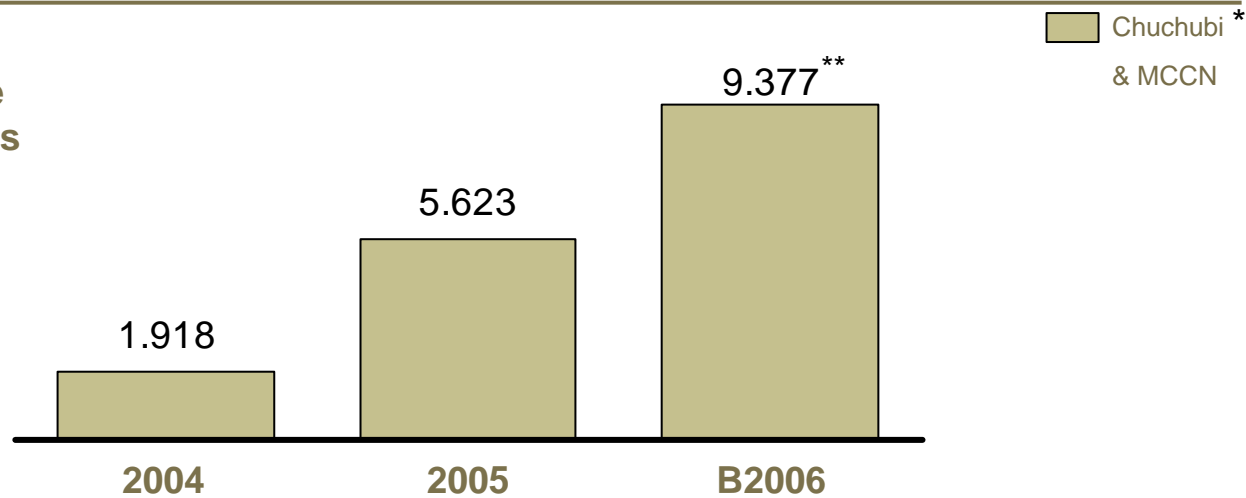
Profitable growth through a more integrated approach



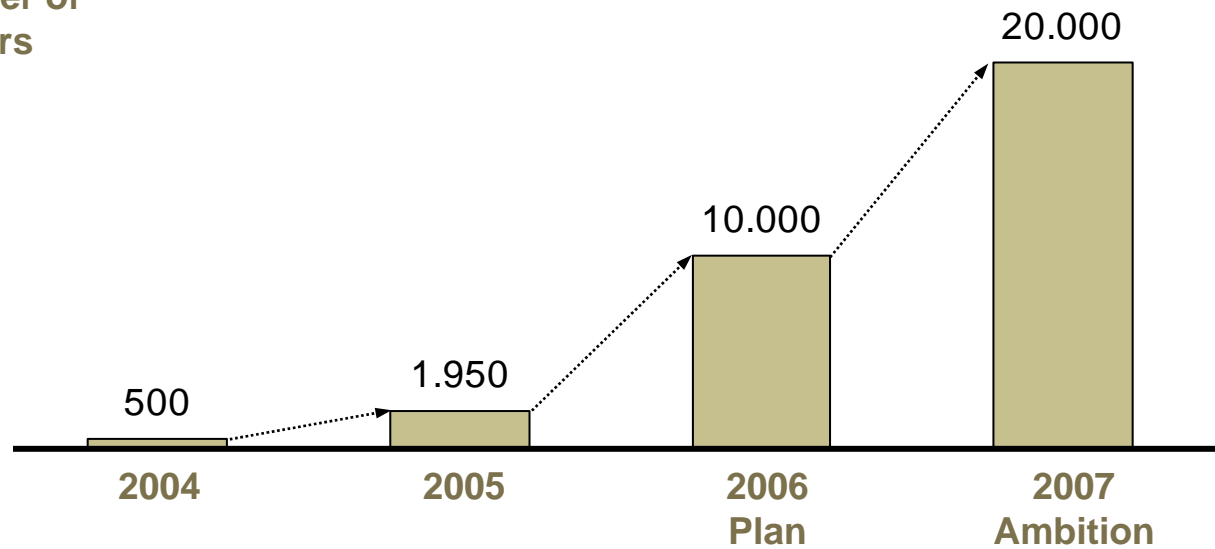
Invest in networks in NL and Caribbean (1/2)



Total Cumulative investments KEUR



Total number of TETRA users RGU



* Financed locally on a non-recourse basis

** Additional investments will depend on users to be connected on the network already in 2006



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Concentrate on operational cash flows and profitable growth

Conclusions

2005 ... a year of paradox

- 2005 not satisfactory
 - Concentrate on profitable activities
 - Invest in profitable growth
 - Focus on networks & VoIP product launch
-

Outlook

- Stable revenue with seasonality
 - Substantial improvement on EBITDA
 - No significant one-time items
 - Expect 10.000 RGU's in 2006
-