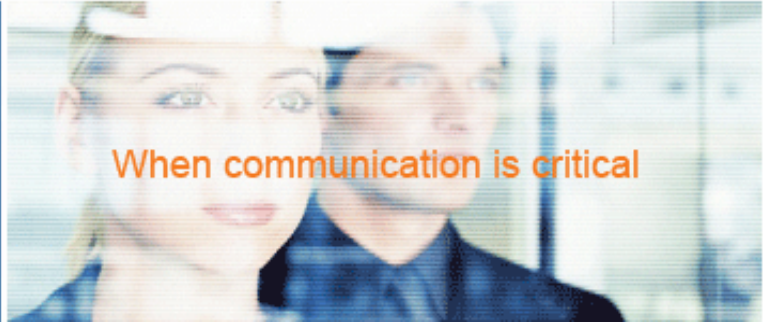


Zenitel Group



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Half year results
28 August, 2008

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



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- *Results*
- *Balance Sheet*
- *Key figures*
- *Segment results*

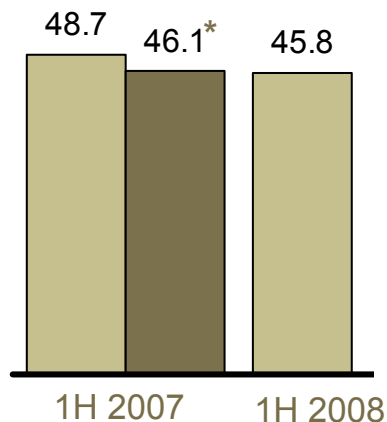
Going forward

- *Organization*
- *Secure Communication Services*
- *System Integration*
- *Networks*
- *Backlog*

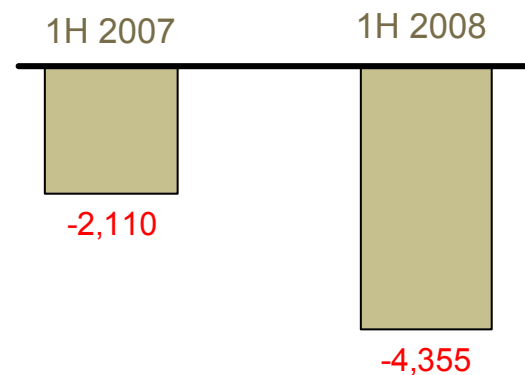
Conclusions

EBITDA impacted by downfall and restructuring in System Integration

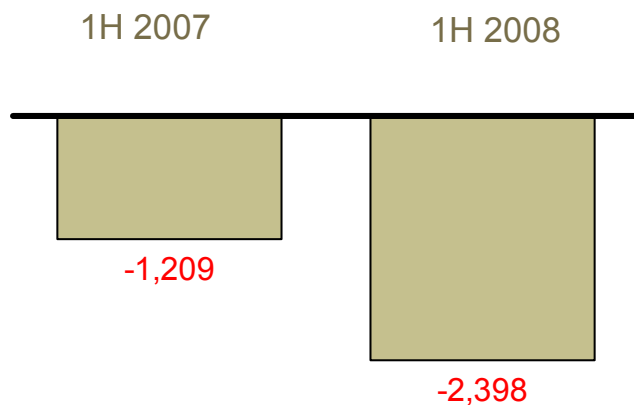
Turnover 45.8 M versus 48.7 M in 1H 2007
(Millions)



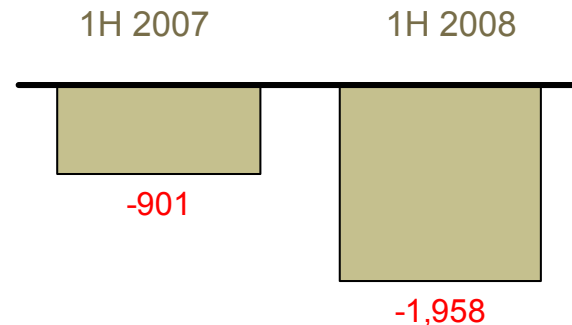
EBITDA -4,355K versus -2,110K in 1H 2007**
(KEUR)



Recurrent EBITDA -2,398 K versus -
1,209K in 1H 2007**
(KEUR)



One-time-items -1,958K relating to additional
restructuring measures in Zenitel Belgium &
Zenitel Wireless France
(KEUR)



* Excluding Colsys

** Colsys divestment – -0.2 million EUR impact on recurrent EBITDA / +0.3 million impact on EBITDA

Company structure

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Focus 

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SECURE COMMUNICATION SYSTEMS



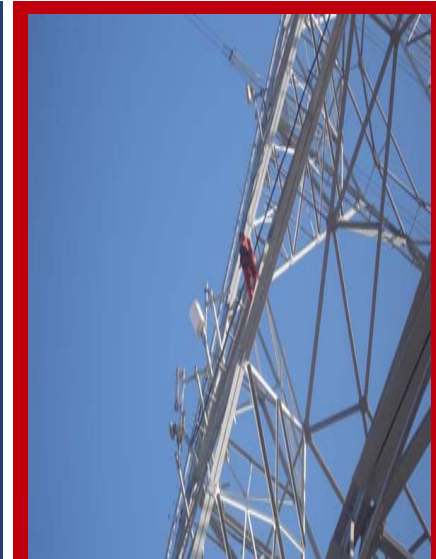
We give security a voice



SYSTEM INTEGRATION



NETWORKS



Most important realizations

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Focus



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SECURE COMMUNICATION SYSTEMS



- Double digit revenue growth, especially in Marine segment in Asia & Norway
- Result much better than expected, taking into account important R&D/opex investments
- High order intake in Asia

SYSTEM INTEGRATION



- Results worse than expected
- Restructuring measures will be increased, both in Zenitel Belgium & Zenitel Wireless France
- New product & service offering to be set-up

NETWORKS



- The ChuChubi Network in the Caribbean continues to grow organically, however exchange rate impact (100 KEUR) on EBITDA
- Slow user growth for MCCN Belgium & the Netherlands
- Nevertheless, important tenders are now issued in both Belgium & the Netherlands for potential radio users

Major Contracts and Realizations 2008



- Singapore branch registers an increased backlog of 6.3 million EUR in the Asian market
 - Chile contract signed for 2.9 million EUR
 - First health care customer in the Netherlands
 - First marine orders in Korean market for approximately 1.0 million EUR
 - Microsoft OPC interface developed, enabling seamless integration with security & building management systems
 - Large contract as subcontractor for installation of a radio network for a security company (2.2 million EUR of which 1.6 million installation project)
 - Automatic number plate recognition application recognized as 'most advance solution' in the market
 - Coastal Station Sao Tomé for 1.0 million EUR
-





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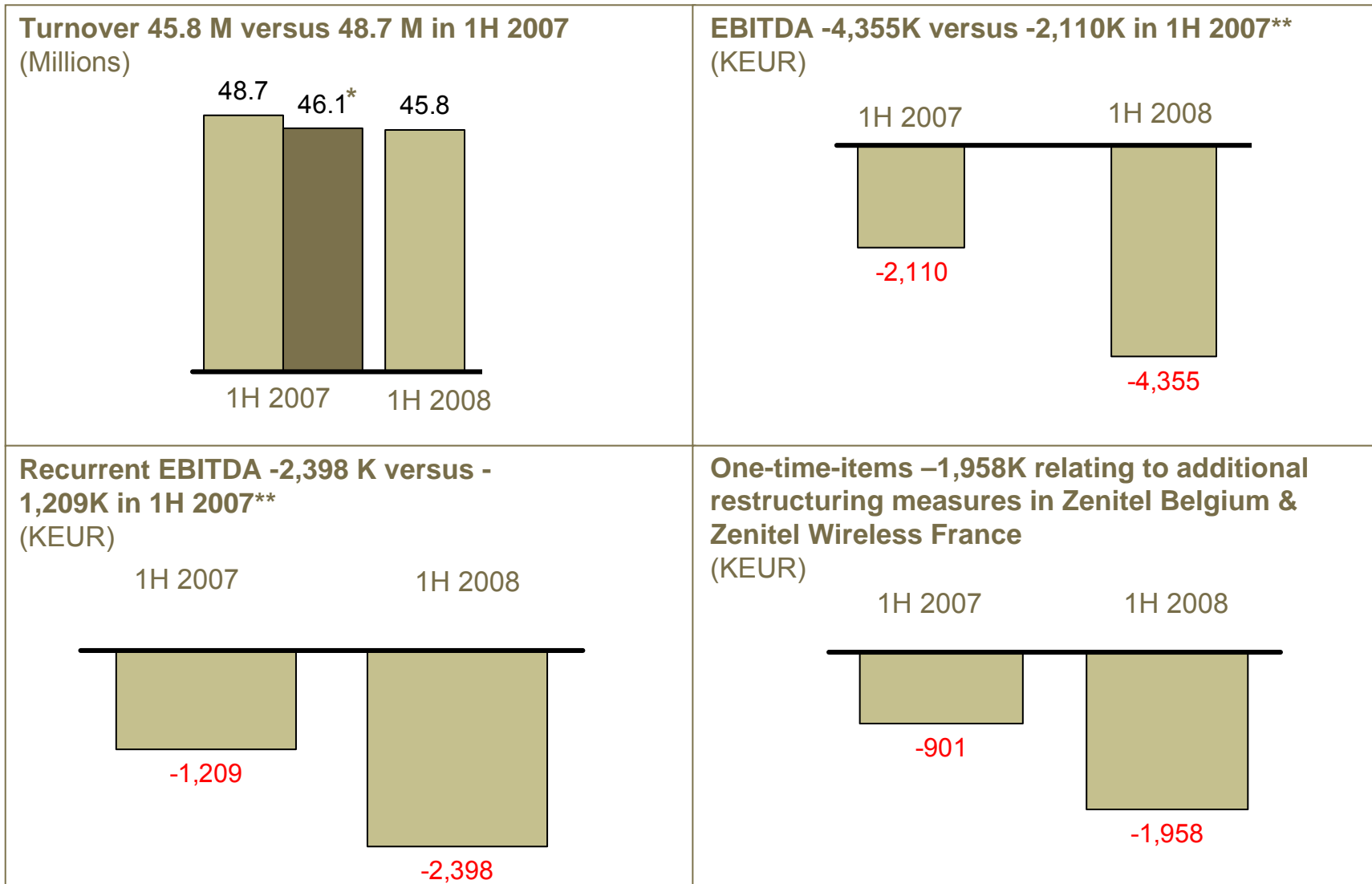
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Zenitel results



* Excluding Colsys

** Colsys divestment – -0.2 million EUR impact on recurrent EBITDA / +0.3 million impact on EBITDA

Consolidated income statement

YTD	30/06/2008	30/06/2007	
Revenue	45,752	48,675	➔ Divestment of Colsys / Growth SCS / Delays in SI
Other gains and losses	250	263	
Raw materials and consumables used	(23,007)	(24,080)	
Salaries and employee benefits	(19,181)	(17,976)	➔ Investment in development & Restructuring costs
<i>Of which reorganization expenses</i>	(1,827)	0	
Depreciation and amortization	(1,420)	(1,346)	
Net impairment on current assets	(152)	(241)	
Consulting expenses	(1,926)	(1,731)	➔ Redefining strategy in SI
Facility expenses	(3,164)	(3,239)	
Other expenses	(3,079)	(4,022)	
Operating Profit / (Loss)	(5,928)	(3,697)	
Finance income/(cost) (incl. foreign exch.)	(1,151)	(926)	➔ Capital increase in 2007 – LT loan as from 1 July 2007
Profit/(losses) before tax	(7,079)	(4,623)	
Tax expenses	(172)	(54)	
Net result for the period	(7,251)	(4,677)	
EBITDA	(4,355)	(2,110)	
<i>One-time-items included in EBITDA</i>	<i>1,958</i>	<i>901</i>	
Restructuring	1,872	-	➔ Restructuring Belgium/France
Old projects	175	417	➔ 1 remaining old projects
Sale subsidiaries	-	491	
Other	(89)	(7)	
Recurrent EBITDA	(2,398)	(1,209)	

EUR Thousands

Further investments in network activities and VoIP platform

Consolidated balance sheet (1/2)

ASSETS	30/06/2008	31/12/2007	
Non-current assets			
Property, plant and equipment	16,091	16,183	➔ Network/depreciation
Goodwill	7,712	7,723	
Other intangible assets	2,051	2,020	➔ VoIP
Deferred tax assets	2,370	2,377	
Finance lease receivables	371	730	
Other financial assets	813	813	
Other assets	614	698	
Total non-current assets	30,020	30,544	
Current assets			
Inventories	14,253	12,432	➔ Increasing sales in SCS
Contracts in progress	5,961	7,789	➔ Delay in projects
Trade and other receivables	25,466	25,282	
Deferred charges and accrued income	1,434	772	
Cash and cash equivalents	2,736	6,929	➔ Capital increase
Total current assets	49,850	53,583	
TOTAL ASSETS	79,871	84,127	

Liabilities

Consolidated balance sheet (2/2)

EQUITY AND LIABILITIES	30/06/2008	31/12/2007	
Equity			
Capital	25,274	25,274	
Share premium account	15,115	15,115	
Reserves	1,974	2,087	
Retained earnings	-22,636	-15,385	
Treasury shares	-2,958	-2,958	
Total equity	16,769	24,133	⇒ Result of the year/capital increase
Non-current liabilities			
Interest bearing loans and borrowings	11,831	11,846	
Retirement benefit obligation	3,817	3,878	
Provisions	320	300	
Total non-current liabilities	15,968	16,024	
Current liabilities			
Trade and other payables	30,506	31,313	
Borrowings	7,015	3,221	⇒ Additional borrowings
Current tax liabilities	1,055	621	
Provisions	8,558	8,815	
Total current liabilities	47,134	43,970	⇒ Payment of restructuring in the Netherlands/additional provision in Belgium – at year-end reclassification to long term
TOTAL LIABILITIES AND EQUITY	79,871	84,127	

Important KPI's

Key figures	30/06/2008	31/12/2007	30/06/2007
Working capital (KEUR)	6,996	5,253	8,753
HRM (FTE)	438	441	441
Contribution ((Turnover – CoG)/Turnover)(%)	49.7%	50.7%	50.5%
Recurrent EBITDA/Turnover (%)	- 5.2%	- 0.3%	- 2.5%
Total backlog (million EUR)	71.2	67.6	59.8
RGU's on TETRA (#)	7,958	7,639	7,039
Number of IP systems sold (Acc.)(#)	2,884	1,912	1,223
R&D (P&L + Balance Sheet)(million EUR)*	1.2 +0.2	1.6 +0.8	1.1 +0.3
License fee revenues (million EUR)	0.3	0.4	0.1

* 5 FTE in addition compared to 06/2007

Segment results

In EUR ('000)	System Integration		Networks		Secure Communication Systems	
	SI		NW		SCS	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007	30/06/2008	30/06/2007
Revenue	16,784	19,754	2,258	4,897	28,659	24,866
Intersegment revenue	(764)	(206)	(313)	(311)	(872)	(345)
External revenue	16,020	19,549	1,945	4,586	27,787	24,541
Recurrent(*) EBITDA	(2,378)	(1,235)	(247)	98	1,489	1,280
Recurrent (*) EBIT	(2,597)	(1,488)	(911)	(698)	1,011	956

- **SI** – Delays in order intake are causing downfall of revenues in Belgium, France & Denmark. Also due to still ongoing negotiations, the estimated savings due to restructuring have not yet been realized.
- **NW** – Affected by divestment of Colsys (-2.5 million EUR on turnover & -0.2 million EUR on EBITDA). ANG conversion results in decrease of both revenue (-300 KEUR) and recurrent EBITDA (-100KEUR).
- **SCS** – Significant growth in Marine business. At the same time, continued investments in product development and product management.

* Before one-time expenses



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Zenitel on one page

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Focus →

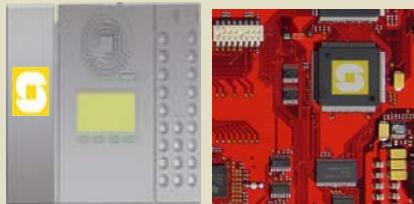
When communication is critical

Offer →

Intercom Services

Own products

- Intercom for Onshore, Offshore and Marine
- Repeaters



Secure Communication Systems

System Integration

- International Projects
 - Ground stations
 - Rail
- Local Projects
 - Network design & build
 - Confined Areas
 - Applications
 - Service

3rd party product distribution

- Terminals and Portables
- Accessories
- Services



System Integration

Networks

- MCCN (Netherlands)
- MCCN (Belgium)
- ChuChubi (Caribbean)



Networks

Drivers for profitability

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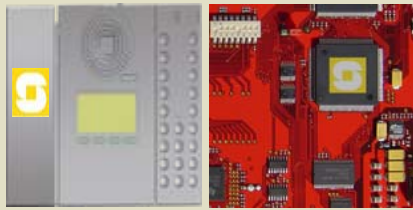
Focus →

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Offer →

Intercom Services

- Sales Channels
- Standardization
- Recurring Business
- Number of licenses



Secure Communication Systems

System Integration

- Services sales
- Effective Bid Management
- Partnership
- Process Simplification (e.g. Terminal Sales)
- Integrated applications
- Procurement



System Integration

Networks

- Number of users
- ARPU
- Contract Duration
- Effective Network Mgt.
- Controlled Investments



Networks

Going forward – Secure Communication Systems

OBSERVATIONS & PLAN

- Long standing relationships with dealers/distributors
- Present in key geographies, such as Asia & US
- Migrate existing platforms to Alphacom E platform (VoIP)
- Develop more specific applications (based on evolving technology)
- Roadmap for software and license fee implementation, driving down hardware components
- Mature organization with growth potential

OBJECTIVES

- Expand coverage
- Reduction in number of platforms
- Further develop successful segments
- Move to Software based Solutions
- Migrate from a Sales to a Services model



ACTIONS

- Closing OEM agreements with strategic partners (security companies, ...)
- Put structure/FTE in place to support OEM agreements
- More focus on OEM in USA - Exploit other Asian areas
- Demonstration interface M100/Alphacom E is ready
- More marketing & product management on 'niche' markets (airports, vessels,...)
- License revenues are monitored and further developed
- Microsoft OPC* interface developed to integrate Alphacom E to security & building management systems from 3rd parties
- 0.3 million EUR additional investments in R&D/product management & marketing

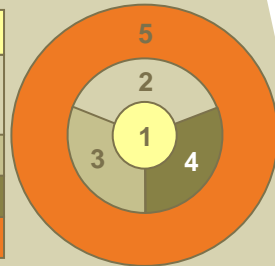
* Object linking and embedding for Process control

Going forward – System Integration (1)

OBSERVATIONS & PLAN

- **Multiple activities & different per country**
 - Distribution
 - System Integration projects
 - Local
 - International
 - Related services
- **Local business**

- | |
|----------------------------------|
| 1. Build networks (radio) |
| 2. Distribute end-user equipment |
| 3. Build confined areas |
| 4. Develop applications |
| 5. Related services |



- **Distribution business for mainly public customers**
- **Belgium & Netherlands are now in replacement market**
- **Increased demand for communication (radio) solutions in security environments**
- **New technological developments require new market approach**

OBJECTIVES

- **Improve the company's margin by:**
 - Better product management
 - Recurring business
 - What to stop?/What to continue?
- **Simplify terminal business – more efficiency required (over the borders)**
- **Providing integrated solutions through applications**
- **Move towards value added & recurring service partner and integrator**



ACTIONS

- **Change in business and sales management (BE/NL)**
- **Set-up of a business support group**
 - Product management
 - Duplicate profitable projects
 - Funnel analysis
 - Identify top 40 customers
- **Align costs & revenues through restructuring in France & Belgium**
- **Launch E-Commerce & promote over the counter sales**
- **Reducing the focus on reselling hardware**
- **MCCN & Intercom as a part of product offering in System Integration**
- **Handle complex deals with partners (security companies, ...)**
- **Launch a number of specific customer services**

Going forward – System Integration (2) (International)

OBSERVATIONS & PLAN

- Firm reputation in :
 - Ground Stations (Coastal stations/Ground to Air, ...)
 - Rail/Subway solutions

- Long standing relationship with customers – growing list of opportunities

- Often offering as a subcontractor to a large main contractor

- New developments both technological and regulatory

OBJECTIVES

- Create focus on what we do best

- Customer centric organization

- Move towards value added & recurring partner and integrator



ACTIONS

- Operationally separate International business from Local business–handled from BE
- Product development where necessary in order to ensure continuity & add additional solutions to current offering

- Create list of international key accounts

- Establish firm & reliable partnerships
 - Commercial partnerships/agency agreements
 - Complementary product & technological offering

- Focus on new offering, within current range of products (VTS, AIS, ...)

Going forward – Networks

OBSERVATIONS & PLAN

- Caribbean is a mature & profitable business
- Benelux is a start-up business
- Benelux sales channels to be developed
- Competition from
 - Outphasing analogue networks
 - 'Customer owned' networks
 - Public national networks
- MCCN can be a driver for system integration business
- Radio communication has to be part of a total solution

OBJECTIVES

- RGU's on existing network
- Grow our networks driven by business opportunities
- Expand commercial reach
- Work-out comparative offering, indicating pros & cons of different solutions
- Address industry markets
- Integrate networks with applications

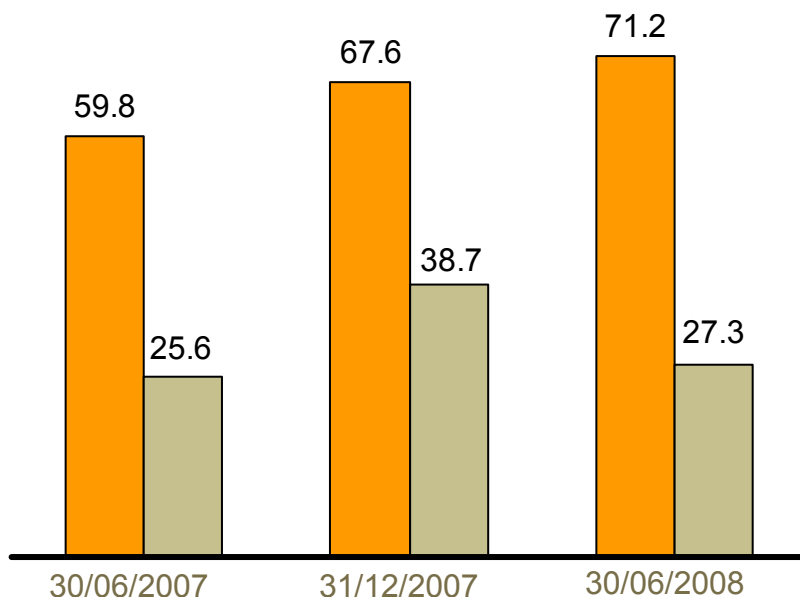


ACTIONS

- Further grow organically in the Caribbean by doing smaller investments
- Focus on sales
 - Drive direct sales force (3 new account managers)
 - First distribution contract closed
- Network expansion driven by customer contracts
- First small wins in health care sector
- Work on upcoming large tenders (between 800 to potentially 5000 users)
- Drive suppliers for terminal availability (ATEX)
- Promote TETRA standard

Backlog

■ Total backlog
■ Related to current FY* revenue



Backlog continues to increase, thanks to long term contracts especially in Marine.

EUR Millions

* FY – Financial Year



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To conclude

- Still important transition challenges in 2008, mainly in System Integration;

 - Topline of Zenitel in 2008 expected to grow modestly, due to:
 - Growth in Intercom business;
 - Increased commercial focus on Network sales and large upcoming tenders;
 - Challenging in System Integration, however encouraging opportunities mainly in the international business.

 - **EBITDA will remain negative in 2008**, however due to,
 - Savings from restructuring
 - Seasonality**2nd half will achieve a positive recurrent EBITDA**
-