Intec grows half-year revenue by 61%

Submitted by: Intec Telecom Systems
Tuesday, 21 May 2002

Intec Telecom Systems PLC - Interim Results

Intec meets consensus market forecasts, grows revenue by 61% and deliver EBITDA profit for the six months ended 31 March 2002

London, 21 May 2002: Intec Telecom Systems PLC ("Intec" or "the Company"), a leading provider of telecoms Operations Support Systems ("OSS"), is pleased to announce its unaudited interim results for the six months ended 31 March 2002. Turnover at £23.2 million has exceeded market consensus expectations, and despite continuing pressures in the telecoms sector, Intec has recorded a positive EBITDA of £755,000. Trading in the first few weeks of the third quarter is reassuring, and the Directors believe that current visibility of full year results allow confidence in achieving market expectations for the full year.

HIGHLIGHTS

* Half year turnover increases 61% to £23.2 million (H1 2001 - £14.4 million)

* £755,000 positive EBITDA despite ongoing industry pressures (H1 2001: EBITDA loss of £143,000)

* 47 new contract wins, including customers in Africa, Australia, Brazil, Egypt, India, Ireland, Jamaica, Malaysia, Switzerland, and the US.

* Recurring revenues up by 65% over H1 2001

* New product – Inter-activatE - successfully installed in beta site

* Integration of recent ICL OSS acquisition completed

* Customer installations reach 340 in 50 countries

* Intec remains in strong cash position - £11.0 million in cash and cash investments – and was cash generative in the second quarter

With the acquisitions made during 2001 now fully integrated, Intec has focused on generating business from its expanded product portfolio in both new accounts and existing customers during the six months to 31 March. A total of 33 new customers were signed in the period, in Africa, Australia, Brazil, India, Ireland, Jamaica, Malaysia, Switzerland, and the US. Customers have included Maxis in Malaysia, Swisscomm Mobile, Cell-C (South Africa), Digicel in Jamaica, and Cable & Wireless West Indies.

Cross-selling or multi-product contracts have been an important feature, involving 50% of core mediation or billing product contracts won in the period. Intec’s product range, centred around its core offerings of convergent mediation (Inter-mediatE) and interconnect billing (InterconnecT), represents a well-integrated portfolio of OSS offerings, with good business logic for customers looking to improve financial or operating efficiency. For example, an InterconnecT customer can also add Omni-chargE, which provides very similar facilities for non-call (services, co-location, infrastructure sharing, etc.) billing; Maxi-routE for Least Cost Routing based on interconnect billing data; Inter-venE for fraud management; or InterogatE, our network intelligence system.

In March Intec announced the availability of a new product, Inter-activatE. This is a carrier-grade activation and provisioning solution that incorporates expertise gained by our Atlanta-based Inter-mediatE development team in linking communications networks with Operations and Business Support Systems. Activation and provisioning are vital activities for any telecoms operator.

Intec’s response to the difficulties of the telecoms marketplace has been to emphasise the importance to its customers of focusing on improving operational efficiency through high-quality Operations Support Systems (OSS). Intec solutions deliver excellent return on investment in a number of areas, including improving revenue collection, cutting costs and creating operational efficiencies. These are attractive propositions in a market under pressure to improve financial performance, and Intec has been able to convert customer interest into sales in all regions.

“The results from the first half of our 2002 year underline the importance of a product offering with a solid business case for customers,” says Intec’s Executive Chairman, Mike Frayne. “We have been able to grow our revenues and deliver a positive EBITDA despite the pressure on all telecoms operators to manage costs. Intec continues to extend its market share, both organically and through carefully targeted acquistions, and we remain confident about our full year growth prospects.”

A key feature of the period has been good control of costs. Intec's policy is to continue investing in development, marketing, sales and customer support, to enable it to sustain business growth, but with a clear focus on eliminating unnecessary or unproductive expenditure. A positive EBITDA in the period shows that costs have been well matched to revenues, despite strong growth and significant investment in new product development.

During the period Intec concluded the acquisition of the OSS business of ICL (now Fujitsu), that increased the Intec user base by around 25 installations in Europe, Africa and Asia-Pacific. The integration of this business is almost complete. Intec has also successfully launched the latest version of its convergent mediation system, Inter-mediatE V4, which includes new Content Manager capabilities. This functionality will be required by many next-generation networks.

"All four geographic regions have made good contributions to our performance in the first half, with our new customer base growing satisfactorily, despite the difficulties in the telecoms sector," adds Chief Executive Kevin Adams. "We have worked hard to manage costs across the business, and to ensure that our recent ICL OSS acquisition contributes as expected. Our business pipeline for the remainder of the year is solid."

For further information:

Kevin Adams, CEO
Intec Telecom Systems PLC
+44 (0) 1483 745800
kevin.adams@intec-telecom-systems.com

Andrew Rodaway/Georgia Hanias
Intec Telecom Systems PLC
+44 (0) 7768 808082
andrew.rodaway@intec-telecom-systems.com

Cubitt Consulting
Fergus Wylie/Barney Jones
+44 (0) 20 7367 5100
fergus.wylie@cubitt.com