

Intec Telecom Systems PLC - Unaudited results for the three months ended 31st December 2002 – ‘Q1 2003’

Submitted by: Intec Telecom Systems

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Intec delivers increased EBITDA and positive operating cash flow of £1.3 million

[Full text here:

<http://www.intec-telecom-systems.com/its/pressroom/pressreleases/pr2003/2003-02-26/>]

Intec Telecom Systems PLC (“Intec” or “the Company”), a leading provider of telecoms Operations Support Systems (“OSS”), is pleased to announce its unaudited results for the three months ended 31 December 2002, (“Q1”). Despite normal quarterly fluctuations, both EBITDA profit and positive cashflow targets have been met, and the Board remains cautiously confident of meeting expectations for the full year. Intec also concluded the successful acquisition of its largest interconnect competitor – Ericsson’s ‘Settler’ business unit – in the period.

HIGHLIGHTS

* Turnover of £10.4 million within management expectations (3 months ended 31 December 2001 - £10.9 million) despite quarterly fluctuations.

* Substantial increase in earnings before interest, tax, depreciation, and amortisation (“EBITDA”) of £463,000 compared to Q1 2002 - £33,000.

* Positive operating cash inflow of £1.3 million (Q1 2002 – outflow of £2.0 million) – the fourth sequential cashflow positive quarter.

* Loss before tax was £1.5 million (Q1 2002: loss of £1.8 million), after depreciation and amortisation of goodwill and intangible assets of £2.1 million (Q1 2002: £1.7 million).

* 42 new name customers, including 31 from the acquisition of Settler business in Sweden.

* 61 new contracted installations, comprising 9 new Interconnect family licences, 3 new Inter-mediate licences, and 49 from acquisition of the Settler business.

* Intec remains fully-funded with cash and cash equivalent investments of £11.3 million after full payment for recent Ericsson acquisition.

* Successful acquisition of largest interconnect competitor – Ericsson’s ‘Settler’ business unit.

“Intec has delivered another solid, on-target first quarter within an industry that continues to be very competitive,” said Intec’s Executive Chairman, Mike Frayne. “Our strategy of investment properly balanced against revenues, combined with very good cost control, has allowed us to deliver

substantially improved EBITDA earnings and positive operating cash flow, despite expected quarterly revenue fluctuations and intense competition for new business. Although the business environment is still very challenging, we are cautiously confident that the full year will yield results consistent with expectations.”

“The first quarter is typically difficult to close new business, particularly as it included a lengthy Christmas and New Year break. Intec’s ability to deliver revenues within a few percent of expectations and EBITDA and cash flow that were substantially up on last year, particularly in a highly competitive business climate, is therefore very pleasing,” added Chief Executive Kevin Adams. “Our product set and customer base has been strengthened with the acquisition of the Ericsson Settler business, and we see many benefits from this going forward.”