

Vanco Announces Half Year Results

London, 26 September 2006 – Vanco plc (“Vanco”), the global Virtual Network Operator (VNO), today announces its interim results for the half year ended 31 July 2006.

Highlights

- Turnover up 31.0% to £78.6 million (2005: £60.0 million)
- Gross margin of 33.5% (2005: 33.8%)
- Operating profit of £4.3 million (2005: £4.7 million)
- Basic earnings per ordinary share (eps) of 2.55 pence (2005: 4.11 pence)
- Cash absorbed by operations of £5.2 million (2005: cash generated from operations of £2.7 million)
- Contracted order book up 19.0% to £327.0 million (2005: £274.9 million).
- Cash increased to £11.7 million at 31 July 2006 (31 July 2005: £7.4 million)
- Net debt of £24.4 million (2005: £21.1 million)
- The investment in the development of the Group’s channel partners has laid a significant amount of the groundwork for the future growth of the business over the next two to three years
- Customers in 155 countries and territories globally at 31 July 2006 (2005: 142 countries and territories globally)
- Based on annual contract value, Vanco's customer churn over the last six months was 2.0%. This compares to 2.8% for the year ended 31 January 2006.

We are pleased with these results which are consistent with our expectations at the time of the preliminary statement of results for the year ended 31 January 2006, which were repeated in the trading statement announced on 10 August 2006. In the first half of the financial year, as planned, sales resource has been redirected from direct enterprise sales to selling to, and the training of, our channel partners. This investment has been made to assist our channel partners in leveraging their sales forces in future years to our mutual benefit. As expected, the result of this investment is that a lower proportion of full year revenue and operating profit has been recognised in the first half compared with previous years.

We are pleased to report that Vanco has made more progress than originally expected in developing the web portal acquired as part of the Universal Access acquisition last year. The portal allows on-line pricing and provisioning of telecommunications circuits. This software was originally limited to leased line circuits in the USA. It is now close to being launched with a far wider range of products and covering the globe. The improved portal provides an interface that will allow Vanco to have more efficient and quickly scaleable trading relationships with Asset Based Carriers (“ABCs”) around the world. The intention is to make this the standard way for ABCs to buy services from Vanco, decreasing the need for expensive sales staff and technical consultants in the sales process.

Current trading is good and we expect the final results for the year ending 31 January 2007 to be in line with market expectations. Furthermore, we believe that in the first half of the year we have taken a number of important steps to lay the foundations for future growth and that these steps, together with the Group’s current pipeline of prospects, will generate strong growth for the business in the year ending 31 January 2008 and beyond.

For the full RNS statement, please [click here](#)

About Vanco

Established in 1988, Vanco plc (FTSE: VAN) is the pioneering and leading global Virtual Network Operator. Vanco does not own telecoms assets and therefore has the freedom to source infrastructure from the most suitable Asset Based Carriers (ABCs) on a global basis. It provides enterprise clients, directly or through partners, with cost-effective, optimized and fully managed network solutions. Carriers can also extend their off-net reach by accessing, through Vanco, other carrier networks around the world.

With solutions available in 230 countries and territories, Vanco is selected by the world's largest organizations to provide strategic network solutions. Its clients include Accor Hotels, Avis Europe, British Airways, Ford Motor Company, IBM/Lloyds TSB, Siemens, Pilkington and Virgin Retail.

Through the Vanco network solution clients get access to the greatest geographic coverage available through a single provider. Vanco offers incomparable flexibility to customize and adapt the solution in line with market changes and business priorities.

Vanco is recognized by the industry for its financial success and world class customer service delivery. A significant proportion of its investment capital goes into customer care which is reflected by the awards won, independent market research and client retention.

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