

Press Release

Vanco accelerates to 41 per cent Growth

Leading Virtual Network Operator comes of age with 18th consecutive year of strong profitable growth

Vanco plc (FTSE: VAN), the pioneering global Virtual Network Operator (VNO), today announced its preliminary results for the year ended 31 January 2006. Turnover is up 41.0% (2005: 35.4%) to £146.6 million (2005: 104.0m), while operating profits have increased from £10.1 million in 2005 to £14.0 million this year, as Vanco has continued its superb performance in the beleaguered telecoms sector.

Vanco's client list, which includes British Airways, Avis and Siemens, has now expanded to over 200 companies, with Vanco delivering the design, implementation and ongoing management of their corporate Wide Area Networks (WANs), which support their day-to-day business critical activities such as booking flights, managing vehicles or connecting staff computers.

This year, Vanco also began selling its services to Asset Based Carriers (ABCs) to allow them to extend their networks outside of their existing territories, in August 2005 announcing a major 10 year partnership with Swisscom whereby the Swiss Asset Based Carrier utilises Vanco to deliver international solutions to its Swiss-based clients.

Vanco is a leader in global telecoms providers alongside AT&T, BT and FT/Equant with customers in 152 countries and territories. Its contracted order book, representing future revenues, is up 41.1% to £326 million, while, as a result of Vanco's VNO business model which is not reliant on heavy investment in uncertain technologies, gross margin remains stable at 34.2% (2005: 36.3%)

Basic earnings per ordinary share have increased to 13.3p, up from 11.0p in 2005.

Commenting on the results, Allen Timpany, Chief Executive of Vanco plc, said:

"I am delighted that we have delivered yet another excellent set of figures. The exceptionally high level of growth we have achieved, fuelled by enterprise customers preferring our unique approach, has now got the attention of Asset Based Carriers who are increasingly buying from us. We extend their limited network reach and limited services with a high value international solution demanded by their customers.

ABCs now are starting to see what we are offering as a way of growing their businesses, which is an exciting development in the industry and for Vanco.

As the original pioneer of the Virtual Network Operator approach, we are proud to be continuing to shake up this marketplace and ensure businesses can access the benefits unlocked by deregulation over twenty years ago."

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