

Webtech Wireless Inc. Announces Q1 2011 Results

VANCOUVER, BRITISH COLUMBIA – June 9, 2011 – Webtech Wireless Inc. (TSX: WEW, “Webtech” or the “Company”), a leading provider of vehicle fleet location-based services and telematics technology, today announced its first quarter financial results for the three-month period ended March 31, 2011.

Revenue and Operational Highlights

- Webtech earned total revenue of \$9.3 million for Q1 2011 compared to \$10.5 million in Q1 2010. This decrease is primarily due to a drop in low margin OEM hardware sales to overseas customers.
- Recurring, software, services and other revenue for Q1 2011 was \$6.2 million compared to \$6.2 million for Q1 2010. Of this amount, recurring revenue was \$5.2 million or 56% of total revenue compared to \$5.3 million or 51% of total revenue for Q1 2010. The slight decline in recurring revenue was the result of a decline in the US Dollar relative to the Canadian Dollar. In constant currency, our recurring revenue was approximately flat quarter over quarter, despite the movement of two large customers to enterprise licenses (with resulting lower recurring maintenance revenue streams) in Q3 and Q4 of 2010.
- Subscribers at March 31, 2011 totalled approximately 87,000 (including both direct and enterprise customers).
- Subsequent to the end of the quarter on April 12, 2011, Webtech announced the reconstitution of its Board of Directors following discussions and arrangements with certain shareholders.
- As previously announced, the Company undertook a restructuring in Q1 2011 to more tightly integrate its telematics business into a more efficient and cost effective single business unit with two brands (Quadrant and Interfleet), rather than two distinct operations, and to better match its costs with its revenues. This restructuring, combined with other management actions, is expected to result in run-rate savings of approximately \$5 million per year beginning in Q4 2011.
- The Company completed a bought deal private placement offering of 15,000,000 common shares at a price of \$0.40 per share for total gross proceeds to the Company of \$6.0 million. As a result of this financing and the payment by customers of accounts receivable balances, Webtech’s unrestricted cash balance was \$9.5 million at March 31, 2011 compared to \$4.0 million at December 31, 2010.

“With the restructuring announced in February well underway, and our new board in place and fully engaged, we are focused on right-sizing expenses to match revenues in order to achieve positive Adjusted EBITDA later this year. The first quarter was a disappointment on both the revenue and operational front with our revenues down due to a drop in lower margin hardware sales to overseas OEM customers and the effect of the previously disclosed warranty and hardware issues in our Interfleet business. We believe that the hardware issues are now largely behind us, and are pleased that despite the operational issues at Interfleet, we have not lost any significant customers.” said Scott Edmonds, President and Chief Executive Officer. “For the rest of 2011 and moving forward, we are focused on our highest margin verticals which produce a more attractive hardware margin as well as a two or three year subscription contract and where we have a sustainable competitive advantage thanks to our depth of offering – these being Transport and Oil & Gas for Quadrant, Winter Maintenance and EMS for Interfleet and predictive arrival for Transit at NextBus. We are pleased with the progress of the integration and restructuring and expect to achieve our cost reduction targets by Q4 of 2011. We believe that these reductions and increased focus on vertical markets where Webtech is winning is a big first step for the Company to achieve the levels of ongoing profitability that our shareholders expect and deserve.”

Financial Highlights

('000 of Cdn \$)	Q1 2011	Q1 2010	Variance (%)
Hardware revenue	\$ 3,140	\$ 4,255	-26%
Recurring, software, services and other revenue	6,192	6,207	0%
	9,332	10,462	-11%
Gross margin (\$)	4,744	5,629	-16%
Gross margin (%)	51%	54%	
Operating expenses	6,903	6,942	-1%
Loss before other expenses (earnings) and income tax	(2,159)	(1,313)	64%
Restructuring costs	4,040	1,461	177%
Net and comprehensive loss for the period	\$ (6,250)	\$ (2,925)	78%
Adjusted EBITDA	\$ (1,237)	\$ 124	-1097%

Revenue

The decrease in revenue in the quarter is primarily the result of a decline in one-time OEM hardware sales, credit notes issued to Interfleet customers as part of the previously announced warranty issues, the impact on recurring revenue resulting from the purchase of enterprise licenses by two major customers in 2010 and the weakening of the US dollar relative to the Canadian dollar.

Recurring revenue as a percentage of total revenue was 56% for the quarter compared to 51% in Q1 2010, as the Company continues the focus sales efforts on achieving a higher mix of non-hardware revenue. The Company also grew its subscriber base particularly in the insurance vertical that resulted from hardware sales in prior periods. The subscriptions to the Quadrant® and Nextbus® web portal reporting solutions also grew in all geographic segments. This shift away from hardware to a majority of subscription, software and services revenue reflects management's focus on developing the SaaS model and is expected to continue.

Gross Margin

Gross margin in Q1 2011 was negatively impacted by the strength of the Canadian dollar relative to the US dollar as 59% of total revenue is denominated in US dollars, while the majority of costs were incurred in Canadian dollars. Assuming sales prices and the product mix between hardware and non-hardware revenue remain consistent, the Company expects gross margins to remain above 50% for the foreseeable future.

Operating Expenses

Operating expenses in Q1 2011, which include non-cash charges for amortization of intangibles, stock based compensation and one time charges related to intellectual property litigation, decreased by 1% over the prior period. Excluding one-time charges associated with intellectual property litigation, the decrease was 4%. This reduction was primarily the result of a reduction of staff implemented in early 2010.

Restructuring Charges

In December 2010, as part of its Interfleet integration strategy, the Company began a restructuring program which was completed in Q1 2011. This restructuring resulted in costs of \$3.3 million related to staff, facilities and other cost reductions. Of these charges, approximately \$3 million is expected to be cash and \$0.3 million is expected to be non cash. The cash charges are expected to largely be paid out over the remaining three quarters of 2011 with the exception of approximately \$0.5 million in net lease obligations on sublet facilities which will be paid out over a number of years.

The restructuring and related operational charges were required to accelerate the further integration of the Company's two telematics brands, Quadrant and Interfleet, particularly in the operational areas of research and development, purchasing, inventory management and manufacturing. Lead by Larry Juba, Webtech's Chief Operating Officer, the Company expects a number of technology and operational synergies, cost reductions and quality improvements in the remaining months of 2011 as a result of these changes.

During the quarter, the Company incurred various charges as the result of a shareholder's requisition for a general meeting of the shareholders of the Company to consider and vote upon the election of an alternate slate of directors, which resulted in legal, consulting, proxy solicitation, investment banking and board fees totalling \$0.7 million.

Adjusted EBITDA¹

The Adjusted EBITDA loss for the quarter was \$1.2 million in Q1 2011 compared to Adjusted EBITDA of \$0.1 million in Q1 2010.

Results on a non-GAAP EBITDA basis are determined as follows:

Adjusted EBITDA	2011	2010
('000 of Cdn \$)	Q1	Q1
Net loss as reported	\$ (6,263)	\$ (3,513)
Add/(Deduct)		
Depreciation	169	177
Amortization	353	605
Interest and other expenses (earnings)	34	(9)
Stock based compensation	145	647
Tax recovery	(131)	(210)
Foreign exchange loss	161	958
Restructuring cost including stock based compensation	4,040	1,461
Intellectual Property Litigation	253	8
Adjusted EBITDA (Loss)	\$ (1,237)	\$ 124

¹Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure and is therefore not universally defined. Adjusted EBITDA is defined as Net loss before interest, tax, depreciation, amortization, stock based compensation, foreign exchange loss on operations, restructuring charges, and one-time expenses.

Non-GAAP Financial Measures

In addition to the results reported in accordance with IFRS, the Company uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of the Company's

operating performance and financial position. These non-GAAP financial measures are provided to enhance the user's understanding of the Company's historical and current financial performance and its prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of the Company's core operating results and ongoing operations and provide a more consistent basis for comparison between quarters. Details of such non-GAAP financial measures and how they are derived are provided in conjunction with the discussion of the financial information reported.

Cash and Working Capital

As at March 31, 2011, the Company's unrestricted cash position amounted to \$9.5 million, which consisted of cash and cash equivalents and short-term investments, compared with \$4.0 million on December 31, 2010.

As at March 31, 2011, the Company had net working capital of \$11.2 million, compared with \$10.9 million on December 31, 2010. The Company believes it has the ability to generate cash from operations in both the short and long term. The Company has historically invested in product and market development and as a result had negative cash flows. However, it has taken a number of critical steps to improve its ability to generate cash from operations in the future. The Company decreased accounts receivable due to several large sales which were recorded in December and were collected in the period. Inventory was reduced due to the ongoing program to reduce excess stock of locators. The Company also completed a \$6.0 million financing on March 1, 2011. The proceeds are to be used for working capital and general corporate needs.

As at June 8, 2011 Webtech had 105,424,265 common shares outstanding.

IFRS Changes

The Company adopted International Financial Reporting Standards ("IFRS") during the period, and accordingly, restated all 2010 comparables figures to conform with IFRS. A number of changes in the financial information previously reported under Canadian GAAP resulted from this process as detailed in Note 22 of the condensed consolidated interim financial statements. In particular, \$647,000 and \$1.5 million of restructuring charges have been included in Q1 2011 and Q1 2010 restructuring costs respectively. These costs were reported in Q4 2010 and Q4 2009 respectively.

Financial Statements and Management Discussion & Analysis

The condensed consolidated interim financial statements for the three months ended March 31, 2011 and the related Management Discussion & Analysis for the period has been filed on SEDAR at www.sedar.com, and also on the Company's website at www.webtechwireless.com.

Notice of Conference Call

Webtech Wireless will hold a conference call today, June 9, 2011, at 4:45 p.m. ET hosted by Mr. Scott Edmonds, President and Chief Executive Officer and Mr. Andrew Morden, Chief Financial Officer to discuss the Company's financial results and corporate developments. To access the conference call by telephone, dial (647) 427-7450 or 1 (888) 231-8191. A taped replay of the conference call will be archived on the Company's corporate website at: www.webtechwireless.com.

About Webtech Wireless®

Webtech Wireless Inc. (TSX:WEW) is a provider of vehicle fleet location-based services (LBS) and telematics technology. It develops, manufactures and supports end-to-end wireless solutions that improve the productivity, profitability, environmental compliance and safety of vehicle fleets. Its comprehensive suite of products and services include: automatic vehicle location (AVL), mapping, vehicle diagnostics, CO₂ reporting, navigation, messaging, and mobile resource management. The Company serves

customers of all sizes in the transport, government, service, insurance and OEM markets in over forty-one countries, including Fortune 500 companies. Specialized products include: *Quadrant*[®] commercial fleet solutions, *InterFleet*[®] solutions for government, and *NextBus*[®] real-time passenger information services for transit fleets. For more information, please visit www.webtechwireless.com.

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