

Webtech Wireless Announces Q3 2011 Results

VANCOUVER, BRITISH COLUMBIA – November 14, 2011 – Webtech Wireless Inc. (TSX: WEW, “Webtech Wireless” or the “Company”), a leading provider of vehicle fleet location-based services and telematics technology, today announced its financial results for the three and nine-month period ended September 30, 2011.

Q3 2011 Financial and Operational Highlights

- Total revenue increased 4% to \$10.8 million in Q3 2011 compared to \$10.3 million in Q3 2010. On a constant currency basis total revenue increased 8% over the same period. The increase was due to improved performance of the Quadrant® and NextBus® lines of business.
- Notable new sales, renewals and implementations during the quarter included the Tampa Electric Company, Mammoet Canada Western Ltd., W.W. Gay Mechanical Contractor, Inc., Carmichael, Ramelli Waste LLC, Waste Management of Canada Corporation, Strike Construction LLC, City of Hamilton, Washington State Department of Transport, City of Mississauga, City of St. Thomas, Aero Snow Removal Corp., City of Kalamazoo, Massachusetts Bay Transportation Authority (MBTA) and Toronto Transit Commission (TTC).
- Recurring revenue increased 10% to \$5.4 million or 50% of total revenue compared to \$4.9 million or 48% of total revenue for Q3 2010. On a constant currency basis recurring revenue increased 14% over the same period. Constant currency recurring revenue increased year over year due to the increase in subscribers, which was partially offset by the conversion of subscriber customers to enterprise licences in late 2010.
- Subscribers at September 30, 2011 totalled approximately 101,200 (combined direct and enterprise), compared to 98,500 at June 30, 2011.
- Gross margin decreased to 56% of total revenue from 64% in Q3 2010 due primarily to a single high margin enterprise software sale recorded in the third quarter of 2010 that did not recur in Q3 2011.
- Operating expenses (sales and marketing, research and development, and general and administration excluding one-time items) declined 13% to \$5.5 million in Q3 2011 from \$6.2 million in Q3 2010. This decrease was the direct result of restructuring efforts undertaken earlier in 2011.
- Adjusted EBITDA was \$0.6 million in Q3 2011 compared to \$0.4 million in Q3 2010.
- As reported in the second quarter of 2011, as part of its ongoing review of all significant operations and processes, the Company determined that there were calculation errors in prior year figures. As a result, 2010 comparative figures presented in the September 30, 2011 Consolidated Condensed Interim Financial Statements have been restated. These adjustments did not have any impact on the Company’s cash or financial position, or the results for the quarter and nine months ended September 30, 2011.

“We are pleased to report our second consecutive quarter of Adjusted EBITDA, which was an improvement on Q2 2011, and a significant improvement of \$0.3 million compared to Q3 2010 when we made a very lucrative but non-recurring licence sale. We remain cautiously optimistic regarding revenue for the remainder of the year particularly as we should see the addition of seasonal revenue from our InterFleet winter maintenance business in Q4 2011,” said Scott Edmonds, President and Chief Executive Officer. “We continue to benefit from our focus 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 and Gas for Quadrant, Winter Maintenance for InterFleet, and Predictive Arrival for Transit at NextBus. Our overriding goal continues to be matching our costs to our revenues and achieving an acceptable level of profitability, a goal to which we have made considerable progress. We believe we have the right people,

products and execution strategy to achieve our objectives, and be a leading player in the strong growth of the telematics marketplace.”

Financial Highlights

	For the three months ended		For the nine months ended	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
('000 of Cdn \$)				
Hardware revenue	\$ 3,642	\$ 2,800	\$ 10,079	\$ 10,697
Recurring revenue	5,442	4,945	15,833	15,567
Services and other revenue	1,701	2,589	4,047	4,139
	10,785	10,334	29,959	30,403
Gross margin (\$)	6,091	6,617	16,629	17,409
Gross margin (%)	56%	64%	56%	57%
Total operating expense	6,373	7,762	19,144	22,495
Net income (loss) for the period	\$ 634	\$ (1,384)	\$ (6,368)	\$ (7,150)
Adjusted EBITDA (Loss)	\$ 638	\$ 379	\$ 20	\$ (596)

Revenue

The increase in revenue in the quarter over the prior year comes from a focus on higher priced, higher margin sales. Recurring revenue related to the Company's NextBus product has also had strong growth in the quarter. Year-to-date revenue declined marginally due to this shift in focus away from hardware OEM sales towards higher margin recurring revenue streams in Webtech's core market verticals and due to currency effect.

Recurring revenue as a percentage of total revenue was 50% for the quarter compared to 48% in Q3 2010 and was 53% year-to date compared to 51% in the prior year. The Company grew its subscriber base particularly in its NextBus business and in the theft-recovery vertical as a result of a large new NextBus customer and hardware sales in prior periods. The subscriptions to the Quadrant and InterFleet web portal reporting solutions also grew in all geographic segments. The shift away from hardware to a majority of subscription, software and services revenue reflects management's focus on developing the Software as a Service ("SaaS") model and is expected to continue.

Gross Margin

In the quarter, gross margins dropped due primarily to a significant enterprise licence sale with an exceptionally high margin recorded in the third quarter of 2010. In addition, the hardware sales were strong in the current quarter impacting the mix of margins produced. Margins were positively impacted by a significant drop in cost of sales resulting from the shift away from in-house manufacturing as well as other costs savings related to the restructuring program. The strength of the Canadian dollar relative to the US dollar for the majority of the quarter also had an impact, as 58% of revenue is denominated in US dollars and the majority of costs are incurred in Canadian dollars.

Operating Expenses

Operating expenses in Q3 2011, which include non-cash charges for depreciation and amortization, stock based compensation and one time expenses (as defined below), decreased by 18% over the prior period. This decrease resulted from restructuring efforts in early 2011.

Adjusted EBITDA⁽¹⁾

The Adjusted EBITDA for the quarter was \$0.6 million in Q3 2011 compared to Adjusted EBITDA of \$0.4 million in Q3 2010.

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

('000 of Cdn \$)	Three months ended		Nine months ended	
	Sept 30, 2011	Sept 30, 2010 Restated	Sept 30, 2011	Sept 30, 2010 Restated
Net profit (loss) as reported	\$ 634	\$ (1,384)	\$ (6,368)	\$ (7,150)
Add (deduct)				
Depreciation and amortization	490	825	1,555	2,490
Interest and other expenses	37	22	74	26
Loss (gain) on sale of assets	(2)	-	23	-
Stock based compensation	127	453	423	1,414
Tax recovery	(132)	(210)	(393)	(631)
Foreign exchange loss (gain)	(820)	137	(560)	584
Restructuring cost including stock based compensation	-	290	4,709	2,085
Intellectual property litigation	221	246	474	586
One time professional fees	83	-	83	-
Adjusted EBITDA (Loss)⁽¹⁾	\$ 638	\$ 379	\$ 20	\$ (596)

(1) Adjusted EBITDA (Loss) is not defined under IFRS and is therefore not universally defined. Adjusted EBITDA is defined by the Company as earnings (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 September 30, 2011, the Company's unrestricted cash position amounted to \$5.1 million, which consisted of cash, cash equivalents and short-term investments, compared with \$4.0 million at December 31, 2010.

As at September 30, 2011, the Company had net working capital of \$12.0 million, compared with \$11.8 million at December 31, 2010. The Company has historically invested in product and market development, and as a result had negative cash flows but has recently taken a number of steps to improve its ability to generate cash from operations and as a result, has improved its working capital position.

As at November 14, 2011 Webtech Wireless had 105,424,265 common shares outstanding.

IFRS Changes

The Company adopted International Financial Reporting Standards ("IFRS") during the first quarter of 2011, 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.

Financial Statements and Management Discussion & Analysis

The Condensed Consolidated Interim Financial Statements for the three and nine-months ended September 30, 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, November 14, 2011, at 11:00am 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 +1.416.340.8530 or +1.877.240.9772. 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 or contact:

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