

November 2, 2005

## Versatel Announces Third Quarter 2005 Results

(EURm)	Y-o-Y			Q-o-Q		
	3Q05	3Q04	Growth	3Q05	2Q05	Growth
Revenue	197.1	150.0	31.4%	197.1	191.0	3.2%
Gross Margin	110.0	77.9	41.2%	110.0	106.8	2.9%
<i>as % of revenue</i>	55.8%	51.9%	n/m	55.8%	55.9%	n/m
EBITDA	39.4	30.1	30.6%	39.4	40.3	-2.3%
<i>as % of revenue</i>	20.0%	20.1%	n/m	20.0%	21.1%	n/m
Net Result	(6.3)	(3.9)	n/m	(6.3)	1.8	n/m
Capex	112.1	32.1	248.9%	112.1	66.9	67.7%
EBITDA - Capex	(72.8)	(2.0)	n/m	(72.8)	(26.6)	n/m
Cash	174.5	150.8	15.7%	174.5	252.8	-31.0%

### FINANCIAL HIGHLIGHTS 3Q05:

- Third quarter 2005 **revenues** increased to € 197 million. An increase of 31 percent compared with 3Q04 revenues of € 150 million and an increase of 3 percent compared with 2Q05 revenues of € 191 million.
- **On-net revenues** for 3Q05 increased by 38 percent to € 152 million from 3Q04 on-net revenues of € 110 million, and increased by 3 percent from € 147 million in 2Q05.
- In the third quarter of 2005, **gross margin** as a percentage of revenues was 56 percent, up from 52 percent in the same quarter of 2004 and equal to the second quarter of 2005.
- Third quarter 2005 **EBITDA** was € 39 million compared with € 30 million in 3Q04 and € 40 million in 2Q05, up 31 percent and down 2 percent respectively.
- Versatel's **net result** in 3Q05 is a negative of € 6 million compared with a net loss of € 4 million in the corresponding quarter last year and a net gain of € 2 million in the previous quarter.
- **Capital expenditures** (Capex) in 3Q05 amounted to € 112 million, compared with € 32 million in the third quarter of 2004 and € 67 million in the second quarter of 2005.
- On September 30, 2005, Versatel had approximately € 174 million in **cash** on its balance sheet, compared with € 253 million at the end of 2Q05 and € 151 million at the end of 3Q04.

### OTHER HIGHLIGHTS 3Q05:

- On August 12, 2005, Versatel successfully broadcasted the first football match of the 2005/2006 season in The Netherlands over its ADSL 2+ network.
- On September 30, 2005, Versatel recorded approximately 42,000 orders for its **football product**, including approximately 34,000 over **ADSL 2+** and approximately 8,000 over **satellite**. From these orders approximately 23,000 customers were connected during the quarter, including approximately

15,000 over ADSL 2+ and approximately 8,000 over satellite. Many orders for ADSL 2+ also included voice services, which Versatel only started to provision as from early October.

- Versatel recorded net adds of approximately 6,000 in its **residential DSL** business in The Netherlands in the third quarter of 2005, bringing the total to approximately 179,000 as per September 30, 2005, including approximately 15,000 ADSL 2+ customers.
- In Germany, the number of **on-net residential customers** increased strongly with approximately 29,000 during 3Q05 to a total of approximately 322,000 of which approximately 211,000 are on DSL access. In the third quarter of 2005, **DSL subscribers** increased with approximately 33,000 compared to the second quarter of 2005.
- In Belgium, the number of **DSL customers** increased by approximately 2,000 in 3Q05 to a total of approximately 53,000.
- The total number of **residential lines, both DSL and other on-net copper**, increased by approximately 37,000 or 7 percent during 3Q05 to a total of approximately 554,000 on September 30, 2005.
- During the third quarter of 2005 Versatel provisioned new **Corporate IP-VPN** sites for new and existing customers up to a total of 7,504 sites in The Netherlands at the end of the quarter.

**Amsterdam, November 2, 2005 – Versatel Telecom International N.V.**, today reported third quarter 2005 financial and operating results.

For the quarter ended September 30, 2005, **revenues** were € 197.1 million, up 31.4 percent from 3Q04 revenues of € 150.0 million and up 3.2 percent compared with 2Q05 revenues of € 191.0 million. The sequential revenue increase was driven primarily by Germany and a settlement in Belgium. In the residential segment, the primary increase was due to the addition of new DSL customers, as Versatel increased the **total number of DSL customers** to approximately 427,000. The growth from new customers and the settlement in our Belgian business segment were largely offset by a seasonal decline in voice revenue across all countries.

In total, **on-net revenues** for Versatel were € 152.0 million in 3Q05 compared with € 110.5 million in the same quarter of 2004 and € 146.9 million in the previous quarter, an increase of 37.6 percent and 3.5 percent respectively.

Versatel's **gross margin as a percentage of revenue** in 3Q05 was 55.8 percent compared with 51.9 percent in 3Q04 and 55.9 percent in 2Q05. The gross margin as a percentage of revenue was positively affected by a settlement in Belgium which was offset by a lower gross margin in The Netherlands due to production costs for football and ongoing churn of our dial-up internet revenues.

**Selling, general and administrative expenses** (SG&A) for the third quarter 2005 were € 70.6 million compared with 3Q04 SG&A expenses of € 47.8 million and 2Q05 of € 66.6 million. The increase in SG&A during the third quarter comes from increased expenses in the Dutch consumer segment, such as marketing, sponsoring, helpdesk and sales related costs. Versatel's **marketing expenditures** for 3Q05 were € 7.2 million compared with € 2.4 million and € 8.7 million in 3Q04 and 2Q05 respectively. The decrease is primarily due to Germany and Belgium where marketing initiatives decreased due to the summer holiday period.

For the third quarter 2005, Versatel's result before interest, tax, depreciation and amortization (**EBITDA**) was € 39.4 million compared with € 30.1 million for the corresponding quarter in 2004 and € 40.3 million in the previous quarter. The sequential rise in EBITDA in Germany and Belgium is more than offset by the decrease in The Netherlands, which resulted from increased SG&A expenses for triple play in the Netherlands.

Versatel's **net result** for 3Q05 amounted to a loss of € 6.3 million compared with a net loss of € 3.9 million in 3Q04 and a gain € 1.8 million in 2Q05. The sequential deterioration of the net results is mainly related to additional expenses for our triple play effort and the broadcasting of football, as was indicated in our earnings release for 2Q05 issued on May 4, 2005.

For the third quarter of 2005, Versatel's **capital expenditures** ("Capex") were € 112.1 million compared with capex of € 32.1 million and € 66.9 million for 3Q04 and 2Q05 respectively. Approximately € 71.7 million of the capex in 3Q05 is directly related to the roll out of our triple play product in The Netherlands and the Eredivisie football license. From the total capex budget of € 170 million for triple play services, approximately € 117.5 million has been spent in the first nine months of 2005.

**Free Cash Flow** ("FCF", calculated as EBITDA less Capex) in 3Q05 was negative € 72.8 million, a decrease compared to 3Q04 with negative € 2.0 million and 2Q05 with negative € 26.6 million. The negative FCF is directly attributed to substantially higher capex in the third quarter, as was planned and indicated in our second quarter 2005 earnings release.

As of September 30, 2005, Versatel had € 174.5 million in **cash** on its balance sheet compared with € 150.8 million at the end of the third quarter of 2004 and € 252.8 million at the end of the previous quarter. Versatel's cash balance has decreased due to large payments to various suppliers related to our football product and for triple play equipment.

The company had a **positive shareholders' equity** position of € 567.5 million as at September 30, 2005 compared with € 572.5 million at the end of the second quarter of 2005.

As of 4Q03, Versatel has a **deferred tax liability** on its balance sheet in respect of the gain related to the completion of its 2002 financial restructuring, whereby any subsequent losses in The Netherlands are recognized and taken against this deferred tax liability. This deferred tax liability includes a tax effect on the convertible bond of approximately € 8 million. At June 30, 2005, Versatel's deferred tax liability totaled € 111.2 million, which is less than in 2Q05 due to losses at our Dutch subsidiary during the quarter.

## OPERATIONAL HIGHLIGHTS BY COUNTRY:

### Germany:

(EURm)	Y-o-Y			Q-o-Q		
	3Q05	3Q04	Growth	3Q05	2Q05	Growth
Revenue	102.0	68.6	48.8%	102.0	97.7	4.4%
Gross Margin	59.6	34.3	73.8%	59.6	57.1	4.4%
<i>as % of revenue</i>	58.4%	50.0%	<i>n/m</i>	58.4%	58.4%	<i>n/m</i>
EBITDA	25.9	10.7	142.0%	25.9	22.6	14.5%
<i>as % of revenue</i>	25.4%	15.6%	<i>n/m</i>	25.4%	23.2%	<i>n/m</i>
Capex	26.7	17.2	55.5%	26.7	31.2	-14.3%
EBITDA - Capex	(0.8)	(6.5)	<i>n/m</i>	(0.8)	(8.5)	<i>n/m</i>

**Revenues** in Germany were € 102.0 million in 3Q05, up 48.8 percent from € 68.6 million in 3Q04 and up 4.4 percent from € 97.7 million in 2Q05. In the third quarter of 2005 Versatel Germany recorded EBITDA of € 25.9 million, versus € 10.7 million in the same quarter of 2004 and € 22.6 million in the second quarter of 2005. The growth in revenue is driven by a strong performance in both the residential and carrier segments with 9.0 percent and 12.8 percent sequential top line growth respectively.

**EBITDA** in the quarter was also positively affected by lower SG&A expenses, mainly caused by a decrease in marketing expenses.

At the end of September 2005, Versatel Germany had approximately 322,000 **on-net residential customers**, both DSL and other on-net copper, compared to approximately 293,000 customers at the end of the previous quarter, an increase of approximately 29,000. The number of new DSL customers grew even slightly more as we experienced churn in old, on-net voice customers who migrated to our broadband DSL product. At the end of the third quarter we had a DSL customer base of approximately 211,000, an increase of 33,000 compared to the end of the second quarter of 2005.

The business segment showed a continued solid performance as Versatel signed up new customers like Daimler Chrysler and the Berliner Volksbank, but revenue was negatively affected by normal third quarter seasonality.

**The Netherlands:**

(EURm)	Y-o-Y			Q-o-Q		
	3Q05	3Q04	Growth	3Q05	2Q05	Growth
Revenue	73.9	66.1	11.8%	73.9	74.6	-0.9%
Gross Margin	40.9	38.0	7.7%	40.9	42.6	-4.0%
<i>as % of revenue</i>	55.4%	57.4%	<i>n/m</i>	55.4%	57.1%	<i>n/m</i>
EBITDA	8.7	17.7	-51.1%	8.7	15.0	-42.3%
<i>as % of revenue</i>	11.7%	26.8%	<i>n/m</i>	11.7%	20.1%	<i>n/m</i>
Capex	84.6	13.3	535.1%	84.6	34.4	146.2%
EBITDA - Capex	(75.9)	4.4	<i>n/m</i>	(75.9)	(19.3)	<i>n/m</i>

**Revenues** in The Netherlands were € 73.9 million in 3Q05, a sequential decrease of 0.9 percent compared to revenues of € 74.6 million in 2Q05 and an increase of 11.8 percent compared to € 66.1 million in 3Q04. Third quarter 2005 EBITDA was € 8.7 million compared with € 17.7 million in 3Q04 and € 15.0 million in 2Q05.

The sequential decline in revenue is primarily driven by normal seasonality in the business segment as well as on-going churn in our dial up internet business for the consumer segment.

The sequential decrease in **gross margin as a percentage of revenue** is directly related to the consumer segment for the costs related to the production of football as well as the churn in our high margin dial-up internet business.

Third quarter **EBITDA** decreased compared to the second quarter, which is due to a lower revenue and gross margin and a substantial rise in **SG&A** expenses, as announced earlier this year. The increase in SG&A costs in the third quarter is caused by higher headcount resulting in higher costs for compensation and consultants. In addition, due to the introduction of the triple play product, Versatel incurred higher costs for dealer commissions and the expansion of our helpdesk. Furthermore, to support the triple play products, Versatel has increased its marketing and sponsoring effort during and after the start of the football season in August.

On September 30, 2005, Versatel had approximately 178,600 **residential DSL customers** (including ADSL 2+). The net increase of approximately 6,200 customers versus approximately 172,400 at the end of the previous quarter is totally due to the start of provisioning ADSL 2+ customers. Versatel continued to upgrade existing residential DSL customers in this quarter to higher-end products.

With regard to our **Live Eredivisie Football product**, as per the end of 3Q05, Versatel recorded approximately 42,000 orders, of which approximately 34,000 over ADSL 2+ and approximately 8,000 over satellite. From these orders, Versatel provisioned approximately 23,000 new customers during the quarter, including approximately 15,000 are over ADSL 2+ and approximately 8,000 over satellite. Many orders for ADSL 2+ also included voice services, which Versatel only started to provision as from early October.

Versatel again showed a good performance in its **IP-VPN business** in 3Q05. At the end of September, Versatel had 7,504 IP-VPN sites installed with 649 customers, a solid growth compared to the end of 2Q05.

**Belgium:**

(EURm)	Y-o-Y			Q-o-Q		
	3Q05	3Q04	Growth	3Q05	2Q05	Growth
Revenue	21.1	15.3	38.1%	21.1	18.6	13.3%
Gross Margin	9.5	5.7	67.9%	9.5	7.2	32.6%
<i>as % of revenue</i>	45.0%	37.0%	<i>n/m</i>	45.0%	38.4%	<i>n/m</i>
EBITDA	4.8	1.7	<i>n/m</i>	4.8	2.6	83.1%
<i>as % of revenue</i>	22.5%	11.0%	<i>n/m</i>	22.5%	13.9%	<i>n/m</i>
Capex	0.8	1.6	-48.6%	0.8	1.3	-36.2%
EBITDA - Capex	3.9	0.0	<i>n/m</i>	3.9	1.3	<i>n/m</i>

In Belgium, **revenues** in the third quarter 2005 were € 21.1 million, an increase of 38.1 percent compared to € 15.3 million in the corresponding quarter of 2004, and a sequential increase of 13.3 percent from revenues of € 18.6 million in the second quarter of 2005. 3Q05 **EBITDA** was € 4.8 million, compared with € 1.7 million in 3Q04 and € 2.6 million in 2Q05.

In the third quarter Versatel Belgium made a one-time settlement with Belgacom, which had a positive incidental impact on both revenue and EBITDA in our business segment of EUR 1.6 million in the quarter.

The continued sequential increase in revenue was spread across all our segments, but especially the business and carrier segments performed very well.

On September 30, 2005, Versatel Belgium recorded 53,000 residential DSL customers, a sequential growth of 3.5 percent. In the corporate market Versatel Belgium again expanded its IP-VPN business, by adding new IP-VPN sites for both new and existing customers.

**FINANCIAL GUIDANCE**

Reference is made to the press release of 1 November 2005 issued by Tele2 AB, and the press releases referred to therein. Together with the shares in the capital of Versatel Telecom International N.V. ("Shares") tendered during the initial offer period, 418,155,141 Shares, representing 79.87 per cent. of the issued and outstanding share capital of Versatel, and 1,250 of the 3.875 per cent. convertible senior notes due 2011 convertible into ordinary shares in the capital of Versatel Telecom International N.V. ("Bonds"), representing 100 per cent. of the issued and outstanding Bonds, have been tendered under Tele2 Finance B.V.'s public offer for all Shares and Bonds.

As the business of Versatel Telecom International N.V. has changed substantially due to the impact of the public offers and the sale of Versatel Deutschland Holding GmbH, which was completed on October 14, 2005, the previous financial guidance for 2005 is not applicable anymore. Given these changes, it is difficult to accurately forecast the company's performance for the remainder of 2005. Therefore, Versatel will no longer give guidance on its financial or operational targets.

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**Versatel Telecom International N.V. (Euronext: VRSA).** Versatel, based in Amsterdam, is a competitive communications network operator and a leading alternative to the former monopoly telecommunications carriers in its target market of the Benelux. Founded in October 1995, the Company has approximately 1,100 employees and holds full telecommunication licenses in The Netherlands and Belgium. Versatel operates a facilities-based local access broadband network that uses the latest network technologies to provide business customers with high bandwidth voice, data and Internet services. Versatel is a publicly traded company on Euronext Amsterdam under the symbol "VRSA". News and information are available at <http://www.versatel.com> or <http://www.tele2.com>.

*This press release includes "forward-looking statements" relating to our business. Such forward looking statements can often be identified by the use of forward-looking terminology such as "believe", "expect", "may", "are expected to", "should", "would be", "seek", or "anticipate" or similar expressions or comparable terminology, or by discussions of strategy, plans or intentions. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about us, including, among other things:*

- Anticipated trends and conditions in our industry, including regulatory reforms and the liberalization of telecommunications services across Europe;*
- The impact of the recent slowdown in economic activity generally, and in the telecommunications industry in particular, on our business;*
- Our ability to compete, both nationally and internationally;*
- Our intention to introduce new products and services;*
- Our expectation of the competitiveness of our services;*
- The anticipated development of our network;*
- Changes in regulations or interpretations related to the implementation and reporting under IFRS, decisions to apply a different option of presentation permitted by IFRS, and various other factors related to the implementation of IFRS; and*
- Our expectation of the impact of this development on our revenue potential, cost basis and margins.*

*In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this presentation might not occur. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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**FINANCIAL TABLES FOLLOW**