

March 2, 2005

## Versatel Announces Fourth Quarter and Full Year 2004 Results

(EURm)	4Q04	4Q03	Growth	4Q04	3Q04	Growth
Revenue	171.2	132.2	29.5%	171.2	150.0	14.1%
Gross Margin %	53.9%	53.5%	n/m	53.9%	51.9%	n/m
Ebitda	35.2	25.0	41.0%	35.2	30.2	16.7%
Net Loss	(8.6)	(10.4)	n/m	(8.6)	(4.4)	n/m
Capex	53.6	28.8	86.1%	53.6	32.1	66.7%
EBITDA - Capex	(18.4)	(3.8)	n/m	(18.4)	(2.0)	n/m
Cash	269.5	158.9	69.6%	269.5	150.8	78.7%

(EURm)	FY 2004	FY 2003	Growth
Revenue	600.7	462.1	30.0%
Gross Margin %	53.0%	53.5%	n/m
Ebitda	118.1	90.0	31.1%
Net Loss	(24.4)	(32.9)	n/m
Capex	135.4	89.0	52.1%
EBITDA - Capex	(17.4)	1.0	n/m
Cash	269.5	158.9	69.6%

### FINANCIAL HIGHLIGHTS:

- ?? Full year 2004 **revenues** increased by 30 percent to € 601 million from 2003 revenues of € 462 million. Fourth quarter 2004 revenues increased to € 171 million or by 14 percent compared with 3Q04 revenues of € 150 million and by 30 percent compared with 4Q03 revenues of € 132 million.
- ?? **On-net revenues** for 2004 increased by 32 percent to € 446 million from 2003 on-net revenues of € 337 million. On-net revenues were € 126 million for 4Q04 compared with € 110 million for 3Q04 and € 98 million for 4Q03.
- ?? **Gross Margin** as a percentage of revenues in 2004 decreased to 53 percent from 54 percent in 2003. In the fourth quarter of 2004, gross margin as a percentage of revenues was 54 percent, up from 52% in the third quarter of 2004 and equal to the fourth quarter of 2003.
- ?? **EBITDA** was € 118 million compared with € 90 million for the year ended December 31, 2003, rising 31 percent. Fourth quarter 2004 EBITDA was € 35 million compared with € 30 million in 3Q04 and € 25 million in 4Q03, up 17 percent and 41 percent respectively.
- ?? Versatel's **net loss** for the year ended December 31, 2004, amounted to € 24 million compared with € 33 million in 2003. Net loss in 4Q04 was € 9 million compared with a net loss of € 4 million in 3Q04 and € 10 million in 4Q03.
- ?? **Capital expenditures** (Capex) in 2004 amounted to € 135 million, compared with € 89 million in 2003. Fourth quarter 2004 capex was € 54 million, compared with € 32 million in the third quarter of 2004 and € 29 million in 4Q03.

?? At December 31, 2004, Versatel had approximately €269 million in **cash** on its balance sheet, compared with €159 million at the end of 2003 and €151 million at the end of the third quarter of 2004.

#### **OTHER HIGHLIGHTS:**

##### **Fourth quarter 2004**

- ?? In 4Q04, Versatel recorded its 28<sup>th</sup> consecutive quarter of sequential revenue growth.
- ?? In December 2004, Versatel acquired the **live pay-TV rights** for the Dutch national football league ("Eredivisie") for a 3-year period at a price of €30.5 million per annum.
- ?? Versatel raised €125 million in cash in October 2004 through the issue of a **convertible bond** maturing in 2011 with an annual interest rate of 3.875 percent.
- ?? Versatel received approximately €20.7 million by issuing approximately 13.9 million shares due to the exercise of outstanding warrants in the fourth quarter.
- ?? **Zon**, Versatel's former subsidiary has been rebranded under the Versatel brand name as of January 1, 2005. From that date onwards all Versatel activities in all countries are under the Versatel brand name.
- ?? In November 2004 Versatel acquired **Iparix**, a wireless local loop (WLL) provider in The Netherlands for an amount of approximately €1.2 million.
- ?? The number of **residential lines**, both DSL and other on-net copper, increased by approximately 54,700 or 15% during 4Q04 to a total of approximately 424,500 at December 31, 2004.
- ?? In the fourth quarter of 2004 Versatel provisioned 1,172 new Corporate IP-VPN sites to a total of 6,127 in The Netherlands, a sequential growth of 24%.

##### **Full Year 2004**

- ?? In 2004, Versatel recorded its 7<sup>th</sup> consecutive year of double digit revenue growth.
- ?? In 2004, Versatel provisioned approximately 190,000 new **residential lines**, both DSL and other on-net copper, to a total of approximately 424,500 at the end of the year.
- ?? In 2004, Versatel continued its strong growth in the **corporate IP-VPN** market, as evidenced by the addition of **new clients** including Nederlandse Spoorwegen (the Dutch railway), the Dutch Ministry of VROM, Free Record Shop, Van Wijnen, Frankfurter Allgemeiner Zeitung, Gedas Deutschland, Philipp Holzman, ING, McDonalds and Pizzahut as well as expanding our business with existing large clients as for example with ABN AMRO, the Dutch Ministry of Justice and UWV.
- ?? In September 2004, Versatel acquired **BerliKomm GmbH**, a local German city carrier based in Berlin for €34.6 million, financed by issuing approximately 25 million new Versatel shares.
- ?? In August 2004, Versatel purchased Telco Executive's outstanding 10.5% in Versatel's Germany subsidiary by issuing 15 million Versatel shares, which represented approximately €20 million at the time.
- ?? In 2004 Versatel provisioned 2,697 new corporate IP-VPN sites in The Netherlands, an increase of 78.6% compared to 2003.

**Amsterdam, March 2, 2005 – Versatel Telecom International N.V.**, today reported fourth quarter and full year 2004 financial and operating results.

For the year ended December 31, 2004 **revenues** were €600.7 million, up 30 percent from 2003 revenues of €462.1 million. For 4Q04 revenues were €171.2 million, up 14 percent compared with 3Q04 revenues of €150.0 million and 30 percent compared with 4Q03 revenues of €132.2 million. This annual top line growth is seen in all geographical areas and is primarily related to the provisioning of new corporate customers, increased sales to existing customers, residential broadband subscriber growth and the acquisition of Berlikomm in 3Q04.

In total, **on-net revenues** for Versatel were €446.4 million in 2004 compared with €337.5 million the previous year. For 4Q04, on-net revenues were €125.5 million compared with €110.5 million in 3Q04 and €98.5 million in 4Q03.

For the year ended December 31, 2004, **gross margin** as a percentage of total revenues was 53.0 percent compared with 53.5 percent in 2003. Versatel's gross margin as a percentage of total revenue in 4Q04 was 53.9 percent compared with 51.9 percent in 3Q04 and 53.5 percent in 4Q03. The year-on-year decrease in gross margin of 50 basis points (excluding Berlikomm the decrease is 110 basis points) is mainly due to the churn of narrowband dial-in revenue, the growth of our lower margin residential businesses in The Netherlands and continued pricing pressure in the overall telecom market. The sequential increase in gross margin in 4Q04 was a result of the consolidation of one full quarter of BerliKomm and the continued expansion of our margins in Belgium and Germany.

Raj Raithatha, Chief Executive Officer, commented: "I am pleased with the performance of our business during the year and the fourth quarter specifically. While the telecom sector has continued to be challenging for all competitors, our diversified business model has shown consistent quarter-over-quarter growth in each of our markets and segments. Specifically, we are excited about the continued performance of our large corporate business in The Netherlands and the continued evolution of our German business, especially as we begin to gain further market share in Berlin following the launch of an extensive marketing campaign. The success of our business segment, combined with our strong foundation in the residential market has given us the confidence to invest significantly in the launch of our triple play services in The Netherlands in 2005. I therefore believe 2005 will be another dynamic year for Versatel as we continue building the company for the long-term."

**Selling, general and administrative expenses (SG&A)** for the year ended December 31, 2004 were €200.2 million compared with 2003 SG&A expenses of €166.6 million. SG&A for 4Q04 was €57.1 million, up from €47.7 million in 3Q04 and compared with €45.7 million in 4Q03. The increase in SG&A during the quarter is primarily due to the previously announced acceleration in marketing expenditures in Germany (Berlin area) and Belgium and the consolidation of an entire quarter of BerliKomm. Versatel's **marketing expenditures** for 4Q04 were €7.1 million compared with €2.4 million and €2.5 million in 3Q04 and 4Q03 respectively.

For the year ended December 31, 2004, Versatel's result before interest, tax, depreciation and amortization (**EBITDA**) was €118.1 million compared with €90.0 million for the year ended December 31, 2003. Versatel's 4Q04 EBITDA was €35.2 million compared with €30.2 million in 3Q04 and €25.0 million in 4Q03.

Mark Lazar, Chief Financial Officer, commented: "The fourth quarter of 2004 was quite strong for Versatel as we were able to show continued EBITDA growth even after tripling our marketing expenditures compared to the previous quarter. We were able to do this through double-digit revenue growth and the focus on high margin on-net business. We continue to believe that our investments in marketing are a key to long-term success in the residential market and are pleased to see that they are already having a positive impact for Versatel's operations."

Versatel's **net loss** for the year ended December 31, 2004, amounted to €24.4 million compared with €32.9 million in 2003. 4Q04 net loss was €8.6 million compared with a net loss of €4.4 million in 3Q04 and €10.4 million in 4Q03. The increase in net loss was primarily attributable to the increased depreciation expenses from our accelerated capital investments, the interest impact of our convertible bond and the consolidation of BerliKomm.

Versatel's **capital expenditures** (capex) for 2004 were €135.4 million compared with capex of €89.0 million in 2003. For the fourth quarter of 2004 capex was €53.6 million compared with €32.1 million and €28.8 million for 3Q04 and 4Q03 respectively. **Free Cash Flow** ("FCF", calculated as EBITDA less capital expenditures) in 2004 is a negative €17.4 million, a decrease compared to a positive FCF of €1.0 million in 2003. The negative FCF is directly attributed to the additional €30 million of capex that was announced at our 2Q04 earnings and capex in Berlin for the launch of DSL services at BerliKomm.

As of December 31, 2004, Versatel had €269.5 million in **cash** on its balance sheet compared with €158.9 at December 31, 2003 and €150.8 million at the end of 3Q04. The increase in the fourth quarter is due to the proceeds of a convertible bond and the proceeds of approximately €21 million from exercised warrants in October 2004.

The company had a **positive shareholders' equity** position of €571.4 million as of December 31, 2004 compared with €484.5 million at the end of 2003. Although the net loss had a negative impact, shareholders' equity increased as Versatel issued shares in 2004 for the acquisition of BerliKomm, to purchase Telco Executive's minority interest in Versatel Germany and the exercise of warrants and stock options. Additionally, the conversion feature in the convertible bond raised shareholders equity with approximately €20 million.

As of 4Q03, Versatel had 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. At December 31, 2004, Versatel's deferred tax liability totaled €115.7 million, down from €123.7 at year-end 2003. The net decrease of €8 million is primarily due to an increase of €8.9 million related to the IFRS accounting effect on our convertible bond and a decrease of €16.0 million for the announced reduction in the Dutch statutory tax rate from the current 34.5 percent to 30.0 percent over time.

Although we can give no assurances about the outcome or timing of the discussions in Dutch Parliament regarding tax implications of debt restructurings (Article 12 Vpb), we are pleased to hear that the State Secretary for Finance continues to be supportive of new business investment in The Netherlands. As a fast growing company that is investing hundreds of millions of Euros per year and creating hundreds of new jobs in The Netherlands, we hope that this support will be extended to existing companies like Versatel.

This support would be clearly evidenced if previous victims of Article 12 were given relief from its unintended financial burdens through the retroactive application of the amended law proposal that has been submitted to Parliament.

As announced in December 2004, we continue to believe that our organic business plan, including the roll-out of our triple play plan in The Netherlands, is **fully funded** without a need for third party financing.

With the announcement of the purchase of Eredivisie football rights and our subsequent triple play launch in The Netherlands, our financial flexibility obtained from the issuance of our convertible bond in October 2004 has been consumed. However, we continue to believe that we are fully funded for our organic business plan, including our current subscriber assumptions for video services in The Netherlands. Therefore, pending future capital markets sentiment, we remain open to future capital on an opportunistic basis to retain our financial flexibility.



**OPERATIONAL HIGHLIGHTS BY COUNTRY:**

**The Netherlands:**

(EURm)	2004	2003	Growth	4Q04	3Q04	Growth
Revenue	266.9	225.4	18.4%	70.9	66.1	7.3%
Gross Margin %	58.9%	61.4%	n/m	57.7%	57.4%	n/m
Ebitda	72.5	54.1	34.1%	20.4	17.8	15.0%
Capex	63.8	52.3	22.0%	19.4	13.3	46.0%
EBITDA - Capex	8.7	1.8	n/m	1.0	4.5	n/m

**Revenues** in The Netherlands rose to €266.9 million in 2004 from revenues of €225.4 million in 2003, an increase of 18.4 percent. Fourth quarter 2004 revenues in The Netherlands were €70.9 million compared with revenues of €66.1 million in 3Q04 and €62.9 million in 4Q03. EBITDA was €72.5 million in 2004 compared with €54.1 million in 2003. Fourth quarter 2004 EBITDA was €19.4 million compared with €17.8 million and €16.9 million in 3Q04 and 4Q03 respectively.

In December 2004, Versatel was successful in acquiring the **live pay-TV rights** for the Dutch national football league ('Eredivisie'). At a price of €30.5m per annum, Versatel owns the exclusive rights to broadcast all 322 matches in the Dutch national football league over the next three seasons for its own clients.

In November 2004, Versatel acquired **Iparix**, a wireless local loop company (WLL) provider in The Netherlands for amount of approximately €1.2 million. Versatel purchased Iparix in order to expand our on-net footprint in the business market and reduce its need for leased line access in areas where we do not have DSL or fiber infrastructure, and to continue to enhance our WLL business.

Through its subsidiary, formerly named Zon, Versatel substantially increased its **residential DSL subscriber** numbers during 2004. At year-end 2004 Versatel had approximately 169,000 broadband DSL customers, an increase of approximately 64,500 or 62% compared to the beginning of the year when it had approximately 104,500 customers. For the quarter, Versatel added over 15,000 DSL subscribers. This increase comes despite the fact that Versatel stopped offering broadband DSL products outside its own coverage area, which currently covers approximately 65% of Dutch households. Versatel is currently finalizing the build out of the additional 5% coverage that was announced in August 2004.

Versatel showed strong growth in its **IP-VPN business** as it added 234 new customers in 2004, an increase of 66 percent. Additionally, Versatel provisioned new IP-VPN sites to existing customers, increasing the total number of sites by 79% in 2004 to 6,127 at year-end. The success of winning new business and the extension of existing IP-VPN contracts is evidence of our strong foothold and good brandname in this market, which we expect to be a core growth driver in the future.

In 2004, Versatel signed up a large number of **new business clients** like the Dutch Ministry of VROM, DSM, Nederlandse Spoorwegen (the Dutch Railways), Sanoma, Van Gansewinkel and Free Record Shop and also extended the business with existing customers like ABN AMRO, UWV and the Dutch Ministry of Justice.

Raj Raithatha commented: "Our Dutch business has again shown a steady performance in the fourth quarter. Although The Netherlands is our most mature business with the highest margins, we grew revenues by 7 percent sequentially and posted a 15 percent increase in our EBITDA despite the pricing pressure and residential churn that is a reality in today's telecom business. The ongoing success is due to our focus on our strengths: the Dutch corporate market and the broadband residential business. Additionally, despite strong competition, Versatel has managed to keep a steady position in the residential broadband market, something which we believe will strengthen in 2005 as a result of the roll out of our triple play services."

**Germany:**

(EURm)	2004	2003	Growth	4Q04	3Q04	Growth
Revenue	273.7	189.6	44.4%	83.7	68.6	22.0%
Gross Margin %	50.9%	49.2%	n/m	53.8%	50.0%	n/m
Ebitda	43.5	21.2	105.7%	14.0	10.7	30.4%
Capex	64.3	33.3	93.2%	32.8	17.2	90.8%
EBITDA - Capex	(20.8)	(12.1)	n/m	(18.8)	(6.5)	n/m

**Revenues** in Germany were €273.7 million in 2004, up from €189.6 million in 2003. 4Q04 German revenues were €83.7 million, up from €68.6 million in 3Q04 and €57.7 million in 4Q03. EBITDA in Germany rose to €43.5 million in 2004 from €21.2 million in 2003. 4Q04 EBITDA in Germany was €14.0 million compared with €10.7 million in 3Q04 and €8.3 million in 4Q03. BerliKomm contributed €12.9 million of revenue and €0.9 million of EBITDA in 4Q04.

In July 2004 Versatel acquired **BerliKomm GmbH**, a local German city carrier in Berlin for €34.6 million, financed by issuing approximately 25 million new Versatel shares. This acquisition further increased our footprint and expanded our customer base in the German market, adding to our existing large presence in Baden-Württemberg, NordRhein Westphalen and Schleswig Holstein. BerliKomm is consolidated into the Versatel accounts as of September 1, 2004. In 4Q04 Versatel started a rebranding campaign for the former BerliKomm business and subsequently renamed BerliKomm to Versatel Berlin. BerliKomm contributed €16.9 million to revenue and €1.4 million of EBITDA in 2004.

In August 2004, Versatel announced the purchase of Telco Executive's minority interest in Versatel Deutschland Holding GmbH, by issuing 15 million Versatel shares which at the time represented approximately €20 million. At announcement this represented approximately a 30% discount of the price that was originally agreed upon in the put/call arrangement agreed to as part of the Tesion and Completel Germany acquisition in 2003.

During 2004, the German operations showed a strong performance with a 44 percent revenue growth (excluding BerliKomm, revenue growth was 35 percent for the year). Particularly on the residential side, Versatel Germany experienced a strong customer intake with over 115,000 (over 85,000 excluding the consolidation of BerliKomm) new residential lines, both DSL and other on-net copper, in 2004, a year-on-year growth of more than 115 percent. In 4Q04 alone, Versatel added over approx. 31,000 new subscribers, over 90 percent of which were connected with DSL access. Continuing this trend, Versatel added approximately 15,000 new subscribers in the month of January 2005.

In the business market, Versatel Germany realized some important customer wins like Frankfurter Allgemeiner Zeitung and Philipp Holzman, and managed to grow the IP-VPN business by provisioning 643 new sites in 2004.

Raj Raithatha commented: "We are very happy to see BerliKomm already contributing to our growth during the fourth quarter. After rebranding our Berlin operations into Versatel, we have seen a strong pick up in broadband Internet connections following our increased marketing spend during the fourth quarter. Our German business has now reached the size and scale where we can start to leverage our significant DSL infrastructure footprint to become a strong competitor in the unbundled local loop market. Although the outside focus has been on our Dutch operations given the investments in football, we have quietly built up a strong position in unbundled copper lines in Germany and, through our focused investments, we look to accelerate that growth in 2005."



**Belgium:**

(EURm)	2004	2003	Growth	4Q04	3Q04	Growth
Revenue	60.0	47.1	27.5%	16.6	15.3	8.3%
Gross Margin %	36.4%	33.3%	n/m	38.4%	37.0%	n/m
Ebitda	2.0	(0.2)	n/m	0.8	1.7	-52.8%
Capex	7.3	3.4	112.2%	1.4	1.6	-17.3%
EBITDA - Capex	(5.3)	(3.6)	n/m	(0.6)	0.0	n/m

Belgian revenues increased to € 60.0 million in 2004 from € 47.1 million in 2003. 4Q04 revenues were € 16.6 million, compared with 3Q04 revenues of € 15.3 million and 4Q03 revenues of € 11.6 million. EBITDA in Belgium was € 2.0 million in 2004, compared to a negative amount of € 0.2 million in 2003. 4Q04 EBITDA was € 0.8 million, compared with a positive amount of € 1.7 in 3Q04 and a negative amount of € 1.5 million in 4Q03. While gross margin showed a substantial sequential growth in 4Q04, EBITDA was lower as we increased our marketing efforts in Belgium.

Although Versatel only started addressing the residential market in early 2004, already more than 40,000 subscribers have been added to its DSL service, of which approximately 8,600 were added in the fourth quarter. In the business segment, we managed to offset the churn of our off-net voice customers by growing our corporate business, in particularly through our IP-VPN product by provisioning 610 new sites in 2004.

Raj Raithatha commented: "Our Belgian operations produced another quarter of strong revenue and gross margin increased as a result of our continued migration of off-net revenue to more profitable and stable on-net revenue. We are extremely pleased that 1 year after launch, we now have a significant broadband customer base in Belgium to build upon in 2005."

**CORPORATE GOVERNANCE:**

At the upcoming annual general meeting of shareholders, which is scheduled to be held on 18 May 2005, Versatel intends to discuss its corporate structure and its corporate governance policy, which will be described in its 2004 annual report. It also intends to ask shareholders' approval of its corporate governance structure and policy, including the possible non-compliance with some of the provisions.

As part of its corporate governance policy and in accordance with the suggestions of the Tabaksblat Commission, the members of Versatel's executive board, including the managing director, entered into discretionary asset management agreements regarding their holdings in Versatel securities, in order to prevent the appearance of any insider knowledge regarding price-sensitive information. A financial institution will now independently from Versatel, or the respective executive, manage each of the executives' Versatel securities. Accordingly, no member of Versatel's executive board will have direct control over transactions in Versatel securities managed by such financial institution on his behalf.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS):**

From the financial year 2005 onwards Versatel will report on the basis of IFRS. As not all final standards and interpretations issued up to now have been endorsed by the European Union the IFRS-effects are preliminary and could be different should any of the standards and interpretations applied change before they are endorsed, or should new interpretations or amendments to standards be issued.

The main impacts of IFRS in comparison with the current accounting principles applied by Versatel are limited as the acquisition of Berlikomm is already accounted for in line with IFRS 3 and the accounting for the convertible bond loan is already in line with IAS 32 in the 2004 financial results. Therefore the main impacts of IFRS are the valuation of share-based payments and the amortization of goodwill. Under IFRS, Shareholders' Equity as per December 2004 would have increased by an amount of approximately €1 million, while net loss for the year 2004 would have decreased by approximately €1 million. Versatel will present its financial results under IFRS for the first time during the 2005 financial year. More detailed



information about the impact of IFRS on Versatel's financial statements will be included in our 2004 annual report.

### **2005 FINANCIAL GUIDANCE:**

For the current year 2005, Versatel would like to issue the following financial and operational guidance. The following statements are based on Versatel's current expectations. These statements are forward-looking and actual results may differ materially.

Versatel is pleased to enter 2005 from a position of strength following strong performance in 2004 in each of its markets and target customer segments. This base has given us the confidence to embark on a triple play strategy that will require significant investment in the short-term, but we believe will generate long-term benefits for Versatel and accelerate our growth.

### **Triple Play:**

We expect 2005 to be a transforming year for Versatel as a result of the launch of our triple play services in The Netherlands. We believe that basic Internet and voice services have become a commodity in The Netherlands, and therefore we have decided to offer unique content in the form of live Eredivisie football and television services in combination with our Internet and voice offering to the residential market in order to increase our revenue per customer and broaden the appeal of our products. By offering a unique service, with a different look and feel than the traditional service offerings in The Netherlands, we hope to take advantage of the continued convergence of traditional telecommunications and media revenue streams.

For 2005, given that the football season does not start until mid-August, we are targeting more than 100,000 subscribers to our video services by year-end and greater than 500,000 subscribers by the end of the football license in August 2008. Accordingly, in order to roll out these services we have estimated a Dutch triple play capital expenditure budget of approximately €170 million for the year. Included in this figure are the necessary IP related investments in our network for approximately 1 million customers, as well as direct customer related investments in CPE's, DSLAM ports, and the necessary media farm and soft switch platforms for approximately 250,000 - 300,000 subscribers to ensure that we have sufficient stock for the near term. Accordingly, we estimate capex per customer to be approximately €500.

Versatel plans to launch its triple play offering to the market through a building block model, with broadband Internet as a foundation. Voice and video (TV, video-on-demand, football) services will be layered on top of this platform. Versatel's video services will be offered exclusively to its customers and will be provisioned over the customer's current television set and/or their PC. Although the bundled service offering ensures the highest value proposition to the customer, we believe the building block approach lowers the decision hurdle for the customer because they will then control the timing of when to switch video and telephony services from their current provider. To that end, our CPE's will be pre-configured to allow for the addition of voice and/or TV at a later stage (and the respective revenue increase) remotely so no additional CPE, significant capex or site visit will be required and provisioning can be done easily and quickly.

### **Consolidated**

During 2005, we expect to continue or accelerate our strong historic revenue and subscriber growth. This revenue growth is in excess of the continued churn that we are experiencing in our legacy narrowband Internet business, CPS and the continued migration of voice calling from fixed lines to mobile services. We are not unique in experiencing this churn, but believe the diversified nature of our business has enabled us to manage this churn in relation to the performance of our consolidated business and we believe we will again show double-digit revenue growth.

In addition to our targets for subscriber intake in The Netherlands discussed above, in Germany we expect to add more than 100,000 new DSL and other on-net residential customers to our voice and Internet products in 2005, which represents a strong growth over our 2004 customer additions.

We remain comfortable with our long-term gross margin targets set previously at between 50 - 55 percent. That said, we expect gross margins to be flat or slightly down in 2005 as a result of continued pricing pressure on a per MB basis and the continued churn of our legacy narrowband revenue base.

For 2005, we expect EBITDA to remain roughly flat compared to 2004 basis as a result of the launch of a triple play service in The Netherlands and an increase of our marketing spend compared to previous years. As a result of our purchase of the live Eredivisie football rights in The Netherlands, Versatel will film all 322 games of the upcoming 2005/2006 season. These football-related expenditures in The Netherlands, as well as an increased marketing campaign in all markets to approximately €50 million, compared with €16 million in 2004, will offset the continued double-digit EBITDA growth that we expect in Germany and Belgium.

Although the formal contract has not yet been finalized with the Eredivisie and we therefore cannot complete our study of the IFRS accounting implications, our current belief, after having studied relevant accounting literature and reviewed similar situations in other countries, is that the football rights will be accounted for as an intangible asset on our balance sheet and will be amortized over the life of the 3 year contract. Accordingly, in 2005, the first year's commitment of approximately €30.5 million will flow through capex and is therefore included in our guidance. The remaining liability will be included on our balance sheet as a long-term liability. We will look to finalize this accounting treatment before the publication of our first quarter 2005 financial results in May 2005.

We expect FCF (EBITDA less capital expenditures) to be negative for the year, with a loss of €180 - €200 million in 2005 as a result of our triple play launch in The Netherlands. Due to the nature of the triple play business and the significant upfront investment needed per customer, the more successful that we are in signing up new customers in the short term, the bigger the impact it has on our FCF. Therefore, we do not expect to have positive FCF before 2007.

Versatel's financial expectations for 2005 are as follows:

(€ millions)	2005
Revenue	720 – 740
EBITDA	110 – 120
FCF	(180) – (200)

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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 and Germany. Founded in October 1995, the Company holds full telecommunication licenses in The Netherlands, Belgium and Germany and has over 1 million customers and approximately 1,900 employees. 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>.

*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 liberalisation 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;*
- Our expectation of the impact of this development on our revenue potential, cost basis and margins; and*

*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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#### **Contacts Versatel:**

Wouter van de Putte  
Head of Investor Relations  
Tel: +31-20-750-2362  
E-mail: [wouter.vandeputte@versatel.com](mailto:wouter.vandeputte@versatel.com)

Anoeska van Leeuwen  
Director Corporate Marketing & Communications  
Tel: +31-20-750-1322  
E-mail: [anoeska.vanleeuwen@versatel.com](mailto:anoeska.vanleeuwen@versatel.com)

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