

Tele1 Europe Announces Results for the Three Months Ended September 30, 1999

Stockholm, Sweden - November 11, 1999 - Tele1 Europe Holding AB ("Tele1"), a rapidly growing, facilities-based pan-Nordic competitive telecommunications carrier, today reported third quarter financial and operating results. Commenting on the results, Tele1's Chief Executive Officer, Ivar Stromberg, said: "In the third quarter we achieved rapid revenue growth, improved our gross margin, and continued to build out our intracity and intercity network according to plan. With more than 125 business customers connected to our network using HDSL and SDSL technology, Tele1 has also become a leading provider of DSL services in the Nordic region."

Financial Highlights:

- Third quarter revenues rose to SEK 55.7 million, an increase of 28.9% over Q2 revenues and 269.1% over the same quarter last year.
- Gross profit as a percent of revenue was 23.2% for the third quarter, an increase of 764 basis points over the second quarter.
- Revenues from corporate customers rose by 41.9% in the third quarter.
- Revenue from data and internet services increased by 44.7% in the third quarter.
- The number of business customers rose by 544 to 5,090 and directly connected customers rose to 312 from 261 during the quarter.
- Switched minutes rose by 18.4% to 231 million in the third quarter.

Operational Highlights:

- Completed construction of 8.5 km of intracity fiber in Helsinki containing 96 fibers with line speeds of up to 10Gbps.
- Purchased 32.0 km of fiber ready duct in Oslo.
- Purchased 24.2 km of fiber ready duct in Helsinki.
- Signed letters of intent with Telia to purchase IRUs on Telia's planned 1730 km intercity fiber ring connecting Stockholm, Malmo, Copenhagen, Gothenburg, and Oslo, and its planned 500 km intercity fiber ring connecting Stockholm and Helsinki.
- Launched mobile services in Sweden on September 1, adding approximately 250 mobile subscribers by September 30.
- Signed first customer contracts in Finland.
- Was granted a third-generation (UMTS) regional mobile license in Finland and a test-license in Norway.
- Hired Pelle Hjortblad, former Director of sales and marketing for Tele2 AB, as Chief Operating Officer.
- Hired Liia Nou, former CFO of Icon Medialab and Tele2 AB, as Chief Financial Officer.
- Hired Mats Svardh, former technical director of Eirecell, as Director of Network and Operations.

Key Operating Statistics

Network route kilometers	-	-	30	132
Business customers (number)	2,083	2,208	4,546	5,090
Directly connected customers (number)	69	87	261	312
Switched minutes (millions)	64	84	195	231
Employees	43	55	183	225

Review of Operations

Tele1's revenues for the third quarter of 1999 reached SEK 55.7 million (USD 6.8 million), an increase of 28.9% compared to the second quarter of 1999 and a 269.1% increase over the third quarter of 1998. Total number of business customers reached 5,090 by the end of the quarter. "A 44.7% increase in data and internet revenues, 437% growth in the carrier services business and a strong increase in our base of corporate customers were the drivers behind our growth in the third quarter", said Ivar Stromberg.

Gross profit as a percent of revenue for the third quarter was 23.2%, an increase of 764 basis points over the second quarter. The improvement in gross margin was driven primarily by the strong growth in Tele1's data and Internet service revenues and the positive contribution from Clinet OY, a leading Finnish business line ISP acquired by Tele1 in June.

Tele1's service costs in the second quarter were SEK 42.8 million (USD 5.2 million), compared to SEK 36.5 million (USD 4.4 million) in the second quarter. Sales, general and administrative (SG&A) for the third quarter increased to SEK 60.2 million (USD 7.3) from SEK 45.3 million (USD 5.5 million) in the second quarter. "The increase in SG&A resulted primarily from growth in personnel and expenses associated with the design and construction of our intracity and intercity network", commented Ivar Stromberg.

Tele1's loss before interest, tax, depreciation and amortization (EBITDA) in the third quarter was SEK 47.3 million (USD 5.8 million) compared to SEK 38.6 million (USD 4.7 million) in Q2 1999.

Interest expense increased from SEK 33.3 million (USD 4.1 million) for the three months ended June 30, 1999 to SEK 72.7 million (USD 8.8 million) for the quarter ended September 30, 1999. The increase was due primarily to interest due on the senior notes issued in May 1999 by Tele1's wholly-owned subsidiary Tele1 Europe N.V.

The company's net loss in the third quarter was SEK 108.0 million (USD 13.2 million) compared to SEK 52.2 million (USD 6.4 million) in the second quarter.

Tele1's third quarter capital expenditures amounted to SEK 43.7 million (USD 5.3 million) versus SEK 59.0 million (USD 7.2 million) in the second quarter. The decrease in expenditures can be attributed to the buy back of operating leases from Handelsbanken and the purchase of a Nokia switch in the second quarter. As of September 30, the company had SEK 1,998.2 million (USD 243.5 million) in cash and cash equivalents, including restricted cash.

Network Construction

In September, Tele1 completed the construction of 8.5 km of intracity fiber in Helsinki, Finland. The installed cable contains 96 fibers and is capable of carrying data at speeds of up to 10 Gbps. The cable is expected to commence carrying commercial traffic in the end of Q4 1999. Construction of fiber loops to three business pockets within Helsinki was also initiated in September and is expected

During the third quarter, Tele1 completed the purchase of fiber ready duct in both Oslo, Norway and Helsinki, Finland. Approximately 32km and 24km of intracity duct was purchased in Oslo and Helsinki, respectively, primarily from municipal organizations and utilities. The company plans to pull either 96 or 144 strands of fiber through the ducts, depending upon location, by the end of Q4 1999.

Tele1 also signed letters of intent with Telia, the Swedish national incumbent telephone operator, to purchase IRUs on two planned Nordic intercity rings. According to the agreements, Tele1 has the right to purchase a 20 year IRU for two fiber pairs, with an option on a third pair, on a planned underground cable connecting Stockholm, Malmo, Copenhagen, Gothenburg, and Oslo. The ring is expected to be completed by the end of Q3 2000. Tele1 also has the right to purchase a 15 year IRU for one pair of fibers on a planned 500km undersea cable connecting Stockholm and Helsinki. Construction of this cable is also expected to be completed by the end of Q3 2000.

Acquisitions

Clinet, a leading Finnish business line ISP acquired by Tele1 in June, grew revenues by 52.9% in the third quarter over the second quarter and added 108 business customers and thirteen directly connected customers. "The integration of Clinet continues to go smoothly with the company achieving impressive growth and positive EBITDA in the third quarter. Clinet provides Tele1 with a strong Internet product offering in Finland and a leading position in the business ISP market.", said Ivar Stromberg.

Management Team Additions

On August 9, Pelle Hjortblad joined Tele1 as Chief Operating Officer. Prior to joining Tele1, Mr. Hjortblad was the Director of sales and marketing for the business customer division of Tele2 AB, a Scandinavian competitive telecommunications carrier. Mr. Hjortblad will oversee the day to day operations of Tele1.

On September 16, Liia Nou was hired as the Chief Financial Officer of Tele1. Mrs. Nou will assume her official responsibilities in February of 2000. Prior to joining Tele1, Mrs. Nou was the CFO of Icon Medialab, a rapidly growing IT services company listed on the Stockholm stock exchange, and the CFO of Tele2 AB.

Mats Svardh joined Tele1 as Director of Network Operations on September 1. Mr. Svardh was previously the technical director of Eirecell, one of the largest wireless communications operators in Ireland. Mr. Svardh will be responsible for network development, back office systems and customer service.

Subsequent Events

On October 1, Tele1 acquired Euroconnect A/S, a leading Danish Internet service provider serving large and medium sized business customers. Euroconnect owns one of the largest private networks in Denmark and provides Tele1 with 73 points of presence and over 600 installed DSL lines serving over 1000 business customers. Euroconnect had revenues of SEK 40.4 million (USD 4.9 million) during the first nine months of 1999. "The acquisition of Euroconnect will allow Tele1 to deploy internet and data services throughout the Danish market using high speed DSL connections and provide the company with the opportunity to sell voice services to existing Euroconnect customers", commented Ivar Stromberg.

Corporate facts

Tele1 Europe is a fast growing facilities-based pan-Nordic telecommunications carrier headquartered in Stockholm, Sweden. It provides a broad range of telecommunications services, including local, national and international voice, data, and value added services, such as Centrex, to large and



way, Denmark and Finland. The company plans to build local access networks in the nine key Nordic cities (Stockholm, Gothenburg, Malmo, Copenhagen, Aarhus, Aalborg, Oslo, Bergen and Helsinki) and establish what Tele1 believes will be the first competitive local exchange carrier (CLEC) to span the Nordic region.

The information and statements contained in this release that are not historical facts are forward-looking statements, which involve predictions by Tele1's management. Tele1 can give no assurance that the future results expressed or implied by such statements will be achieved or that, if achieved, such results will be indicative of the results in subsequent periods. Actual events or results may differ materially as a result of risks facing Tele1. Such risks include, but are not limited to: changes in business conditions; changes in the telecommunications industry and general economy; competition; changes in service offerings; and risks associated with Tele1's limited operating history, entry into developing markets, managing rapid growth, and acquisitions and strategic investments; international operations; dependence on effective information and billing systems; Tele1's ability to implement a Year 2000 readiness program; future capital needs; and risks of regulatory developments; any of which could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

For further discussion of these and additional risks associated with the business operations of the Tele1 group, please refer to the registration statement on form F-4 filed by Tele1 Europe N.V., Tele1's wholly-owned subsidiary, together with the exhibits thereto, reports and other information (Registration No. 333-10626) filed at the Public Reference Section of the U.S. Securities and Exchange Commission at 450 Fifth Street, N.W., Washington D.C. 20549; Seven World Trade Center, 13th Floor, New York, New York 10048; and 500 West Madison Street, Chicago, Illinois 60661.

Consolidated Income Statements

	Three months ended 30 September			Nine months ended 30 September		
	1998 SEK ' 000	1999 SEK ' 000	1999 \$ ' 000	1998 SEK ' 000	1999 SEK ' 000	1999 \$ ' 000
Operating revenues	15,101	55,743	6,793	38,743	132,586	16,158
Service costs	(13,439)	(42,787)	(5,214)	(32,901)	(107,679)	(13,122)
Gross Profit	1,662	12,956	1,579	5,842	24,907	3,035
Operating expenses						
Selling	(5,445)	(7,742)	(943)	(10,849)	(36,725)	(4,476)
General and administrative	(14,272)	(52,498)	(6,398)	(27,503)	(100,933)	(12,300)
Depreciation and amortization	(1,375)	(7,882)	(961)	(3,696)	(14,565)	(1,775)
Total operating expenses	(21,092)	(68,122)	(8,302)	(42,048)	(152,223)	(18,551)
Operating Loss	(19,430)	(55,166)	(6,723)	(36,206)	(127,316)	(15,516)
Interest Income (expense), net	(50)	(52,879)	(6,444)	(73)	(62,976)	(7,675)
Net loss	(19,480)	(108,045)	(13,167)	(36,279)	(190,292)	(23,190)
Net loss per share	(5.6)	(18.8)	(2.3)	(10.5)	(33.1)	(4.0)
End period shares outstanding	3,450	5,749	5,749	3,450	5,749	5,749
EBITDA	(18,055)	(47,284)	(5,762)	(32,510)	(112,751)	(13,741)
Capital expenditures	(336)	(43,735)	(5,330)	(7,795)	(104,642)	(12,752)

Notes:

1. All financial data presented is in accordance with US GAAP.
2. The financial data for the three and nine month periods ending September 30, 1998 and 1999 are unaudited.
3. The September 30, 1999 Noon Buying Rate for the Swedish Krona was SEK 8.206 per US\$ 1.00.
4. EBITDA is defined as earning/(loss) before interest, tax, depreciation and amortization.

Consolidated Balance Sheets

	31 December	30 September	30 September
	1998 SEK ' 000	1999 SEK ' 000	1999 \$ 000
ASSETS			
Current assets:			
Cash	2,657	1,226,265	149,441
Restricted cash	-	771,925	94,072
Other current assets	33,493	164,182	20,008
Total current assets	36,150	2,162,372	263,521
Property and equipment, net	50,047	187,661	22,870
TOTAL ASSETS	86,197	2,350,033	286,390
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities	43,492	193,393	23,568
Long term debt	16,158	2,100,287	255,955
Shareholder's equity:			
Share capital	3,450	5,749	701
Restricted reserves	95,823	313,622	38,220
Accumulated deficit	(72,726)	(263,018)	(32,053)
Total Shareholder's equity	26,547	56,353	6,868
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	86,197	2,350,033	286,390

Notes:

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Consolidated Cash Flow Statements

	12 months ended 31 December	Nine months ended 30 September	
	1998 SEK ' 000	1999 SEK ' 000	1999 \$ 000
Cash Flow from operating activities:			
Net loss	(58,395)	(190,292)	(23,190)
Adjustments for:			
Depreciation and amortization	6,314	14,565	1,775
Capital gain	717	34	4
Changes in non-cash working capital	5,075	19,212	2,341
Cash Flow from financing activities:			
Share capital, net of issue costs	43,215	221,153	26,951
Increase in long-term borrowings, net	16,158	2,084,129	253,986
Cash Flow from investing activities:			
Additions to networks and equipment	(45,189)	(104,642)	(12,752)
Acquisitions of subsidiary entities	-	(47,571)	(5,797)
Change in restricted and other assets, net	-	(771,925)	(94,072)
Effect of exchange rate changes on cash	232	(1,055)	(129)
Net increase (decrease) in cash	(31,873)	1,223,608	149,117
Cash, beginning of period	34,530	2,657	324
CASH, END OF PERIOD	2,657	1,226,265	149,441

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3. The September 30, 1999 Noon Buying Rate for the Swedish Krona was SEK 8.206 per US\$ 1.00.

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