

Tele1 Europe N.V. Announces Results for the Fourth Quarter and Full Year 1999

Rotterdam, Holland - February 29, 2000 - Tele1 Europe N.V. ("Tele1"), a wholly-owned subsidiary of Tele1 Europe Holding AB, today reported fourth quarter and full year 1999 financial and operating results. Tele1 Europe N.V. is a holding company and currently renders its services indirectly through subsidiaries in Sweden, Norway, Denmark and Finland. In Tele1 Europe N.V.'s first High Yield offering in May 1999, Tele1 Europe N.V. issued \$150,000,000 of 13.0% senior dollar notes due 2009 and dollar warrants and Euro 100,000,000 of 13.0% senior euro notes due 2009 and euro warrants. In Tele1 Europe N.V.'s second High Yield offering in December 1999, Tele1 Europe N.V. issued Euro 150,000,000 of 11 7/8 % Senior Notes due 2009. The Tele1 group is a rapidly growing, pan-Nordic competitive provider of broadband communications services. Excellent progress was made during the fourth quarter. Revenues increased 288% over the same period in 1998 to SEK 99.8 million, gross margin improved substantially, the corporate customer base increased by 47% over the third quarter, and construction of local fiber networks was initiated in 6 cities. Tele1 also completed three acquisitions which improved the product portfolio.

Financial Highlights:

- Fourth quarter revenues rose to SEK 99.8 million(USD 11.7 million), an increase of 79.0% over Q3 revenues and 287.9% over the same quarter last year.
- Gross profit as a percentage of revenue was 30.2% for the fourth quarter, an increase of 695 basis points over the third quarter.
- Revenues from corporate customers rose by 88.4% in the fourth quarter versus the third quarter.
- Revenue from data and internet services increased by 155.8% in the fourth quarter versus the third quarter.
- The number of corporate customers rose by 2,376 to 7,466 and directly connected customers rose to 986 from 312 during the quarter.
- Switched minutes rose by 12.6% to 260 million in the fourth quarter.
- Tele1 Europe N.V. issued Euro 150 million of 11 7/8% Senior Notes due 2009.

Operational Highlights:

- Installed an additional 800 km of back-bone network.
- Installed an additional 57 km of local access fiber.
- Signed a letter of intent with GlobalConnect of Denmark to purchase 200 km of fiber connecting Alborg, Denmark and Gothenberg, Sweden.
- Signed a letter of intent with Telia Denmark for 83 km of local access fiber in Copenhagen, Denmark.
- Signed a mobile agreement with Netcom GSM which enables the provisioning of mobile services in Norway.

Acquisition Highlights:

- Acquired Euroconnect A/S, a business focused Internet service provider in Denmark.
- Acquired WinEasy AB, a Swedish server/web hosting and Internet access company.
- Acquired Alfa Industrier AS, a Norwegian supplier and maintainer of private branch exchanges, or PBXs.
- Signed a purchase agreement to acquire part of Global One's Swedish corporate and government customer base.

Key Operating Statistics

	Q3 1998	Q4 1998	Q3 1999	Q4 1999
Local Access Fiber (km)	-	-	11	68
Back-bone Network - IRU's (km)	-	-	220	1020
Corporate customers (number)	2,208	2572	5,090	7466
Directly connected customers (number)	87	115	312	986
Switched minutes (millions)	84	121	231	260
Employees	55	102	225	369

Review of Operations

Tele1's revenues for the fourth quarter of 1999 reached SEK 99.8 million (USD 11.7 million), an increase of 79.0% compared to the third quarter of 1999 and a 287.9% increase over the fourth quarter of 1998. The total number of corporate customers reached 7466, of which 986 are directly connected. Key customer contracts signed during the quarter included Arthur D. Little, FuNet, ICL and Astra. The drivers behind the growth in the fourth quarter were primarily Data and Internet services together with increased revenue from carrier services.

Gross profit as a percentage of revenue for the fourth quarter was 30.2%, an increase of 695 basis points over the third quarter. The improvement in gross margin was driven primarily by the strong growth in Tele1's data and Internet service revenues.

Tele1's service costs in the fourth quarter were SEK 69.6 million (USD 8.2 million), compared to SEK 42.8 million (USD 5.0 million) in the third quarter. Sales, general and administrative (SG&A) costs for the fourth quarter increased to SEK 154.7 million (USD 18.2) from SEK 58.2 million (USD 6.8 million) in the third quarter. The increase in SG&A resulted primarily from an increase in social taxes payable relating to the company's stock option plan in Norway and Finland, an increase in sales and marketing staff and one time costs related to the acquisitions.

Tele1's loss before interest, tax, depreciation and amortization (EBITDA) in the fourth quarter was SEK 130.2 million (USD 15.3 million) compared to SEK 49.3 million (USD 5.8 million) in Q3 1999.

Interest expense (net) increased from SEK 52.9 million (USD 6.4 million) for the three months ended September 30, 1999 to SEK 68.3 million (USD 8.0 million) for the quarter ended December 31, 1999. The increase was due primarily to interest due on the senior notes issued in December 1999.

The company's net loss in the fourth quarter was SEK 212.6 million (USD 25.0 million) compared to SEK 110.0 million (USD 12.9 million) in the third quarter.

Capital expenditures during the fourth quarter amounted to SEK 277.1 million (USD 32.6 million) versus SEK 43.7 million (USD 5.1 million) in the third quarter. The increase in expenditures can be attributed to the construction of the Tele1 local access fiber network and back-bone network.

Acquisitions of businesses in the fourth quarter including Euroconnect A/S, WinEasy AB and Alfa Industrier AS, amounted to SEK 388.7 million (USD 45.7 million).

As of December 31, the company had SEK 2,609.9 million (USD 306.9 million) in cash and cash equivalents, including restricted cash, versus SEK 1,978.7 million (USD 238.6 million) in the third quarter. The increased cash balance resulted from the issuance of Euro 150 million of Senior High Yield Notes in December.

Network Construction

During the fourth quarter, Tele1 deployed 57 km of local access fiber, bringing total local fiber deployed to 68 km. Tele1 also added 800 route km of fiber to its back-bone network, bringing total IRU back-bone fiber deployed to 1020 km.

On December 12 1999, the company signed a letter of intent with GlobalConnect of Denmark to purchase an IRU for 8 fibers on a 200 km intercity cable connecting Alborg, Denmark with Gothenberg, Sweden. The cable is expected to be in service by the fourth quarter 2000.

On December 15, Tele1 connected its first on-net local access customer in Helsinki, Finland.

On December 20 1999, the company signed a letter of intent with Telia Denmark to purchase an IRU for 4 fibers on a 83 km local access fiber ring in Copenhagen, Denmark. The ring is expected to be in service by the end of the first quarter of 2000.

Acquisitions

In October 1999, Tele1 acquired Euroconnect A/S, an Internet service provider in Denmark, which provides Internet access and broadband data services to large and medium-sized businesses. Euroconnect also offers corporate dial-up services to the employees of its customers as part of its total service offering. Euroconnect had operating revenues of approximately SEK 57.3 (USD 6.7 million) for the twelve months ended December 31, 1999. Euroconnect connects customers to its 70 points of presence primarily through DSL technology. The Euroconnect network is one of the largest transmission networks in Denmark.

In December 1999, Tele1 acquired Alfa Industrier AS, a Norwegian supplier of private branch exchanges, outsourcing services and computer equipment, primarily in Oslo, Norway. Alfa has installed approximately 100 PBXs for large and medium-sized businesses. Alfa Industrier had operating revenues of approximately SEK 16.2 (USD 1.9 million) for the twelve months ended December 31, 1999.

In December 1999, Tele1 acquired WinEasy AB, a Swedish server/web hosting and Internet access company. WinEasy serves approximately 30 directly connected medium-sized corporate customers. WinEasy had operating revenues of approximately SEK 25.2 (USD 3.0 million) for the twelve months ended December 31, 1999.

In addition Tele1 signed a purchase agreement in November to acquire part of the Swedish customer base of GlobalOne. The acquired business of 42 directly connected, large corporate and government customers. GlobalOne is an international telecommunications carrier owned by France Telecom.

The acquisitions in the fourth quarter have allowed Tele1 to expand its product portfolio, become one of the leading providers of DSL in Denmark, establish a strong server/web hosting and internet access presence in Sweden, increase the size of the corporate customer base and add talented managers to its team.

Financing

In December 1999, Tele1 completed an offering of Euro 150 million 11 7/8% Senior Notes due 2009. The notes were issued without warrants. The proceeds of the offering will be used to fund the continued build out of the Company's local access fiber and back-bone networks and for general corporate purposes.

Subsequent Events

On January 28, the company finalized the agreement to acquire part of GlobalOne's Swedish corporate and government customer base.

On February 2, the company signed a strategic agreement with Netcom GSM A/S, which enables Tele1 to offer mobile services to its business customers in Norway. Similar to the mobile arrangement which the company signed with Telia Mobile of Sweden, the Netcom agreement allows Tele1 to pay wholesale rates for originating and terminating traffic, gain control over customers' Subscriber Identification Module (SIM) cards and invoice its customers directly. In addition, Tele1 has plans to interconnect its network directly to the Netcom GSM network, which will allow the company to terminate mobile-to-fixed calls on its own network. This agreement enables Tele1 to meet the demand from customers who are asking for one supplier of communications services, one invoice and one point of contact.

As of mid February Tele1 has connected 18 on-net local access corporate customers in Sweden, Norway, Denmark and Finland, achieving its objective to successfully connect on-net customers in each of the Nordic countries during the first quarter of 2000.

Company disclosure

Tele1 Europe N.V.'s first quarter of 2000 financial and operating results for the period ending March 31, 2000, will be released on May 23, 2000.

Rotterdam, February 29, 2000

The Board of Directors of Tele1 Europe N.V.

Corporate facts

Tele1 is a rapidly growing, pan-Nordic competitive provider of broadband communications services, 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 medium sized businesses, Internet service providers, resellers and other carriers in Sweden, Norway, Denmark and Finland. The company plans to build local access networks in the 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., 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 31 December			Twelve months ended 31 December		
	1998 SEK ' 000	1999 SEK ' 000	1999 \$ ' 000	1998 SEK ' 000	1999 SEK ' 000	1999 \$ ' 000
Operating revenues	25,725	99,790	11,733	64,468	232,376	27,322
Service costs	(19,431)	(69,646)	(8,189)	(52,332)	(177,325)	(20,850)
Gross Profit	6,294	30,144	3,545	12,136	55,051	6,472
Gross Margin	24.5%	30.2%	30.2%	18.8%	23.7%	23.7%
Operating expenses						
Selling	(9,587)	(40,205)	(4,727)	(20,436)	(76,930)	(9,045)
General and administrative	(15,836)	(108,080)	(12,708)	(43,339)	(209,013)	(24,575)
Depreciation and amortization	(2,462)	(19,366)	(2,277)	(6,158)	(33,931)	(3,990)
Total operating expenses	(27,885)	(167,651)	(19,711)	(69,933)	(319,874)	(37,610)
Operating Loss	(21,591)	(37,507)	(16,167)	(57,797)	(264,823)	(31,138)
Financial net	(369)	(68,306)	(8,032)	(442)	(131,282)	(15,436)
Loss before income taxes	(21,960)	(208,813)	(24,198)	(58,239)	(396,105)	(46,574)
Income tax expense	-	(2,098)	(247)	-	(2,098)	(247)
Net loss	(21,960)	(207,911)	(24,445)	(58,239)	(398,203)	(46,820)
Net loss per share	(12.07)	(45.69)	(5.37)	(32.0)	(90.84)	(10.68)
Outstanding shares at end of period (in thousands)	1,820	4,550	4,550	1,820	4,550	4,550
EBITDA	(19,133)	(140,643)	(16,536)	(51,655)	(236,797)	(27,842)
Capital expenditures	(9,924)	(277,096)	(32,580)	(17,719)	(381,738)	(44,884)
Acquisitions of Businesses	-	(388,666)	(45,699)	-	(428,713)	(50,407)

Notes:

1. All financial data presented is in accordance with US GAAP.
2. The financial data for the three month periods ending December 31, 1998 and 1999 are unaudited and for the twelve month period ending December 31, 1998 and 1999 are audited.
3. The December 31, 1999 Noon Buying Rate for the Swedish Krona was SEK 8.505 per US\$ 1.00.
4. EBITDA is defined as earning/(loss) before interest, tax, depreciation and amortization.

Consolidated Balance Sheets

	31 December	31 December	31 December
	1998	1999	1999
	SEK ' 000	SEK ' 000	\$ ' 000
ASSETS			
Current assets:			
Cash	1,288	1,949,542	229,223
Restricted current assets	-	289,734	34,066
Other current assets	32,771	227,945	26,213
Total current assets	34,059	2,462,221	289,503
Restricted non-current assets	-	370,659	43,581
Property and equipment, net	50,047	473,113	55,628
Goodwill, net	-	416,563	48,979
TOTAL ASSETS	84,106	3,722,557	437,690
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities	41,229	596,831	70,174
Long term debt	16,158	3,278,330	385,459
Redeemable preferred shares	-	183,638	21,548
Shareholder's equity:			
Share capital	3,450	3,920	460
Additional paid-in capital	103,829	324,542	38,159
Accumulated deficit	(77,282)	(477,556)	(56,150)
Total Shareholder's equity	26,719	(152,604)	(17,943)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	84,106	3,722,557	437,690

Notes:

1. All financial data presented is in accordance with US GAAP.
2. The financial data for the period ending December 31, 1998 and the financial data for the period ending December 31, 1999 are audited.
3. The December 31, 1999 Noon Buying Rate for the Swedish Krona was SEK 8.505 per US\$ 1.00.

Consolidated Cash Flow Statements

	12 months ended 31 December 1998 SEK ' 000	12 months ended 31 December 1999 SEK ' 000	1999 \$ ' 000
Cash Flow from operating activities:			
Net loss	(58,239)	(398,203)	(46,821)
Adjustments for:			
Unrealized foreign exchange gains	-	5,873	690
Depreciation and amortization	6,158	33,931	3,990
Capital gain (loss)	717	(130)	(15)
Changes in non-cash working capital	(1,220)	319,428	37,716
Cash Flow from investing activities:			
Additions to networks and equipment	(17,719)	(381,738)	(44,884)
Acquisitions of subsidiary entities	-	(428,713)	(50,407)
Change in restricted and other assets, net	3,661	(659,033)	(77,488)
Effect of exchange rate changes on cash	232	(78,327)	(9,210)
Cash Flow from financing activities:			
Share capital, net of issue costs	43,215	238	27
Increase in long-term borrowings, net	(10,047)	3,534,928	415,629
Net increase (decrease) in cash	(33,242)	1,948,254	229,073
Cash, beginning of period	34,530	1,288	150
CASH, END OF PERIOD	1,288	1,949,542	229,223

Notes:

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3. The December 31, 1999 Noon Buying Rate for the Swedish Krona was SEK 8.505 per US\$ 1.00.

Corporate Information

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