

August 1, 2007

Versatel Announces Second Quarter 2007 Results

- **Revenue** for 2Q07 amounts to € 182 million, an increase of 75% compared to 2Q06.
- **Gross margin** for 2Q07 amounts to € 80 million, an increase of 53% compared to 2Q06.
- **EBITDA** for 2Q07 amounts to € 20 million, an increase of 194% compared to 2Q06.
- **Net result** from operations for 2Q07 amounts to a loss of € 23 million, compared to a loss of € 35 million for 2Q06.

(EURm)	2Q07	2Q06	Growth
Revenue	182.4	104.5	74.6%
Gross Margin	80.3	52.6	52.8%
as % of revenue	44.0%	50.3%	n/m
EBITDA	19.5	6.6	194.1%
as % of revenue	10.7%	6.3%	n/m
Net Result (Continued)	(23.2)	(34.8)	n/m
Capex	27.5	31.1	-11.5%
EBITDA - Capex (FCF)	(8.0)	(24.5)	n/m

Note: In the interim consolidated financial information of Versatel Telecom International N.V., the operations of both Tele2 (Netherlands) B.V and Tele2 Belgium N.V., which were acquired on March 6, 2007 are consolidated for the full second quarter of 2007. The comparative financial information for 2Q06 excludes the results of Tele2 (Netherlands) B.V. and Tele2 Belgium N.V.

FINANCIAL HIGHLIGHTS:

- Second quarter 2007 revenues increased by 74.6 percent to € 182.4 million from second quarter 2006 revenues of € 104.5 million.
- **Gross margin** as a percentage of revenues in the second quarter of 2007 was 44.0 percent, down from 50.3 percent in the second quarter of 2006. The decrease is primarily the result of the acquisitions of Tele2 Netherlands and Tele2 Belgium, which acquisitions were completed on March 6, 2007. The gross margins on the products of Tele2 Netherlands and Tele2 Belgium are generally lower than those of the (on-net) products that are offered by Versatel.
- **EBITDA** for the second quarter 2007 was € 19.5 million, compared with € 6.6 million for the second quarter 2006, up 194.1 percent.
- Versatel's **net result** from operations for the quarter ended June 30, 2007, amounted to a loss of € 23.2 million compared to a loss for the second quarter of 2006 of € 34.8 million.
- **Capital expenditures** (Capex) from operations in the second quarter of 2007 amounted to € 27.5 million, compared with € 31.1 million in the second quarter of 2006.

OTHER HIGHLIGHTS 2Q07:

- On April 19, 2007, Versatel launched "Tele2 TV", which is a digital TV service based on Digitenne and consists of 23 digital tv channels and 19 radio channels. Tele2 TV is the low end alternative to Versatel's interactive IPTV product, called "Tele2 Vision".
- On May 10, 2007, Versatel announced the signing of an agreement with the Volkskrant, a leading Dutch newspaper, which enables Versatel to offer its customers Volkskrant TV, a channel that shows current news items.
- On June 4, 2007, Versatel announced that its shareholders had approved all resolutions proposed to the annual general meeting of shareholders, which resolutions included, *inter alia*, the adoption of the annual accounts 2006 and the appointment of Mr. Nilsson as member of Versatel's Supervisory Board with immediate effect. Mr. Nilsson will act as the Chairman of Versatel's Supervisory Board, effective June 4, 2007.
- As per June 30, 2007, Versatel recorded over 16,000 orders in the Netherlands for its **multi play product** over **ADSL2+** during the quarter. At the end of the second quarter 2007, Versatel had provisioned approximately 164,000 over ADSL 2+.
- Versatel recorded a net increase of approximately 11,700 customers in its **residential DSL** business in the Netherlands in the second quarter of 2007, bringing the total to approximately 266,000 (including the existing DSL customer base of Tele2 Netherlands) as per June 30, 2007, including approximately 164,000 ADSL 2+ customers.
- In Belgium, the number of residential **DSL customers** increased by approximately 12,000 in 2Q07 to a total of approximately 134,000 (including the existing DSL customer base of Tele2 Belgium).

SUBSEQUENT EVENT:

- On July 13, 2007, Versatel announced the signing of a Memorandum of Understanding ("MOU") with KPN, for the future use of MDF locations. The MOU allows Versatel the continued delivery of unbundled access via its own network. Versatel and KPN also agreed on the principles of various alternative access methods.

Amsterdam, August 1, 2007 – Versatel Telecom International N.V., today reported second quarter 2007 financial and operating results.

For the quarter ended June 30, 2007, **revenues** were € 182.4 million, up 74.6 percent from 2Q06 revenues of € 104.5 million and up 30.1 percent compared with 1Q07 revenues of € 140.2 million.

The quarter over quarter increase in revenue is the result of organic growth in our residential and business segments as well as the result of the acquisitions of Tele2 Netherlands and Tele2 Belgium that contributed to the results during the full second quarter of 2007. The organic growth, not taking into account the additional revenues from Tele2 Netherlands and Tele2 Belgium, equalled 11.3 percent compared with 2Q06 revenues of € 104.5 million. Revenue, excluding the additional revenues from Tele2 Netherlands and Tele2 Belgium, therefore amounted to € 116.3 million.

During the second quarter of 2007, Versatel decided to classify mobile phone handsets and related one-off connection charges, in line with industry practice, as “selling, general and administrative expenses (SG&A)” opposed to “direct cost of revenues”. During the last month of the first quarter of 2007, Versatel recorded these charges as direct cost of revenues. The SG&A as reported in the 1Q07 results, have been adjusted for an amount of €1.4 million to reflect this reclassification.

Versatel's **gross margin as a percentage of revenue** in the second quarter of 2007 was 44.0 percent compared with 50.3 percent in 2Q06 and 49.3 percent in 1Q07.

Selling, general and administrative expenses (SG&A) in the second quarter of 2007 were € 60.8 million compared with € 46.0 million in the second quarter of 2006 and € 50.1 million in 1Q07.

Versatel's **marketing expenditures** were € 18.7 million during the second quarter of 2007 compared with € 5.6 million and € 10.9 million in 2Q06 and 1Q07 respectively. The expenses related to the marketing efforts of Tele2 Netherlands have been included for the full second quarter of 2007, which efforts are mainly related to the mobile products offered by Tele2 Netherlands. In contrast to 2Q06, the marketing expenditures of 2Q07 include charges related to mobile phone handsets in the amount of € 5.8 million. Further increase in marketing expenses is mainly the result of intensified marketing campaigns in the residential market in order to increase the intake of multi play services.

For the second quarter of 2007, Versatel's **earnings before interest, tax, depreciation and amortization (EBITDA)** were € 19.5 million compared with € 6.6 million for the second quarter of 2006 and € 19.0 million in 1Q07.

Versatel's **net result** for operations for 2Q07 amounted to a loss of € 23.2 million compared with a loss of € 34.8 million in 2Q06 and a loss of € 22.8 million in 1Q07.

Capital expenditures (“Capex”) from operations for the second quarter were € 27.5 million, compared with Capex of € 31.1 million and € 26.0 million, for 2Q06 and 1Q07 respectively.

Free Cash Flow (“FCF”, calculated as EBITDA less Capex) for the second quarter of 2007 was negative € 8.0 million compared with negative € 24.5 million in the same quarter of 2006 and negative € 7.0 million in 1Q07. The year over year FCF continued to increase as a result of lower Capex levels.

As per June 30, 2007, Versatel had € 78.7 million in **cash** on its balance sheet compared with € 66.9 million at the end of the second quarter of 2006 and € 69.7 million at the end of 1Q07.

The company had a **positive shareholders’ equity** position of € 265.7 million as at June 30, 2007 compared with € 60.6 million at the end of December 31, 2006 and € 289.2 million at March 31, 2007. As a consequence of the completion of the rights offering in March 2007, the shareholders’ equity increased. Subsequently, the net result (loss) of the second quarter of 2007 decreased the shareholders’ equity.

OPERATIONAL HIGHLIGHTS PER COUNTRY:

The Netherlands:

Revenues in the Netherlands were € 148.2 million in 2Q07, an increase of 86.6 percent, compared with revenues of € 79.4 million in 2Q06 and an increase of 34.0 percent compared with revenues of € 110.6 million in the first quarter of 2007. In contrast to the first quarter of 2007, the results of Tele2 Netherlands have been included during the full second quarter of 2007.

Gross margin as a percentage of revenue for 2Q07 was 45.1 percent compared to 54.6 percent in 2Q06 and 51.3 percent in 1Q07. Gross margin as a percentage of revenue decreased as a result of the acquisition of the business of Tele2 Netherlands. The margins on the products of Tele2 Netherlands are generally lower than those of the (on-net) products that are offered by Versatel. As the lower margin products of Tele2 Netherlands have contributed throughout the complete second quarter of 2007, the overall gross margin has decreased to 45.1 percent.

Second quarter 2007 **EBITDA** was € 20.7 million compared with € 8.1 million in 2Q06 and € 20.3 million in 1Q07. The **EBITDA** remained relatively flat, as the EBITDA contribution of Tele2 Netherlands during the quarter was largely offset by increased traffic termination costs and increased call center expenses within Versatel.

On June 30, 2007, the combined businesses of Tele2 Netherlands and Versatel had approximately 266,000 **residential DSL customers** (including ADSL2+). During the quarter both businesses continued to upgrade existing residential DSL customers to higher-end ADSL 2+ services.

With regard to our **Multi Play Products**, as per the end of 2Q07, Versatel recorded approximately 16,000 orders during the quarter. At the end of the second quarter 2007, Versatel has provisioned approximately 164,000 over ADSL 2.

The quarter over quarter **Mobile** subscriber base remained flat, equaling 589,000 subscribers at the end of the second quarter of 2007. The residential business continued the positive intake trend of postpaid subscriptions, which offsets the decline of the prepaid subscribers.

Compared to the first quarter of 2007, the **CPS (Carrier Pre Select)** subscriber base declined with approximately 77,000 subscribers to a total of approximately 550,000 subscribers at the end of the second quarter of 2007. The decline has partly been offset by continued efforts to build a WLR (Wholesale Line Rental) customer stock, enabling higher ARPU and extended customer life time of the residential CPS customer base.

Belgium:

In Belgium, **revenues** increased to € 34.2 million in the second quarter of 2007 compared with revenues of € 25.1 million in 2Q06 and € 29.6 million in 1Q07. The sequential growth during the quarter was the result of the continued success of our dual-play service offering (called “Tele2 All-in”) in the residential market. In contrast to the first quarter of 2007, the results of Tele2 Belgium have been included during the full second quarter of 2007.

Gross margin as a percentage of revenue for 2Q07 was 39.5 percent compared to 36.9 percent in 2Q06 and to 41.5 percent in 1Q07. Compared to 2Q06 gross margin improved due to increased sale of dual play products offsetting the decline in carrier pre-select services.

EBITDA for the quarter ending June 30, 2007 was a negative € 1.2 million compared to a negative of € 1.5 million in the second quarter of 2006 and a negative of € 1.3 million in the first quarter of 2007.

In the second quarter of 2007, Versatel Belgium added approximately 12,000 customers to its **residential DSL customer** base, bringing the total to approximately 134,000 subscribers at the end of 2Q07.

Compared to the first quarter of 2007, the **CPS (Carrier Pre Select)** subscriber base declined with approximately 28,000 subscribers to a total of approximately 177,000 subscribers at the end of the second quarter of 2007.

Unaudited Accounts:

The interim consolidated financial information for the period ended June 30, 2007, are unaudited.

Accounting policies:

The interim consolidated financial information for the period ended June 30, 2007 have been prepared using International Financial Reporting Standards (IFRS). Note that EBITDA is not an IFRS measurement. Accounting policies and methods used in the interim consolidated financial information are the same as those used in the consolidated financial statements for the year ended 31 December 2006. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the interim consolidated financial information.

Other Disclosure:

On March 6, 2007, Versatel acquired 100% of the outstanding share capital of Tele2 (Netherlands) B.V. and Tele2 Belgium N.V. (“the Acquisitions”). The goodwill on the Acquisitions is determined without taking into account a purchase price allocation in accordance with IFRS 3 “Business combinations”. In the 2007 annual accounts we will account for the Acquisitions under the purchase price accounting method. Accordingly, the goodwill paid in connection with the Acquisitions will have to be allocated to property, plant and equipment, other assets and intangible assets (including but not limited to licenses, brands and/or customer lists) acquired and the liabilities and contingent liabilities assumed on the basis of their respective fair values on March 6, 2007, the date on which Versatel Telecom International N.V. obtained control over the companies. Versatel currently estimates that only a small part of the goodwill should be allocated to the property, plant and equipment, other assets and intangible fixed assets acquired and liabilities and contingent liabilities assumed, as the value of the Acquisitions is primarily based on achieving economies of scale and scale efficiencies. However, following a more detailed analysis that has to take place, it may become appropriate to allocate a larger amount of the purchase price paid in connection with the Acquisitions to property, plant and equipment and intangible fixed assets acquired.

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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 Netherlands and Belgium. Founded in October 1995, the Company 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>.

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*
- 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.

Note to Editors: The Versatel logo is a registered trademark in The Netherlands, Belgium, Luxembourg and several other European countries.

Contact: Versatel is available to answer additional questions you might have concerning the quarterly results. We refer to our investor relations email address or to the contact details mentioned below:

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