

February 12, 2009

Tele2 Netherlands Announces Second Half and Full Year 2008 Results

- **Revenue** for FY08 amounts to € 650 million, an increase of 12 % compared to FY07. Revenue for second HY08 amounts to € 318 million, a decrease of 2 % compared to second HY07.
- **Gross margin** for FY08 amounts to € 325 million, an increase of 17 % compared to FY07. Gross margin for second HY08 amounts to € 164 million, an increase of 6 % compared to second HY07.
- **EBITDA** for FY08 amounts to € 137 million, an increase of 70 % compared to FY07. EBITDA for second HY08 amounts to € 77 million, an increase of 95 % compared to second HY07.
- **Net result** for FY08 amounts to a profit of € 6 million, compared to a loss of € 65 million for FY07. Net result for second HY08 amounts to a profit of € 20 million, compared to a loss of € 18 million for second HY07.
- **Free Cash Flow (FCF)** for FY08 amounts to positive € 65 million, compared with negative € 10 million for FY07.

(EURm)	FY 2008	FY 2007 ⁽¹⁾	Growth
Revenue	650,1	582,4	11,6%
Gross Margin	324,6	278,4	16,6%
<i>as % of revenue</i>	49,9%	47,8%	<i>n/m</i>
EBITDA	137,2	80,6	70,2%
<i>as % of revenue</i>	21,1%	13,8%	<i>n/m</i>
Net Result	5,9	(64,5)	<i>n/m</i>
Net Result (Continued)	5,9	(80,2)	<i>n/m</i>
Capex	72,0	90,9	-20,8%
EBITDA - Capex (FCF)	65,2	(10,3)	<i>n/m</i>

* the financial results as presented in this earnings release are based on the statutory accounts of Tele2 Netherlands

(EURm)	2HY08	2HY07 ⁽¹⁾	Growth
Revenue	317,5	323,6	-1,9%
Gross Margin	163,8	154,9	5,7%
as % of revenue	51,6%	47,9%	n/m
EBITDA	77,4	39,6	95,2%
as % of revenue	24,4%	12,2%	n/m
Net Result	19,9	(18,2)	n/m
Net Result (Continued)	19,9	(46,0)	n/m
Capex	28,7	43,6	-34,3%
EBITDA - Capex (FCF)	48,7	(4,0)	n/m

(1) Note: The income statement data as presented above relates to continued operations. The 2007 comparative income statement data has been re-presented in order to reflect the operations of Tele2 Netherlands in Belgium as discontinued due to the sale of the Belgian activities in October 2007. The 2007 revenue and expense lines now include intercompany amounts that were eliminated in the presentation of prior press releases and therefore may differ from prior financial disclosures.

OTHER HIGHLIGHTS 2HY08:

- On August 11, 2008, Tele2 Netherlands introduced an e-mail security package, allowing residential customers to utilize spam control, a fire wall and anti-virus and anti-spyware functionalities.
- On August 14, 2008, Tele2 Netherlands announced the signing of a 2-year contract with Vitens to connect 270 water plants throughout the Netherlands. The contract has a total value of approximately € 4.2 million.
- On November 13, 2008, Tele2 introduced a new brand concept with “Frank”, the black sheep. Frank represents the values of Tele2: price leading and the alternative competitor in the Netherlands.
- In November and December 2008, Tele2 launched Hyves TV and Rabobank TV, both interactive channels offered via the IPTV product of Tele2.

Amsterdam, February 12, 2009 – Tele2 Netherlands Holding N.V. (“Tele2 Netherlands”), today reports its second half year and full year 2008 financial and operating results.

For the year ended December 31, 2008, **revenues** were € 650.1 million, up 11.6 percent from 2007 revenues of € 582.4 million. For the second half year ended December 31, 2008, revenues were € 317.5 million, down 1.9 percent from second half year 2007 revenues of € 323.6 million and down 4.6 percent from first half year 2008 revenues of € 332.6 million.

The half year over half year decrease in revenue is the result of the termination of various football distribution agreements (due to the ending of the Eredivisie football license) and the result of a further decrease of CPS in both the residential and business segment .

On December 31, 2008, Tele2 Netherlands had approximately 348,800 **residential DSL customers** (including ADSL2+). During the second half year of 2008, Tele2 Netherlands continued its efforts to upgrade existing residential DSL customers to higher-end ADSL 2+ services.

With regards to our **Multi Play Products**, Tele2 Netherlands recorded approximately 32,000 orders during the second half year of 2008. At the end of 2008, Tele2 Netherlands had provisioned approximately 279,000 orders over ADSL 2+.

The half year over half year **Mobile** subscriber base decreased 8.2 percent to approximately 456,000 subscribers at the end of 2008. Within the mobile segment, Tele2 Netherlands continues to focus on high value postpaid subscriptions which subscriptions provide a more sustainable revenue line.

Compared to the first half year of 2008, the **CPS (Carrier Pre Select)** subscriber base declined with approximately 48,000 subscribers to a total of approximately 362,000 subscribers at the end of 2008. As a result of WLR (Wholesale Line Rental), the decline in the CPS customer base is to some extent being tempered.

Tele2 Netherlands' **gross margin as a percentage of revenue** in 2008, was 49.9 percent compared with 47.8 percent in 2007. The gross margin as a percentage of revenue in the second half year of 2008, was 51.6 percent compared with 47.9 percent in the second half year of 2007 and 48.4 percent in the first half year of 2008.

Selling, general and administrative expenses (SG&A) in 2008 were € 187.4 million compared with € 197.8 million in 2007. SG&A in the second half year of 2008 were € 86.4 million compared with € 115.3 million in the second half year of 2007 and € 101.0 million in the first half year of 2008. The SG&A in the second half year of 2007 includes an € 13.3 million (excluding interest) tax assessment and the second half year of 2008 includes a one-time settlement of € 6.8 million (profit).

Tele2 Netherlands' **marketing expenditures** for 2008 were € 41.9 million compared with € 52.7 million in 2007. Marketing expenditures for the second half year of 2008 were € 21.4 million compared with € 29.8 million in the second half year of 2007 and € 20.5 million in the first half year of 2008. During 2008, Tele2 increased its efforts in gaining market share in the broadband market. The marketing expenditures nonetheless decreased due to less acquisition costs for mobile offerings.

For the full year of 2008, Tele2 Netherlands' **earnings before interest, tax, depreciation and amortization (EBITDA)** were € 137.2 million compared with € 80.6 million in 2007. For the second half year of 2008, EBITDA were € 77.4 million compared with € 39.6 for the second half year of 2007 and € 59.8 million in the first half year of 2008.

Tele2 Netherlands' **net result for continued operations** in 2008 amounted to a profit of € 5.9 million compared with a loss of € 80.2 million in 2007. Net result for continued operations in the second half year

of 2008 amounted to a profit of € 19.9 million compared with a loss of € 46.0 million in the second half year of 2007 and a loss of € 14.1 million in the first half year of 2008.

Capital expenditures (“Capex”) from continued operations in 2008 were €72.0 million, compared with € 90.9 million in 2007. Capex from continued operations in the second half year of 2008 were € 28.7 million, versus € 43.6 million and € 43.3 in the second half year of 2007 and in the first half year of 2008 respectively.

Free Cash Flow (“FCF”, calculated as EBITDA less Capex) for continued operations for the full year of 2008 was positive € 65.2 million compared with negative € 10.3 million in 2007. FCF for continued operations for the second half year of 2008 was positive € 48.7 million compared with negative € 4.0 million in the second half year of 2007 and positive € 16.5 million in the first half year of 2008.

As per December 31, 2008, Tele2 Netherlands had € 7.6 million in **cash** on its balance sheet compared with € 38.7 million at the end of 2007 and € 9.7 million at the end of the first half year of 2008. To optimize the interest return on its cash position, Tele2 Netherlands has joined the zero balance cash pool of the Tele2 group. The positive balance in the cash pool, which amounts to € 21.1 million at the end of the second half year of 2008 and € 21.5 million at the end of the first half year of 2008, is included in “related party current receivables”, as presented on the balance sheet.

Tele2 Netherlands had a **shareholders’ equity** position of € 249.9 million as at December 31, 2008 compared with € 247.5 million at December 31, 2007 and € 234.1 million at June 30, 2008. The net result (profit) of the full year of 2008 for continued operations increased the shareholders’ equity with € 5.9 million. The issuance of shares as a result of exercised warrants increased the equity with € 0.7 million. Shareholders equity also includes an amount of € 4.1 million which relates to the purchase of own shares. The purchase of own shares decreased the shareholders’ equity.

Un-audited Accounts:

Tele2 Netherlands is currently finalizing the financial statements for the year ended 31 December 2008, including the assessment of its deferred tax assets (DTA) which will be further disclosed in the annual report 2008. The consolidated balance sheets as of December 31, 2008, the related statements of operations and cash flows for the year ended December 31, 2008, as presented in this press release and financial tables thereto, are based on the statutory accounts and are un-audited.

Accounting policies:

The consolidated financial information for the period ended December 31, 2008 has been prepared using International Financial Reporting Standards (IFRS), except for the cashflow statement of the comparative period in 2007 which includes the Belgian operations as if they were continued. Note that EBITDA is not an IFRS measurement. Accounting policies and methods used in the consolidated financial information are the same as those used in the consolidated financial statements for the year ended 31 December 2007. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the interim consolidated financial information.

- END -

Tele2 Netherlands Holding N.V. ("Tele2 Netherlands"). Tele2 Netherlands, 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. Founded in October 1995, Tele2 Netherlands holds full telecommunication licenses in The Netherlands. Tele2 Netherlands operates a facilities-based local access broadband network that uses the latest network technologies to provide residential, business and wholesale customers with high bandwidth voice, data and Internet services. News and information are available at <http://www.tele2.nl/corporate>

This press release may include "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 Tele2 name/logo is a registered trademark in The Netherlands, Belgium, Luxembourg and several other European countries.

Contact: Tele2 Netherlands 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:

Cilesta van Doorn
Director Corporate Communications
Tel: +31-20-750-1318
E-mail: ir-netherlands@tele2.com

TELE2 NETHERLANDS HOLDING N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS

	<u>December 31, 2007</u>	<u>December 31, 2008</u>
Non current assets:		
Intangible assets:		
Goodwill	EUR 109,216	EUR 109,216
Other Intangible Assets	97,287	61,702
Total intangible assets	<u>206,503</u>	<u>170,918</u>
Property, plant and equipment		
Property, plant and equipment, net	273,945	240,273
Construction in progress	15,162	17,093
Total tangible assets	<u>289,107</u>	<u>257,366</u>
Financial assets:		
Other non-current assets	1,062	971
Total Financial Assets	<u>1,062</u>	<u>971</u>
Current assets:		
Inventories	1,648	1,682
Trade and other receivables	75,652	72,694
Other current assets	46,826	42,048
Related party current receivables (2)	-	22,527
Cash and cash equivalents	38,676	7,564
Total current assets	<u>162,802</u>	<u>146,514</u>
Total assets	<u><u>EUR 659,474</u></u>	<u><u>EUR 575,770</u></u>

SHAREHOLDERS' EQUITY AND LIABILITIES

	<u>December 31, 2007</u>	<u>December 31, 2008</u>
Shareholders' equity:		
Common stock, euro 0.02 par value	EUR 18,848	EUR 18,887
Additional paid-in capital	1,998,781	1,999,462
Repurchased shares (3)	-	(4,143)
Accumulated deficit	(1,770,148)	(1,764,266)
Total shareholders' equity	<u>247,481</u>	<u>249,940</u>
Non current liabilities		
Related party long-term senior notes	105,787	110,498
Related party long-term loan	61,035	36,673
Provisions	415	206
Other non current liabilities	22,762	20,692
Total long-term liabilities	<u>189,999</u>	<u>168,069</u>
Deferred income tax	25,318	19,033
Current liabilities		
Unearned revenue	37,802	39,304
Accounts payable	69,616	46,185
Accrued liabilities	84,723	48,133
Related party current account	4,535	5,106
Total short-term liabilities	<u>196,676</u>	<u>138,728</u>
Total shareholders' equity and liabilities	<u><u>EUR 659,474</u></u>	<u><u>EUR 575,770</u></u>

Notes:

- All financial data presented is unaudited, based on statutory accounts and in accordance with IFRS.
- Related party current receivables relate to the zero balance cash pool with the Tele2 group and the accrued interest, for an amount of € 21.1 million and € 1.4 million respectively .
- Shareholders equity include(s) an amount of € 4.1 million which relates to the purchase of own shares.

TELE2 NETHERLANDS HOLDING N.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share data)

	Six months ended		Twelve months ended	
	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008
Revenues:				
Third party revenues	EUR 321,229	EUR 315,263	EUR 577,319	EUR 643,730
Related party revenues	2,379	2,204	5,087	6,383
Total revenues	<u>323,608</u>	<u>317,467</u>	<u>582,406</u>	<u>650,113</u>
Direct cost of revenue:	168,737	153,712	303,971	325,517
Gross margin	154,871	163,755	278,435	324,596
Operating expenses:				
Selling general and administrative	115,238	86,378	197,823	187,379
Depreciation/amortisation	74,011	55,089	139,081	124,061
Total operating expenses	<u>189,249</u>	<u>141,467</u>	<u>336,904</u>	<u>311,440</u>
Operating result	(34,378)	22,288	(58,469)	13,156
Interest- and other income	1,899	170	3,011	502
Interest- and other expense	6,526	529	9,223	2,244
Interest expense related party	9,192	5,101	17,455	11,959
Currency exchange (gain)/loss	<u>57</u>	<u>23</u>	<u>(717)</u>	<u>(141)</u>
Result before income taxes	(48,254)	16,805	(81,419)	(404)
Income tax credit (charge)	<u>2,245</u>	<u>3,142</u>	<u>1,228</u>	<u>6,284</u>
Result for the period from continuing operations	(46,009)	19,948	(80,191)	5,881
Result for the period from discontinued operations	<u>27,763</u>	<u>-</u>	<u>15,667</u>	<u>-</u>
Result for the period	<u>(18,246)</u>	<u>19,948</u>	<u>(64,524)</u>	<u>5,881</u>
Other data:				
EBITDA from continuing operations	EUR 39,633	EUR 77,377	EUR 80,612	EUR 137,217
Net result after income taxes per common share:				
Basic	EUR (0.02)	EUR 0.02	EUR (0.07)	EUR 0.01
Weighted average shares outstanding:				
Basic	868,948	943,590	868,948	943,590
Total Shares outstanding				
Basic	<u>942,388</u>	<u>944,334</u>	<u>942,388</u>	<u>944,334</u>

Notes:

1 All financial data presented is unaudited, based on statutory accounts and in accordance with IFRS.

TELE2 NETHERLANDS HOLDING N.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six months ended		Twelve months ended	
	December 31, 2007	December 31, 2008 ⁽²⁾	December 31, 2007	December 31, 2008
cash flows from operating activities:				
Net result for the period from continuing operations	EUR (46,009)	EUR 19,948	EUR (80,191)	EUR 5,881
Net result for the period from discontinued operations	27,763	-	15,667	-
Net result	EUR (18,246)	EUR 19,948	EUR (64,524)	EUR 5,881
Depreciation and amortization	78,471	55,089	152,623	124,061
Other non-cash from operating activities	1,547	(1,838)	3,282	(3,762)
Gain on disposal of business	(32,345)	-	(32,345)	-
Changes in working capital ⁽²⁾	(6,461)	(24,334)	(44,573)	(57,521)
Net cash provided by operating activities	<u>22,966</u>	<u>48,865</u>	<u>14,463</u>	<u>68,659</u>
cash flows from investing activities:				
Capital expenditures	(48,262)	(28,692)	(101,786)	(71,985)
Proceeds from disposal of business	100,172	-	100,172	-
Acquisition of Business, net of cash	-	-	(196,486)	-
Net cash used in investing activities	<u>51,910</u>	<u>(28,692)</u>	<u>(198,100)</u>	<u>(71,985)</u>
cash flows from financing activities:				
Redemption of loans	6,548	-	-	-
Proceeds from share offering, net of expenses	-	-	251,391	720
Repurchased shares	-	-	-	(4,143)
Proceeds from loans from related parties	(121,448)	(22,297)	(116,900)	(24,362)
Net cash (used in)/provided by financing activities	<u>(114,900)</u>	<u>(22,297)</u>	<u>134,491</u>	<u>(27,785)</u>
Free cash flows (used)/provided ⁽²⁾	<u>EUR (40,024)</u>	<u>EUR (2,125)</u>	<u>EUR (49,146)</u>	<u>EUR (31,112)</u>

Notes:

- 1 All financial data presented is unaudited, based on statutory accounts and prepared in accordance with IFRS except for the comparative financial information of 2007 which includes the Belgian operations as if they were continued.
- 2 During 2008, Tele2 Netherlands joint the zero balance cash pool used within the Tele2 group. The positive cash pool balance is reported as Related Party Current Receivable and therefore included in the "Changes in working capital".
Due to the cashpool the Free cash flows are impacted for an amount of € 21.1 million (used) at year end 2008.

TELE2 NETHERLANDS HOLDING N.V.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Issued and paid in capital	Additional paid in capital	Repurchased shares	Accumulated deficit	Total
Balance at January 1, 2008	EUR 18,848	EUR 1,998,781	EUR -	EUR (1,770,148)	EUR 247,481
Repurchased shares			(4,143)		(4,143)
Proceeds from new shares issued ²	39	681			720
Net result for the period				5,881	5,881
Balance at December 31, 2008	<u>18,887</u>	<u>1,999,462</u>	<u>(4,143)</u>	<u>(1,764,266)</u>	<u>249,940</u>

Notes:

- 1 All financial data presented is unaudited, based on statutory accounts and in accordance with IFRS
- 2 Exercise and conversion of warrants issued in 2008

TELE2 NETHERLANDS HOLDING N.V.

Operating Statistics:

(Euro 000s)

	<u>2007</u> <u>HY1</u>	<u>2007</u> <u>HY2</u>	<u>2007</u> <u>FY</u>	<u>2008</u> <u>HY1</u>	<u>2008</u> <u>HY2</u>	<u>2008</u> <u>FY</u>
<u>The Netherlands</u>						
Revenue	258,799	323,607	582,406	332,647	317,466	650,113
Gross Margin	123,564	154,870	278,434	160,841	163,755	324,596
GM%	47.7%	47.9%	47.8%	48.4%	51.6%	49.9%
EBITDA	40,979	39,632	80,611	59,841	77,376	137,217
Capex	(47,282)	(43,641)	(90,923)	(43,293)	(28,692)	(71,985)
<u>The Netherlands</u>						
Revenue						
Business	96,473	94,131	190,605	90,575	91,152	181,727
Residential	128,903	196,459	325,362	198,439	186,110	384,549
Carrier	33,422	33,017	66,439	43,633	40,204	83,837
Total	258,799	323,607	582,406	332,647	317,466	650,113
<u>The Netherlands</u>						
Customers						
Business	54,955	53,881		52,214	50,806	
Residential	1,447,062	1,359,625		1,244,918	1,180,381	
Carrier	183	183		183	183	
Total	1,502,200	1,413,689		1,297,315	1,231,370	
<u>The Netherlands</u>						
Residential Customers						
Mobile	589,614	566,309		496,917	455,531	
Fixed	549,886	465,626		410,087	362,415	
Narrow & Broadband	307,562	327,690		337,914	362,435	
Total	1,447,062	1,359,625		1,244,918	1,180,381	

Note

For the purposes of above mentioned residential customer numbers, it is noted that Tele2 Netherlands defines a "customer" as anyone who purchased a product and still is an active customer.

The income statement data as presented above relates to continued operations. The 2007 comparative income statement data has been re-presented in order to reflect the operations of Tele2 Netherlands in Belgium as discontinued due to the sale of the Belgian activities in October 2007. The 2007 revenue and expense lines now include intercompany amounts that were eliminated in the presentation of prior press releases and therefore may differ from prior year disclosure.