

Proposed a distribution of 3.77 Euro per share

FASTWEB: 2005 revenues reach 967.8 million Euro (+34% vs 2004)

EBITDA up 43% to 305.3 million Euro

714,300 clients at 31 December (+ 218,300 vs 2004)

- Client base increased 44% in 2005, 70,300 new subscribers in 4Q
- Revenues reached 967.8 million Euro, +34% from 2004
- Consolidated EBITDA rose 43% to 305.3 million Euro, standing at 32% of revenues
- 4Q 2005 EBITDA growth of 57% yoy
- Geographical coverage extended to 8.5 million households and businesses with capital expenditure of 682.6 million Euro, compared with target coverage of 7.0 million clients and capex of 700 million Euro
- Net debt of 469.1 million Euro at 31 December 2005, 1.5 times EBITDA
- Extraordinary 3.77 Euro per-share pay-out from reserves, for an overall amount of 300 million Euro
- 2,994 employees at 31 December 2005 compared with 2,108 at the end of 2004

Milan, 27 March -- The Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed line telecommunications services operator, today approved the draft financial statements for the year to 31 December 2005.

The results for 2005 confirm the speed and efficiency of the geographical roll-out that enabled the company to double network coverage ahead of schedule while making savings on capital expenditure.

Geographical coverage increased from 4.0 million households and businesses at the end of 2004 to a market potential of 8.5 million at the end of 2005, versus an initial projection of 7.0 million. The infrastructure served 113 metropolitan areas with overall network extension of 20,000 kilometres.

Consolidated revenues for 2005 were 967.8 million Euro, an increase of 34% versus 719.6 million Euro in 2004. In line with the planned growth curve, the fourth quarter saw a strong acceleration in revenues, which totalled 287.5 million Euro, 46% up on 197.3 million Euro in the fourth quarter of 2004.

IRU sales (Indefeasible Rights of Use on telecommunications infrastructures) contributed 5.8% to total revenues, down from 2004.

Confirming the high profitability of FASTWEB's business model, 2005 recorded also a positive trend in margins, which made healthy progress despite operating costs for network expansion and new client acquisitions. 2005 consolidated **EBITDA** was 305.3 million Euro, up 43% on 213.5¹ million Euro in 2004 (32% margin).

FASTWEB reported consolidated EBITDA of 97.2 million Euro in the fourth quarter 2005 (34% margin), a 57% improvement from 61.9¹ million Euro in the corresponding quarter 2004.

"2005 was a crucial year for FASTWEB," commented Chief Executive Officer Stefano Parisi. "We substantially completed the roll-out of the network which has finally reached nationwide coverage. From now on, investments will mainly focus on connection of new clients, with pay-back time below one year. The network's high level of flexibility will also allow integration with new access technologies that may become available, enabling FASTWEB to efficiently exploit commercial and technological opportunities as they arise."

EBIT was negative for 107.4 million Euro compared to an operating loss of 76.9 million Euro in 2004. Such result was impacted not only by the increase in the level of depreciation related to the geographical expansion, but also by ordinary bad debt provisions (approximately 4% of revenues) and certain non recurrent items which accounted for a total of approximately 60.0 million Euro. These items include provisions related to the litigations with Telecom Italia on interconnection fees and with SKY on the cost of certain content packages purchased on a wholesale basis by e.BisMedia, provisions made for a fidelisation plan on the 2005 customer base that will be implemented over the next months and for the charges on the disposal of e.Voci which took place at the beginning of 2006.

Net **financial charges** were 48.3 million Euro compared with 67.1 million Euro in 2004, with the company benefiting from the lower level of debt and the improved conditions on its financing agreement, which was renegotiated at the beginning of 2005.

¹ 4th Quarter 2004 EBITDA is restated to exclude the extraordinary effect of real estate disposal for € 5.2 Million, which is accounted as "Other Revenues" under IFRS. Including this effect, 4th Quarter 2004 EBITDA was 67.0 million Euro and 2004 full-year EBITDA was 218.7 million Euro.

FASTWEB posted a **consolidated net loss** of 124.8 million Euro for 2005, compared with a loss of 98.7 million Euro in 2004.

The Parent Company posted a net loss of 195.0 million Euro in 2005, which will be covered by the share premium reserve.

Capital expenditure in 2005 amounted to 682.6 million Euro, compared with 429.5 million Euro in 2004. Thanks to greater efficiency in the network roll-out, investments were lower than planned, even though the roll-out exceeded the targets set at the beginning of the year.

Available sources totalled 570 million Euro at 31 December 2005. This amount included cash and cash equivalent (120 million Euro) and undrawn credit lines (450 million Euro). With network coverage substantially completed, the company expects to begin generating cash by the end of 2006, earlier than planned one year ago.

Net debt at the end of 2005 was 469.1 million Euro, compared with 863.1² million Euro at the end of 2004.

Wider geographical coverage generated fast growth of the client base, which reached 714,300 subscribers at 31 December 2005, an increase of 218,300 in the last 12 months. Fourth quarter 2005 saw a record growth of 70,300 net additions, reflecting the company's excellent commercial penetration both in areas already covered and in those reached during the year.

The breakdown between **residential and business client** was stable (85% and 15% respectively), confirming the balanced contribution to growth of both segments, which accounted for 43% and 57% respectively of total revenues.

During the year FASTWEB continued to strengthen its position on the corporate market. With its advanced services and superior quality and reliability, the company today is the main alternative to the incumbent in a segment which offers significant growth opportunities, both in terms of expansion of the client portfolio and of potential increase in the share of wallet of existing clients.

The number of large business clients increased by over 50% during 2005, with FASTWEB being awarded approximately 65% of the number of the bids to which it has participated. In terms of connected sites, the number has more than doubled compared with the end of 2004, confirming the growing contribution of multi-sites customers.

² December 2004 net debt was 820,3 million Euro before the effect of IAS/IFRS 32 and 39 which has been included starting from January 2005.

Residential **ARPU** (Average Revenue per User) in December 2005 was 872 Euro on an annualised basis, substantially unchanged from the previous quarters. Annualised ARPU on telecommunications services was 806 Euro, while the annual average spend of video clients was 314 Euro, also in line with previous quarters.

On top of the geographical expansion, FASTWEB's organisational structure was increased to match the new scale of the business, as the company took on new internal and external resources, mainly to handle sales, activation and customer care operations, that are critical in consolidating competitive advantage. These activities contributed to the growth of the Group's workforce from 2,108 employees at the end of 2004 to 2,994 at the end of 2005.

Distribution of reserves

In view of the important operating results achieved in 2005, of the substantial completion of the geographical expansion ahead of schedule and of the significant reduction in the cost of debt during the year, the company intends to optimise its financial structure, taking advantage of its under-exposure to debt in order to increase financial leverage.

The re-leverage, after which the net debt/EBITDA ratio will be kept anyhow at a conservative level even considering the significant investments that will continue to sustain future growth, will take place through an extraordinary pay-out of 3.77 Euro per share from the share premium reserve. The total amount of the distribution, that the Board of Directors has proposed to the Shareholders' Meeting called for 27/28 April 2006, will be of approximately 300 million Euro.

The Board of Directors has also proposed the payment to take place in October (ex-dividend date 2 October 2006).

The distribution of share premium reserve does not constitute taxable income for the beneficiary, since it must be set against the fiscally recognised cost of the shares.

Outlook

FASTWEB will continue to introduce new innovative services in 2006, to maintain its position of technological leader.

Specifically, it will raise the quality of its broadband Internet services with the introduction of ADSL2+ technology that will deliver download speed of up to 20 Mbit/s to both current and new customers. Upload speed will be raised to 1 Mbit/s for all ADSL clients, without any additional fees. FASTWEB will also launch the new "REPLAY tv" service allowing users to replay at any time TV programs broadcasted by the main national channels in the three previous days.

The company will also introduce a new offer on a full unbundling basis, so that clients can use the broadband Internet service without a telephone access fees.

For full year 2006, FASTWEB targets revenue growth of around 30% and EBITDA growth of more than 40%, with cash flow breakeven by the end of the year, as already communicated to the market on 16 February.

The management's projections for 2006 are based on the information currently available. They reflect market parameters and other economic fundamentals and could therefore materially diverge from the actual results.

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Consolidated Income Statement 2005 (€ Mln)

	Full Year 2005	Full Year 2004	
			<i>change</i>
Consolidated Revenues from Operations	967.8	719.6	34.5%
Other Income	11.6	33.5	
Operating Expenses	(674.1)	(534.3)	
EBITDA	305.3	218.7	39.6%
<i>EBITDA Margin (%)</i>	<i>31.5%</i>	<i>30.4%</i>	
Depreciation, amortization and write-downs	(412.7)	(295.6)	
EBIT	(107.4)	(76.9)	(39.7%)
<i>EBIT Margin (%)</i>	<i>(11.1%)</i>	<i>(10.7%)</i>	
Net Financial Income / (Expenses)	(48.3)	(67.1)	
Extraordinary Items	0.0	0.0	
Net Taxes	30.9	45.3	
Consolidated Net Loss	(124.8)	(98.7)	(26.5%)
	<i>(12.9%)</i>	<i>(13.7%)</i>	

Reclassified Consolidated Income Statement – Fourth Quarter 2005 (€ Mln)

	4Q 2005	3Q 2005		4Q 2004	
			<i>change</i>		<i>change</i>
Consolidated Revenues from Operations	287.5	258.5	<i>11.2%</i>	197.3	<i>45.7%</i>
Other Income	7.4	1.2		26.8	
Operating Expenses	(197.7)	(178.8)		(157.0)	
EBITDA	97.2	80.9	<i>20.1%</i>	67.0	<i>(44.9%)</i>
<i>EBITDA Margin (%)</i>	<i>33.8%</i>	<i>31.3%</i>			
Depreciation, amortization and write-downs	(130.9)	(102.0)		(85.7)	
EBIT	(33.7)	(21.1)	<i>(59.6%)</i>	(18.7)	<i>(80.5%)</i>
<i>EBIT Margin (%)</i>	<i>(11.7%)</i>	<i>(8.2%)</i>			
Net Financial Income / (Expenses)	(8.9)	(8.7)		(19.3)	
Net Taxes	(1.5)	11.4		24.3	
Consolidated Net Loss	(44.1)	(18.4)	<i>(139.7%)</i>	(13.7)	<i>(222.9%)</i>
	<i>(15.3%)</i>	<i>(7.1%)</i>		<i>(6.9%)</i>	

Reclassified Consolidated Balance Sheet - 31/12/2005 (€ Mln)

	December 31 2005	September 30 2005	December 31 2004
Cash and Deposits	120.3	293.4	102.6
Net trade receivable	355.3	327.3	269.4
Other receivable	578.4	540.3	455.7
Inventories and other current assets	4.5	8.4	12.8
Total Current assets	1,058.4	1,169.4	840.5
Net tangible assets (PP&E)	1,589.8	1,409.1	1,252.6
Net intangible assets	392.0	369.1	394.2
Net financial assets	3.2	3.8	6.1
Total Fixed assets	1,985.0	1,782.1	1,652.9
Discontinued Operations Assets	7.4	0.0	0.0
Total Assets	3,050.8	2,951.4	2,493.4
Trade payable	510.5	413.3	324.8
Other payable	186.0	155.6	131.4
Employees' entitlements fund	16.3	15.7	11.5
Financial debt	589.3	599.3	922.9
Total Liabilities	1,302.1	1,183.9	1,390.6
Share capital & Reserves	1,866.4	1,848.2	1,201.6
Net income / (loss) for the period	(124.8)	(80.7)	(98.7)
Total Group share of shareholders' equity	1,741.6	1,767.5	1,102.9
Minority interest in share capital	0.0	0.0	0.0
Liabilities related to discontinued operations	7.1	0.0	0.0
Total Liabilities and Shareholders' Equity	3,050.8	2,951.4	2,493.4

Reclassified Consolidated Cash Flow Statement – Fourth Quarter 2005 (€ Mln)

	4Q 2005	3Q 2005	4Q 2004
Group share of Net Loss	(44.1)	(18.4)	(13.7)
Non cash Adjustment	95.5	73.2	43.2
Change in Minority Interest Capital	0.0	0.0	(0.4)
Gross Operating Fund generation	51.4	54.8	29.1
(Incr.) / Decr. accounts receivable	(49.8)	(25.8)	23.4
Incr / (Decr.) accounts payable	110.2	22.4	23.7
Change in working capital	60.4	(3.4)	47.1
(Purchase)/Disposal of assets: Tangibles	(252.1)	(123.9)	(17.9)
(Purchase)/Disposal of assets: Intangibles	(40.1)	(17.7)	(65.1)
(Purchase)/Disposal of assets: Financials	(1.0)	1.2	(0.1)
Total (purchase)/disposal of assets	(293.1)	(140.4)	(83.1)
Net Operating Fund generation	(181.3)	(89.0)	(6.9)
Increase/(Decrease) in Share Capital & Reserve	18.2	1.3	1.1
Net Financial Position at beginning of period	(305.9)	(218.3)	(814.5)
Net Financial Position at end of period	(469.1)	(305.9)	(820.3)
<i>Cash and Pledge accounts</i>	<i>120.3</i>	<i>293.4</i>	<i>102.6</i>
<i>Financial debts</i>	<i>(589.3)</i>	<i>(599.3)</i>	<i>(922.9)</i>