

*In December Annual Residential ARPU at €894: the highest in Europe*  
**e.Biscom: 2003 Revenues at €529.1 million (+65% vs 2002)**  
**Consolidated EBITDA at €110.7 million (+ € 145.9 million vs 2002)**  
**330,600 Clients at December 31<sup>st</sup> (+ 88% vs 2002)**

- Fourth quarter 2003 consolidated EBITDA margin at 27%
- 65% consolidated revenues from business customers and 35% from residential in 2003
- In 2004 expected consolidated revenues of over € 700 million and expected EBITDA of over € 210 million
- 480,000 clients expected in 2004 and expansion of the network to reach a potential of four million homes passed vs the over 3.1 million reached at the end of 2003

*Milan, February 26<sup>th</sup> 2004* -- The Board of Directors of e.Biscom S.p.A. (Milan, *Nuovo Mercato*: EBI), Italy's leading broadband telecommunications company, met today and approved the 2003 financial report. The Company, following the Instructions accompanying the Rules of the *Nuovo Mercato*, will not present separate documentation relative to the fourth quarter of the year.

In 2003, e.Biscom further exceeded the targets, which had been upgraded mid year, both in terms of operational and financial results and despite the deconsolidation of HanseNet in the last quarter of the year.

The Company also concluded the consolidation of its activities by focusing on its core Italian broadband market and by streamlining the Group's structure. In 2003 e.Biscom sold its German subsidiary, HanseNet Telekommunikation GmbH, thus deriving fresh financial resources for its further expansion in Italy. Furthermore e.Biscom divested from its non-strategic activities and bought out the minority shareholdings in FastWeb of which it now holds 100%.

Thanks to its offer of voice, Internet and video over a single connection and to its worldwide premiership in the launch of broadcast television in digital quality both to its DSL and its fibre optic clients, e.Biscom today is the only telecommunications company which offers all the main advanced services which *Analysys Research* reports will be the main drivers for residential customers five years from now (voice over IP, television using IP and DSL technology, videosurveillance, videotelephony, premium Internet access, firewalls, back-up on-line, games on-line, installation and integration).

This vast and breakthrough range of services explains e.Biscom's unique competitive advantage both in the residential market where it has the highest average revenue per family in Europe, equal to € 894 per annum in December 2003, and in the business segment where it has acquired such important customers as the Italian Ministry of Defense, Banca Popolare di Sondrio and Biverbanca.

“As we are the first company in the world to have demonstrated the technological and financial sustainability of a business model based on triple play voice-Internet-video over a single, virtually limitless bandwidth connection, e.Biscom is universally considered to be the worldwide benchmark in broadband telecommunications” said **Silvio Scaglia**, Chairman of e.Biscom. “The group’s structure, financing and ownership are now extremely simple and transparent and thanks to its competitive advantage, e.Biscom will continue to ensure remarkable growth rates.”

In 2003, e.Biscom reported consolidated revenues of € 529.1 million – versus € 500 million initially estimated and successively updated mid year to € 510 million – with a 65% increase versus € 319.9 million reported in 2002 (and an over 90% increase versus € 236.9 excluding HanseNet). In the fourth quarter 2003, consolidated revenues came in at € 143.3 million, up 57% with respect to € 91.2 million reported for the same year ago period (more than double € 68.9 million reported in the fourth quarter 2002 excluding HanseNet).

There was a sharp increase also in margins. The continuous and progressive increase in consolidated EBITDA during 2003 allowed e.Biscom to close the year with an EBITDA of €110.7 million with respect to € 70 million estimated initially, upgraded to € 90 million in August 2003 and € –35.2 million reported for 2002. In the fourth quarter 2003, the Company reported consolidated EBITDA of € 38.8 million, an increase of € 37.1 million with respect to € 1.7 million reported during the fourth quarter 2002 (and € 40.3 million excluding HanseNet).

The remarkable increase in consolidated EBITDA in 2003 – after only three years of commercial activity – is further enhanced by the high profitability of e.Biscom’s business model with an EBITDA margin of 21% full year (27% in the fourth quarter despite investment in the newly connected cities). In 2006, with the further geographical expansion of its network, e.Biscom’s annual EBITDA margin should reach 45%.

With FastWeb, e.Biscom confirms its leadership among the alternative fixed broadband companies in Italy with 330,600 clients at December 31<sup>st</sup>, of which 50,730 businesses and 279,870 homes, with an 88% increase with respect to 176,100 at the end of 2002. During the fourth quarter 2003, e.Biscom’s new subscribers amounted to 40,400 – out of a total of over 3.1 million homes passed – confirming the growth trend reported during the previous quarter.

In December e.Biscom’s residential ARPU (average revenue per user) rose to € 894 per annum, with respect to € 800 in 2002, thanks both to increased annual ARPU from telecom services (from € 783 in December 2002 to € 803 in December 2003) and to the increased contribution from video services (from € 126 in December 2002 to € 341 in December 2003) thanks both to the higher penetration of video on the total customer base and to the increased purchase of video-on-demand and pay-TV services.

In the fourth quarter 2003, e.Biscom reported a net consolidated loss of € 7.8 million, almost half the € –13.3 million reported for the fourth quarter 2002. The streamlining of its activities and the extraordinary items arising from the sale of HanseNet in the third quarter (amounting to € 157.7 million) have influenced the net consolidated loss which, for the year 2003, amounted to €331.5 million.

In 2003 consolidated operational expenditure amounted to € 458.2 versus € 656.7 in 2002. This reduction in expenditure is largely due to the completion of the network infrastructure in the cities initially included in the business plan.

At December 31<sup>st</sup> 2003, e.Biscom had sources of funds amounting to € 436 million, of which €297 million were composed of cash and deposits and € 139 million in undrawn credit lines.

At December 31<sup>st</sup> 2003, the headcount for the Group was of 1480 employees to which an external workforce of around 3,000 people working full time should be added focusing on sales, customer care, network development and client connections.

### **2004 Targets**

The remarkable growth rate and return on investment posted in 2003 allow e.Biscom to confirm the targets announced for 2004 in its strategic plan.

e.Biscom estimates that it will close 2004 with consolidated revenues of over € 700 million, up approximately 35% with respect to 2003.

In 2004 consolidated EBITDA is expected to reach over € 210 million (equal to 30% of revenues), up 90% with respect to 2003 and despite FastWeb's high start up costs in the newly wired cities.

The technological investments expected for 2004 are almost € 400 million.

The constant expansion of its activities in the cities covered by its network and the further geographical development in the North-East and South of Italy (Venice, Padua and Bari) will allow e.Biscom to increase the number of homes passed to 4 million at the end of 2004, from 3 million at the end of 2003. At December 31<sup>st</sup> 2004 expected clients should be over 480,000, up over 45% with respect to 2003.

e.Biscom confirms that it will reach all the targets announced last November and, in particular, that from 2005 it will generate profit and positive cash flow.

*The above-mentioned indications for 2004 represent e.Biscom management's expectations based on currently available information. These expectations reflect certain assumed market parameters and other economic fundamentals and may therefore differ from actual future results.*

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**Pro-forma Consolidated Income Statement (in € millions) at 31/12/2003**  
Quarterly Analysis

	Quarter ended December 30, 2003	Quarter ended December 30, 2002	% change
<b>Consolidated Revenues from Operations</b>	<b>143.3</b>	<b>91.2</b>	57.2%
Other Income	4.4	3.0	
Operating Expenses	(108.9)	(92.5)	
<b>EBITDA</b>	<b>38.8</b>	<b>1.7</b>	(2197.1%)
<i>EBITDA Margin (%)</i>	27.1%	1.9%	
Depreciation, amortization and write-downs	(88.8)	(87.1)	
<b>EBIT</b>	<b>(49.9)</b>	<b>(85.4)</b>	41.6%
<i>EBIT Margin (%)</i>	(34.8%)	(93.7%)	
Net Financial Income / (Expenses)	(15.1)	(15.8)	
Extraordinary Items	(3.7)	(6.5)	
Net Taxes	61.0	103.2	
<b>Consolidated Net Loss</b>	<b>(7.8)</b>	<b>(4.6)</b>	(67.6%)
	(5.4%)	(5.1%)	
Minority interests		(8.7)	
<b>Group share of Net Loss</b>	<b>(7.8)</b>	<b>(13.3)</b>	41.5%

**Pro-forma Consolidated Income Statement (in € millions) at 31/12/2003**  
Yearly analysis

	31/12/2003	31/12/2002	
	<u>                    </u>	<u>                    </u>	<i>% change</i>
<b>Consolidated Revenues from Operations</b>	<b>529.1</b>	<b>319.9</b>	<i>65.4%</i>
Other Income	9.6	8.7	
Operating Expenses	(428.0)	(363.9)	
<b>EBITDA</b>	<b>110.7</b>	<b>(35.2)</b>	<i>414.6%</i>
<i>EBITDA Margin (%)</i>	<i>20.9%</i>	<i>(11.0%)</i>	
Depreciation, amortization and write-downs	(315.2)	(234.0)	
<b>EBIT</b>	<b>(204.5)</b>	<b>(269.2)</b>	<i>24.0%</i>
<i>EBIT Margin (%)</i>	<i>(38.7%)</i>	<i>(84.1%)</i>	
Net Financial Income / (Expenses)	(31.5)	(62.2)	
Extraordinary Items	(156.6)	(11.4)	
Net Taxes	61.0	103.2	
<b>Consolidated Net Loss</b>	<b>(331.7)</b>	<b>(239.6)</b>	<i>(38.4%)</i>
	<i>(62.7%)</i>	<i>(74.9%)</i>	
Minority interests	0.1	44.3	
<b>Group share of Net Loss</b>	<b>(331.5)</b>	<b>(195.3)</b>	<i>(69.8%)</i>

## Pro-forma Consolidated Balance Sheet (in € millions) at 31/12/2002

	Dec. 31, 2003	Dec. 31, 2002
<b>Cash and Deposits</b>	296.5	443.8
Net trade receivable	199.0	124.1
Other receivable	470.7	479.0
Inventories and other current assets	12.4	6.6
<b>Total Current assets</b>	<b>978.5</b>	<b>1,053.6</b>
Net tangible assets (PP&E)	1,065.1	1,012.4
Net intangible assets	392.1	415.5
Net financial assets	9.0	26.4
<b>Total Fixed assets</b>	<b>1,466.3</b>	<b>1,454.3</b>
<b>Total Assets</b>	<b>2,444.8</b>	<b>2,507.9</b>
Trade payable	303.9	398.8
Other payable	104.6	76.4
Employees' entitlements fund	9.1	6.4
Short-term Financial debt	7.2	26.4
Long-term Financial debt	826.9	668.4
<b>Total Liabilities</b>	<b>1,251.7</b>	<b>1,176.4</b>
Share capital & Reserves	1,959.6	1,691.6
Retained earnings / (losses) brought forward	(435.0)	(239.6)
Net income / (loss) for the period	(331.5)	(195.3)
<b>Total Group share of shareholders' equity</b>	<b>1,193.1</b>	<b>1,256.7</b>
Minority interest in share capital		119.1
Minority interest in net income / (loss) for the period		(44.3)
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,444.8</b>	<b>2,507.9</b>

## Pro-forma Consolidated Cash Flow Statement (in € millions) at 31/12/2003 Quarterly Analysis

	Quarter ended December 31, 2003	Quarter ended December 31, 2002
<b>Group share of Net Loss</b>	<b>(7.8)</b>	<b>(13.3)</b>
Amortization	79.6	79.6
Other non-cash adjustments	(62.9)	(95.0)
Minority Interest Net Result	0.0	8.7
Change in Minority Interest Capital	0.0	
<b>Gross Operating Fund generation</b>	<b>8.9</b>	<b>(20.0)</b>
(Incr.) / Decr. accounts receivable	(13.9)	(35.8)
Incr / (Decr.) accounts payable	(27.0)	24.7
<b>Change in working capital</b>	<b>(40.9)</b>	<b>(11.2)</b>
(Purchase)/Disposal of assets: Tangibles	(112.3)	(142.3)
(Purchase)/Disposal of assets: Intangibles	(20.7)	(29.0)
(Purchase)/Disposal of assets: Financials	0.0	3.4
<b>Total (purchase)/disposal of assets</b>	<b>(133.0)</b>	<b>(167.8)</b>
<b>Net Operating Fund generation</b>	<b>(165.0)</b>	<b>(199.0)</b>
<b>Increase/(Decrease) in Share Capital</b>	<b>238.5</b>	<b>0.0</b>
<b>Net Financial Position at beginning of period</b>	<b>(611.2)</b>	<b>(52.2)</b>
<b>Net Financial Position at end of period</b>	<b>(537.7)</b>	<b>(251.2)</b>
<i>Cash and Pledge accounts</i>	<i>296.5</i>	<i>443.6</i>
<i>Bank overdraft</i>	<i>(3.8)</i>	<i>(3.8)</i>
<i>Short term financial debts</i>	<i>(7.2)</i>	<i>(22.6)</i>
<i>Long term financial debts</i>	<i>(823.1)</i>	<i>(668.4)</i>

**Pro-forma Consolidated Cash Flow Statement (in € millions) at 31/12/2003**  
Yearly analysis

	<u>31/12/2003</u>	<u>31/12/2002</u>
<b>Group share of Net Loss</b>	<b>(331.5)</b>	<b>(195.3)</b>
Amortization	283.5	220.3
Other non-cash adjustments	57.5	(85.9)
Minority Interest Net Result	(74.7)	(44.5)
Change in Minority Interest Capital		
<b>Gross Operating Fund generation</b>	<b>(65.2)</b>	<b>(105.4)</b>
(Incr.) / Decr. accounts receivable	(11.4)	(219.8)
Incr / (Decr.) accounts payable	(62.2)	63.6
<b>Change in working capital</b>	<b>(73.6)</b>	<b>(156.2)</b>
(Purchase)/Disposal of assets: Tangibles	(233.4)	(563.1)
(Purchase)/Disposal of assets: Intangibles	(224.8)	(93.6)
(Purchase)/Disposal of assets: Financials	42.5	(1.0)
<b>Total (purchase)/disposal of assets</b>	<b>(415.7)</b>	<b>(657.7)</b>
<b>Net Operating Fund generation</b>	<b>(554.4)</b>	<b>(919.3)</b>
<b>Increase/(Decrease) in Share Capital</b>	<b>268.0</b>	
<b>Net Financial Position at beginning of period</b>	<b>(251.2)</b>	<b>668.1</b>
<b>Net Financial Position at end of period</b>	<b>(537.7)</b>	<b>(251.2)</b>
<i>Cash and Pledge accounts</i>	296.5	443.6
<i>Bank overdraft</i>	(3.8)	(3.8)
<i>Short term financial debts</i>	(7.2)	(22.6)
<i>Long term financial debts</i>	(823.1)	(668.4)