

Revenues rise 77% in the first half 2004 to € 336.7 million

--Consolidated EBITDA at € 99.5 million--

--417,500 customers as at 30 June 2004--

- e.Biscom: consolidated revenues rise 77% in the first half 2004 to € 336.7 million
- Consolidated EBITDA at € 99.5 million, up 233% compared to the first half 2003
- EBITDA margin at 30% of consolidated revenues compared to 16% in the first half 2003
- Customers at 417,500 at the end of June (up 68% compared to June 2003)
- Video customers up 116% from 70,000 at the end of June 2003 to over 151,000 in June 2004
- Geographical coverage extended to the cities of Padua, Modena, Bari and Alessandria
- New offers for both residential and business customers

Milan, 27 August 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 half year report at June 30, 2004.

During the first half 2004, e.Biscom confirmed a trend of sharp growth and achieved significant operating and financial results that are closely in line with year-end targets.

At the same time, measures were taken in order to strengthen the Group's structure and Corporate Governance model.

In the framework of the merger of FastWeb into e.Biscom, a € 948 million medium-long term bank financing was negotiated with better terms and conditions to replace the former facility of an equivalent amount granted to FastWeb. The pool of financing banks, previously made up of Interbanca and Unicredit Banca Mobiliare, was expanded in August to include BNP Paribas and ABN Amro with the same role as the other banks. The widening of the pool of banks witnesses that the Group's increased maturity and stability is now recognised also on the international markets.

The Board of Directors today approved the Code of Ethics, which represents a further enhancement of the Group's Corporate Governance model.

On 14 July Carlo Secchi - Chancellor of University Luigi Bocconi - was appointed as independent non-executive Director: the majority of e.Biscom's Board is, in this phase, composed of independent non-executive Directors.

e.Biscom announced that **consolidated revenues** rose to € 336.7 million in the first half 2004, up 77% with respect to € 189.8 million reported in the same period of the previous year. The increase would be of 42% including HanseNet that was sold to Telecom Italia in the third quarter 2003. Growth continued in the second quarter 2004: consolidated revenues were equal to € 179.0 million, up 60% on the same period last year (32% including HanseNet).



Margins have substantially improved. In the first half 2004, e.Biscom reported positive consolidated EBITDA of € 99.5 million, up 233% compared to € 29.9 million in the same period of 2003 (up 170% including HanseNet). In the second quarter, the Group recorded EBITDA of € 52.8 million, up 172% with respect to the same quarter last year (+129% including HanseNet).

First half 2004 EBITDA represents 30% of the Group's revenues almost doubled compared to the 2003 corresponding period.

"The achievements of the first half boost our confidence for the future. The Group has been successful in terms of operating and financial results, as demonstrated by the figures disclosed today, and also reached other significant goals, i.e. the strengthening of the Group's structure" said **Silvio Scaglia**, Chairman and CEO of e.Biscom. "I would like to emphasise the recognition from international markets with regard to the expansion of our pool of financing banks, as well as the efforts we have made towards a more transparent Corporate Governance model. e.Biscom has also played an active role with Italian and European regulatory authorities, with the aim of supporting the convergence between telecommunications and television services without discrimination against alternative operators."

In the first half 2004, the **net consolidated loss** amounted to € 83 million, compared to € 269 million recorded in the same period of the previous year.

Consolidated capital expenditure amounted to € 258 million in the six months to 30 June 2004 and to € 158 million - of which 116 were technical investments - in the second quarter of the year. In the first half 2004 the Group has acquired two buildings in Milan: one will become e.Biscom's HQ, while the other will host the Group's call center. This decision has been taken in order both to rationalize e.Biscom's real estate and to improve the work organization. As a consequence, e.Biscom will proceed with the sale of its building located downtown Milan in the next few months.

On 30 June 2004, e.Biscom had **sources of funds** amounting to € 285 million. These were composed of cash and equivalents of € 168 million and undrawn credit lines of € 117 million. These available funds will definitely cover the cash requirements of the Group until its cash flow will break even, which is confirmed in 2005.

At the end of the first half 2004, the **total number of customers** was 417,500, that is 168,000 new customers with respect to the 249,000 announced at the end of June 2003 (up 68%). 41,000 new customers were acquired in the second quarter 2004: the highest number of subscriptions reported so far for the April-June period.

Out of the total number of customers, 62,000 were companies (of which 1,300 medium and large businesses and 60,700 SOHO) and 355,500 residential customers, representing respectively 15% and 85% of the total. In terms of technology, 43% of customers are directly connected to the fiber optic FastWeb network, with the remaining 57% connected via DSL.

Residential customers account for 44% of turnover and business segment accounts for 56%.

TV and video customers were over 151,000 at the end of June 2004, up 116% compared to the 70,000 at the same date last year.

In June 2004, e.Biscom's residential **ARPU** (average revenue per user) reached to € 911 on year basis, with respect to € 816 in June 2003. This was achieved thanks both to the increased annual ARPU from telecom services (from € 795 in June 2003 to € 802 in June 2004) and to the higher contribution from video services (from € 21 in June 2003 to € 109 in June 2004).

As far as television services are concerned, Tv-On-Demand has begun to stand out as a customised, innovative and interactive television service since the first few months of 2004. This service was re-branded in June: **ONTv** is now the brand under which the Group's video-on-demand services are recognised and distributed.



The following premium channels have also be added to the offer, and can be purchased separately: Disney Channel, Roma Channel and Classica, as well as CNN and the Cartoon Network.

In line with its strategic position, which aims to ensure that its customers enjoy the widest-ranging choices, FastWeb also offers premium Pay Tv, Pay per View and VoD packages, also with reference to the Sky offer.

Furthermore, the Group offers football championships games, following an agreement reached in 2003 with Sky Italia effective until 2011.

In the first half 2004, e.Biscom expanded its **geographical coverage** to Padua, Modena, Bari and Alessandria. The Group's network infrastructure spanned over 12,400 Km at June 30th 2004, including metropolitan backbone and residential cabling of 7,600 km and long-distance backbone of 4,800 km. It reached over 3.7 million homes at the end of June with respect to the 3.4 million passed at the end of March 2004.

In the first half 2004, contracts were signed with Banca Popolare di Sondrio and the Ministry of Defence, for which FastWeb acts as technological partner. An agreement was also signed with Fiera Milano for the new Rho-Pero trade exhibition center, to which FastWeb will provide fixed-telephony services. In addition, FastWeb is participating in the expansion of the GARR Consortium's network that links Italian Universities with leading research institutions.

The commercial offer dedicated to business customers was enhanced during the period with the aim to further differentiate it from competition. In particular, the new "Small Business" offer for **small and mid-sized companies** was launched: its flexibility makes it possible for a business to acquire up to 30 telephone lines at a highly competitive fixed monthly rate.

Also, a new commercial offer for **residential customers**, named "Mega Linea FastWeb", was introduced in June: it can be customised according to the consumption profile of customers who can add the options that best meet their needs.

The Group has increased its focus on **customer satisfaction**. To this end, during the first half of 2004, FastWeb completed the "Isole di competenza" project, which was aimed at creating highly skilled customer care workgroups in order to fully satisfy in real time customer requests to the call centres. The results at the end of the first half of 2004 already show a further increase in the level of customer satisfaction.

At 30 June 2004, the Group counted 1,742 **employees**, to which an external workforce of over 3,000 people should be added in sales, network development and client connections.

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Pro-forma Consolidated Income Statement (in € Milions) at 30/06/2004

	2Q 2004	1Q 2004		2Q 2003	
			% change		% change
Consolidated Revenues from Operations	179,0	157,7	13,5%	135,6	32,0%
Other Income	2,8	1,1		1,6	
Operating Expenses	(129,0)	(112,0)		(114,1)	
EBITDA	52,8	46,7	(13,2%)	23,1	(128,8%)
EBITDA Margin (%)	29,5%	29,6%		17,0%	
Depreciation, amortization and write-downs	(81,4)	(70,1)		(81,7)	
EBIT	(28,5)	(23,4)	(21,8%)	(58,6)	51,3%
EBIT Margin (%)	(15,9%)	(14,9%)		(43,2%)	
Net Financial Income / (Expenses)	(17,0)	(14,1)		12,9	
Extraordinary Items				(159,5)	
Net Taxes				0,0	
Consolidated Net Loss	(45,5)	(37,6)	(21,1%)	(205,2)	77,8%
	(25,4%)	(23,8%)		(151,3%)	
Minority interests				(3,7)	
Group share of Net Loss	(45,5)	(37,6)	(21,1%)	(208,8)	78,2%

Pro-forma Consolidated Balance Sheet (in € Milions) at 30/06/2004

	June. 30, 2004	Mar. 31, 2004	June. 30, 2003
Cash and Deposits	168,2	224,6	240,0
Net trade receivable	228,3	225,8	171,4
Vat Receivable	139,3	179,2	145,5
Deferred Tax	250,1	247,5	185,6
Other receivable	64,7	61,1	145,1
Inventories and other current assets	11,8	9,4	6,1
Total Current assets	862,5	947,6	893,7
Net tangible assets (PP&E)	1.187,4	1.105,4	1.087,6
Net intangible assets	397,5	389,3	492,7
Net financial assets	7,5	9,1	16,2
Total Fixed assets	1.592,3	1.503,8	1.596,5
Total Assets	2.454,8	2.451,4	2.490,2
Trade payable	330,3	320,9	346,1
Other payable	109,0	109,6	124,8
Employees' entitlements fund	10,6	9,7	8,0
Short-term Financial debt	9,4	7,5	30,7
Long-term Financial debt	885,3	847,5	948,1
Total Liabilities	1.344,6	1.295,3	1.457,7
Share capital & Reserves	1.193,3	1.193,2	1.286,1
Net income / (loss) for the period	(83,0)	(37,6)	(269,0)
Total Group share of shareholders' equity	1.110,2	1.155,6	1.017,1
Minority interest in share capital		0,4	15,5
Minority interest in net income / (loss) for the period			(0,1)
Total Liabilities and Shareholders' Equity	2.454,8	2.451,4	2.490,2

Pro-forma Consolidated Cash Flow Statement (in € Millions) at 30/06/2004

	2Q 2004	1Q 2004	2Q 2003
Group share of Net Loss	(45,5)	(37,6)	(208,8)
Amortization	68,2	62,0	65,9
Other non-cash adjustments	(0,3)	0,5	173,9
Change in Minority Interest in Net Equity	(0,4)	0,4	(54,5)
Gross Operating Fund generation	22,0	25,4	(23,5)
(Incr.) / Decr. accounts receivable	28,7	(40,8)	(2,2)
Incr / (Decr.) accounts payable	11,3	22,3	8,5
Change in working capital	40,0	(18,6)	6,3
Purchase of assets: Tangibles	(126,2)	(80,6)	(86,1)
Purchase of assets: Intangibles	(32,1)	(18,9)	(265,3)
Purchase of assets: Financials	0,2		
Total purchase/disposal of assets	(158,1)	(99,5)	(351,4)
Net Operating Fund generation	(96,2)	(92,7)	(368,6)
Increase/(Decrease) in Share Capital			29,4
Net Financial Position at beginning of period	(630,4)	(537,6)	(399,6)
Net Financial Position at end of period	(726,6)	(630,4)	(738,8)
<i>Cash and Pledge accounts</i>	<i>168,2</i>	<i>224,6</i>	<i>240,0</i>
<i>Short term financial debts</i>	<i>(9,4)</i>	<i>(7,5)</i>	<i>(155,3)</i>
<i>Long term financial debts</i>	<i>(885,3)</i>	<i>(847,5)</i>	<i>(823,5)</i>