

*Year-end targets upgraded despite possible deconsolidation of HanseNet*  
**Revenues rise to € 237.3 million in the first half of 2003 (+66% vs 1<sup>st</sup> half 2002)**

**-- Positive Consolidated EBITDA at € 36.9 million (+ € 70.5 million) --**  
**-- 330,500 customers in Italy and Germany (more than double) --**

- Year-end targets upgraded: Consolidated revenues at € 510 million, despite the possible deconsolidation of HanseNet during the last quarter 2003; consolidated EBITDA at € 90 million; 330,000 FastWeb customers at year-end
- FastWeb: revenues hit € 183.1 million, almost double those of the first half of 2002
- FastWeb reports EBITDA of € 40.1 million, compared to the € -5.5 million of the first half year of 2002
- FastWeb counts 249,000 customers, almost two and a half times the June 30<sup>th</sup> 2002 number
- Over 60% of new fibre and DSL customers subscribe to video services
- From the end of August, all television services available to fibre customers will also be accessible to DSL customers

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*Milan, August 29<sup>th</sup> 2003* -- The Board of Directors of e.Biscom S.p.A. (Milan, Nuovo Mercato: EBI), Italy's leading broadband telecommunications company, met today to approve the half year report at June 30th 2003.

During the first half of the year, e.Biscom achieved significant operating and financial results, showing a further acceleration in rapid growth rates and great improvement in margins. At the same time, the Company has taken measures to focus on its core Italian telecommunications business, as announced at the end of last year. Today e.Biscom has full control of FastWeb and the consolidation of its activities and resources will allow even faster expansion in the Italian domestic market where, quarter after quarter, it has demonstrated the success of its business model.

During the first half of 2003, e.Biscom sold 100% of the share capital of e.BisNews, the publisher of the press agency AP.Biscom, to Telecom Italia thus completing the divestiture of its publishing business. The deal, which is subject to the approval of the relevant authorities, will entail a reduction in costs and will free resources for the consolidation of FastWeb's activities in the telecommunications business.

Subsequently, on July 29<sup>th</sup> 2003, e.Biscom signed an agreement with Telecom Italia for the sale of the German subsidiary HanseNet Telekommunikation GmbH. The sale of HanseNet brings fresh resources for a total of over € 250 million to e.Biscom reinforcing its competitive position in Italy. The closing of the deal is subject to the approval of the German Antitrust Authority.



Lastly, following the completion of the fibre optic network in Milan and the near completion of that in Genoa, e.Biscom proceeded to gain full control of the share capital of FastWeb and FastWeb Mediterranea by purchasing the minority stakes previously held by AEM and AMGA respectively.

FastWeb's high growth rates and return on investment have allowed e.Biscom to upgrade its 2003 year-end targets despite the possible deconsolidation of HanseNet in the last quarter of the year.

Thanks to FastWeb's increase in turnover, estimated consolidated returns should increase to € 510 million. Moreover, e.Biscom forecasts a further increase in consolidated EBITDA, which at year-end should be approximately € 90 million as against previously announced € 70 million. EBIT (earnings before interest and taxes) also improved at € - 210 million as against € - 220 million previously announced. Increase in FastWeb's customer numbers which at year end should be 330,000 as against 310,000 previously announced. Investments remain stable at € 450 million.

"FastWeb continues to prove that it is capable of exceeding its very ambitious growth and profitability targets" says **Silvio Scaglia** Chairman and CEO of e.Biscom, "In the future the concentration of all e.Biscom's resources on FastWeb, made possible in the first half of this year thanks to the re-focusing of activities, will allow further acceleration in this growth trend".

During the first half of 2003, e.Biscom reported consolidated revenues of € 237.3 million, up 66% on the € 143.2 million of the first half of the previous year. The growth trend in consolidated revenues rose further in the second quarter of the year closing with consolidated revenues of € 135.6 million, up 33% on the € 101.7 million recorded in the previous quarter.

Margins have also improved significantly. In the period January-June, the Company recorded positive consolidated EBITDA of € 36.9 million, an increase of € 70.5 million compared to the first half of 2002. During the second quarter, consolidated EBITDA was € 23.1 million, up 67% with respect to € 13.8 million of the first quarter.

At June 30<sup>th</sup> 2003, FastWeb and HanseNet customers totalled 330,500 - more than twice the 156,400 subscribers at the end of the first half of 2002 and 41,500 more than on March 31<sup>st</sup> 2003 (289,000).

In the second quarter 2003, consolidated net income was equal to € -208.8 million, due to the impact of non cash extraordinary items related to the sale of HanseNet for € 159.5 million (adjustment of the book value of the company to the value of the transaction).

In the first half of 2003 technological infrastructure investment totalled € 190 million compared with € 326.6 million spent in the same period a year earlier, thanks to the progressive completion of the network in the cities where FastWeb is present.

At June 30<sup>th</sup>, e.Biscom had sources of funds, not including cash from the sale of HanseNet, amounting to € 512 million composed of cash and deposits of € 240 million and undrawn credit lines of € 272 million.

At the end of the period, the Group counted 1,850 employees in Italy and abroad, to which an external workforce of over 2000 people should be added focusing on sales, customer care, network development and client connections.



## **Telecommunications**

In the first half of the year FastWeb reported revenues of € 183.1 million nearly double the € 95.6 million of the first six months of 2002. In the second quarter, FastWeb's revenues reached € 108.1 million, up 44% with respect to the € 75 million reported in the first quarter.

In the first six months of this year, FastWeb recorded an EBITDA more than four times higher than that recorded for the whole of 2002 coming in at € 40.1 million (equal to 22% of revenues) and significantly higher than the € -5.5 million reported in the first half of 2002. In the second quarter, the company recorded EBITDA of € 24.5 million, up 57% on the € 15.6 million of the previous quarter.

At June 30<sup>th</sup> 2003, FastWeb's customers exceeded 249,000, nearly two and half times the 103,900 subscribers reported at June 30<sup>th</sup> 2002 and with more than 36,000 new clients with respect to the first quarter (213,000). At the end of the first half of the year business customers were 42,200, of which 900 large and medium sized companies and 41,300 small businesses and SOHOS. Residential clients amounted to 206,800.

Residential ARPU (average revenues per user) in the first six months of 2003 was in line with the first half of the previous year (over € 790 on a yearly basis, plus € 130 yearly for video services).

According to reports published by the Ministry of Communications, FastWeb obtained a higher percentage of Government allocated broadband incentives than all the other alternative carriers put together, just behind Telecom Italia.

The first half of the year was also characterized by the development of innovative technological solutions in a new market segment: video services. The launch in March of interactive TV over DSL helped generate a further increase in the percentage of video service customers, which was already impressive for fibre clients. At period end, over 60% of new customers connected either by fibre optics or DSL had signed up for the TV option. DSL clients with the TV options virtually doubled in three months.

Moreover, from tomorrow FastWeb DSL customers will have access to all the video services currently available to its fibre customers, not only Video on Demand. They will be able to digitally view main land and satellite channels, including RAI, Mediaset, La7, BBC World, Bloomberg, CNN, Cartoon Network, RAInews24 and RAIsport. Moreover, thanks to the conditions imposed by the European Antitrust Commission for the merger of Stream and Tele+, this innovation will enable FastWeb to complete its residential television offer with the live broadcasting by e.BisMedia of all football matches of teams to which Sky Italia holds the rights, from the beginning of the next championship.

With these new video applications and an ADSL connection speed of up to 4 Mbit/sec downstream (up to 0.512 Mbit/sec upstream), FastWeb confirms its worldwide leadership as the telecommunications company with the most leading edge services.

The company also recorded significant results in the business segment, where it held its place as leader in the business service market, with more than 300 IP Virtual Private networks installed.

During the period, HanseNet, which has almost completely covered the Hamburg area, recorded revenues of € 47.5 million, up 20% on the first half of 2002. From January to June, residential services accounted for 49% of revenues, compared to 25% in the same period of 2002.



In addition, HanseNet's EBITDA has grown considerably from a negative € 6.1 million of the first half of 2002, coming in at a positive € 6.9 million in the first six months of 2003.

At period end, HanseNet counted 81,500 customers in the Hamburg area, up 55% on the 52,500 at 30 June 2002. Business and residential customers numbered 11,100 and 70,400, respectively.

### **Other business lines**

From January to June 2003, e.BisMedia Group revenues, including the editorial companies e.BisNews and e.Voci, the high-tech retail chain, totalled € 7.3 million.

e.BisMedia Video on Demand proved itself to be an innovative, customised and interactive entertainment model during the period. Furthermore, the launch of the service on ADSL significantly boosted the expansion of the potential reference market. The increase in ARPU, which nearly doubled in one year, confirmed the established quality of the service. Indeed, ARPU rose from € 6 in June 2002 to € 11 in June 2003 (from € 70 to € 130 on an annual basis).

Moreover, e.BisMedia further developed its offer by progressively integrating many different services (pay-TV, pay-per-view and Video on Demand) in one single media solution. Thus with the live broadcasting of all football matches to which Sky Italia holds the rights and other premium content (available to e.BisMedia on a retail minus basis), the company will further expand its programme schedule which, together with Rai Click, already includes more than 3,500 titles.

The continuous pursuit of innovative communications solutions has moved forward with "E", Italy's first interactive film produced by The Family and Swan Film Europe broadcast for the first time on e.BisMedia. The full-length film draws on innovative editing and post-production technologies to enable customers for the first time ever to choose which story line and ending to see, customising viewing in a simple and immediate manner.

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**Second Quarter Financial Highlights of Operating Companies (Euro Millions)**

€/mln	FastWeb	HanseNet	e.BisMedia Group <sup>1</sup>	Consolidated
Operating Revenues	108.1	23.9	3.9	135.6
EBITDA	24.5	3.7	(2.4)	23.1
EBIT	(29.8)	(7.4)	(3.9)	(58.6)
Investments	94.7	7.1	0.1	101.8 <sup>2</sup>

<sup>1</sup>The e.BisMedia Group comprises e.BisNews, the company that publishes the Press Agency Ap.Biscom, which during the second quarter reported returns of € 0.7 million, and negative EBITDA and EBIT respectively of € 1.4 and € 1.5 million and investments of € 0.1 million.

<sup>2</sup> This amount includes tangible and intangible investments but not financial investments or possible differences caused by consolidation. Total consolidated investments amount to € 351.4 million in the second quarter.

## Consolidated Income Statement at 30-6-3003 (Euro Millions)

	Quarter ended June 30, 2003	Quarter ended Mar 31, 2003		Quarter ended June 30, 2002	
			% change		% change
<b>Consolidated Revenues from Operations</b>	<b>135.6</b>	<b>101.7</b>	33.4%	<b>78.1</b>	73.7%
Other Income	1.6	1.4		1.5	
Operating Expenses	(114.1)	(89.3)		(91.2)	
<b>EBITDA</b>	<b>23.1</b>	<b>13.8</b>	(67.3%)	<b>(11.6)</b>	299.1%
<i>EBITDA Margin (%)</i>	<i>17.0%</i>	<i>13.6%</i>		<i>(14.9%)</i>	
Depreciation, amortization and write-downs	(81.7)	(62.9)		(47.6)	
<b>EBIT</b>	<b>(58.6)</b>	<b>(49.1)</b>	(19.3%)	<b>(59.2)</b>	1.1%
<i>EBIT Margin (%)</i>	<i>(43.2%)</i>	<i>(48.3%)</i>		<i>(75.8%)</i>	
Net Financial Income / (Expenses)	12.9	(15.0)		(18.9)	
Extraordinary Items	(159.5)	0.1		(4.9)	
Net Taxes	0.0	0.0		0.0	
<b>Consolidated Net Loss</b>	<b>(205.2)</b>	<b>(64.0)</b>	(220.7%)	<b>(82.9)</b>	(147.3%)
	<i>(151.3%)</i>	<i>(62.9%)</i>		<i>(106.2%)</i>	
Minority interests	(3.7)	3.8		17.3	
<b>Group share of Net Loss</b>	<b>(208.8)</b>	<b>(60.1)</b>	(247.2%)	<b>(65.7)</b>	(217.8%)



## Consolidated Balance Sheet at 30-6-2003 (Euro Millions)

	June 30, 2003	Mar. 31, 2003	June 30, 2002
<b>Cash and Deposits</b>	240.0	326.1	638.5
Net trade receivable	171.4	135.1	110.8
Other receivable	476.2	510.5	308.3
Inventories and other current assets	6.1	6.0	6.0
<b>Total Current assets</b>	<b>893.7</b>	<b>977.7</b>	<b>1,063.6</b>
Net tangible assets (PP&E)	1,087.6	1,045.4	812.9
Net intangible assets	492.7	409.4	419.0
Net financial assets	16.2	17.2	31.2
<b>Total Fixed assets</b>	<b>1,596.5</b>	<b>1,472.1</b>	<b>1,263.1</b>
<b>Total Assets</b>	<b>2,490.2</b>	<b>2,449.7</b>	<b>2,326.7</b>
Trade payable	346.1	367.4	390.0
Other payable	124.8	83.0	53.0
Employees' entitlements fund	8.0	7.2	5.3
Short-term Financial debt	30.7	30.7	25.0
Long-term Financial debt	948.1	695.0	429.8
<b>Total Liabilities</b>	<b>1,457.7</b>	<b>1,183.4</b>	<b>903.1</b>
Share capital & Reserves	1,721.0	1,691.6	1,691.7
Retained earnings / (losses) brought forward	(434.9)	(434.9)	(239.7)
Net income / (loss) for the period	(269.0)	(60.1)	(114.1)
<b>Total Group share of shareholders' equity</b>	<b>1,017.1</b>	<b>1,196.6</b>	<b>1,337.9</b>
Minority interest in share capital	15.5	73.6	119.1
Minority interest in net income / (loss) for the period	(0.1)	(3.8)	(33.4)
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,490.2</b>	<b>2,449.7</b>	<b>2,326.7</b>



## Consolidated Cash Flow at 30-6-2003 (Euro Millions)

	Quarter ended June 30, 2003	Quarter ended Mar. 31, 2003	Quarter ended June 30, 2002
<b>Group share of Net Loss</b>	<b>(208,8)</b>	<b>(60,1)</b>	<b>(65,7)</b>
Amortization	65,9	60,3	46,3
Other non-cash adjustments	173,9	1,8	1,8
Minority Interest Net Result	3,7	(3,8)	(17,3)
Change in Minority Interest Capital	(58,2)	(1,1)	0,0
<b>Gross Operating Fund generation</b>	<b>(23,5)</b>	<b>(3,0)</b>	<b>(34,9)</b>
(Incr.) / Decr. accounts receivable	(2,2)	(41,8)	(61,5)
Incr / (Decr.) accounts payable	8,5	(24,8)	71,5
<b>Change in working capital</b>	<b>6,3</b>	<b>(66,6)</b>	<b>9,9</b>
Purchase of assets: Tangibles	(86,1)	(73,7)	(167,7)
Purchase of assets: Intangibles	(265,3)	(13,5)	(22,5)
Purchase of assets: Financials	(0,0)	8,4	(0,5)
<b>Total purchase/disposal of assets</b>	<b>(351,4)</b>	<b>(78,8)</b>	<b>(190,8)</b>
<b>Net Operating Fund generation (*)</b>	<b>(368,6)</b>	<b>(148,4)</b>	<b>(215,7)</b>
<b>Increase/(Decrease) in Share Capital</b>	<b>29,4</b>	<b>0,0</b>	<b>0,0</b>
<b>Net Financial Position at beginning of period</b>	<b>(399,6)</b>	<b>(251,2)</b>	<b>399,4</b>
<b>Net Financial Position at end of period</b>	<b>(738,8)</b>	<b>(399,6)</b>	<b>183,7</b>
<i>Cash and Pledge accounts</i>	<i>240,0</i>	<i>326,1</i>	<i>642,1</i>
<i>Bank overdraft</i>	<i>(10,8)</i>	<i>(8,5)</i>	<i>(3,6)</i>
<i>Short term financial debts</i>	<i>(29,4)</i>	<i>(22,2)</i>	<i>(25,0)</i>
<i>Long term financial debts</i>	<i>(938,6)</i>	<i>(695,0)</i>	<i>(429,8)</i>

(\*) The value reported in the second quarter 2003 includes € 271.5 million for the purchase of the stakes of minority shareholders in FastWeb. Therefore, this considered, the net operating fund generation amounts to a negative € 97.1 million.