

Net positive cash flow of 51 million euro in the first half

FASTWEB: first half revenues at 814 million euro (+14% YoY)

EBITDA at 274.4 million euro (+23% YoY)

First half net profit of 14.9 million euro

- Significant customers growth in the first half of 2008: 135,000 new subscribers of which 60,000 acquired between April and June
- Consolidated revenues of 814 million euro, + 14% compared to the first half of 2007. Second quarter revenues equal to 425 million euro (+18%)
- First half EBITDA at 274.4 million euro, a 23% increase with respect to the corresponding period 2007
- 34% EBITDA margin in the first half, compared to 31% one year ago
- Net profit of 14.9 million euro in the first six months, compared to a loss of 14.9 million euro in the first half 2007. Second quarter net profit of 25.9 million euro, against a profit of 5.8 million euro in 2007
- 226.3 million euro capex in the first half 2008. The capex to sales ratio fell to 28% from 35% in the same period 2007
- Free cash flow of 51.2 million euro in the first half (including the positive cash impact of the invoicing of the amounts related to termination rates)
- Net financial position at 1,460.9 million euro as at 30 June 2008
- Including the 30 million extraordinary item booked in the second quarter, the Company raises the full year guidance for EBITDA to approximately 560 million

Milan, 7 August 2008 – The Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed telecommunications services provider, approved the first half year financial results as at 30 June 2008.

First half results were fully in line with the targets for the year. As far as EBITDA is concerned, the Company raises the full year guidance to approximately 560 million including the 30 million extraordinary item booked in the second quarter.



FASTWEB reported 135,000 new subscribers in the first six months, an 11% increase in the customer base compared to the end of 2007, a figure which indicates the Company's ability to grow more than the Italian broadband market, which expanded by an estimated 6% in the first half 2008. FASTWEB acquired 60,000 customers in the second quarter, representing a significantly higher estimated market share of new broadband connections compared to prior quarters.

First half consolidated revenues totalled 814 million euro, a 14% increase with respect to the same period 2007. If compared with the *proforma* figure of the first half 2007 (701 million euro net of the termination rate impact decided by Agcom on 19 December 2007), the increase was 16%.

Second quarter 2008 revenues totalled 424.7 million euro, an 18% increase compared to 360.5 million euro of the same period in 2007. Revenues increased significantly in the period April-June, even when compared to the previous quarter (+9%), continuing the trend of significant sequential growth. When compared with the second quarter 2007, the improvement was 20% with respect to the *proforma* figure of 353.7 million euro.

The Company benefited from the positive effects of the new organization, implemented at the beginning of the year, with three business units - Consumer (residential and micro-business), SME (small- and medium-sized enterprises), Executive (corporations and public administration) - each responsible for managing the entire industrial cycle from customer acquisition and activation to customer care. The three business units contributed 50%, 14% and 36% respectively to first half revenues.

EBITDA increased significantly to 274.4 million euro (representing 34% of consolidated revenues) in the first half 2008, a 23% increase compared to 223.8 million euro in the same period 2007 (31% of consolidated revenues). The 2008 figure includes the positive impact of a 30 million euro extraordinary item recorded in the second quarter (the cash effects of which will be evident in the third quarter) as a partial compensation in the context of the settlement of some legal and regulatory disputes between FASTWEB and Telecom Italia (see paragraph regarding the agreement with Telecom Italia).

If the impact of the above extraordinary item and of those recorded in the first half 2007 were excluded from the comparison, first half 2008 *proforma* EBITDA would be equal to 244.4 million euro (30% of consolidated revenues), a 20% increase compared to the *proforma* figure of 204.4 million euro in the same period 2007 (29% of *proforma* consolidated revenues).

Second quarter *proforma* EBITDA was 131.9 million euro with a 31% margin. As with revenues, EBITDA also recorded significant sequential growth compared to first quarter 2008 (+17.2%), confirming the very positive trend of the business in the period.



First half *proforma* revenues and EBITDA (net of the extraordinary component) are in line with the Company's full year targets. In particular, first half revenues represented 49% of the year-end target and *proforma* EBITDA represented 46% of the target, both fully in line with the trend and the seasonal nature of the business recorded in previous years.

The Company reported earnings before interest and tax (**EBIT**) of 75.8 million euro in the first six months 2008, compared to 38.4 million euro in the first half 2007. Amortization, depreciation and write-downs totalled 198.6 million euro. Second quarter EBIT was 63.9 million euro (33.9 million euro net of the extraordinary component).

First half consolidated **net profit** was 14.9 million euro, compared to a loss of 14.9 million euro in the corresponding period 2007. Second quarter 2008 consolidated net profit was 25.9 million euro, compared to the 5.8 million euro of the corresponding period 2007. Without the effect of the extraordinary component, second quarter net earnings would be at breakeven, thus in line with the target for the year.

Capex amounted to 226.3 million euro in the period January-June, down 10% compared with the previous year. More than half of the capex was related to new customer activation.

Revenues growth and the current level of capex resulted in an improved capex to sales ratio which was 28% in the first half, compared to 35% in the same period 2007, an indication that FASTWEB's business model is gradually moving towards structural cash generation.

Net financial position increased to 1,460.9 million euro at the end of June from 1,226.7 million euro at the end of March 2008, following the payment to the parent company Swisscom Italia of an amount of 246,040,000 euro in May. Such payment related to the distribution of the share premium reserve deliberated by the Shareholders on 23 March 2007 and was delayed to 2008 for the amount owed to the parent company. The payment was financed by an intercompany loan repayable in 2012.

Net cash flow in the first six months was 51.2 million euro, compared to 7.3 million euro cash flow one year ago. First half cash generation included the positive effect of the invoicing of the amount due to FASTWEB, following AGCom decision on termination rates taken in December 2007. Cash flow generation in the period would be positive even excluding this effect.



New generation network cooperation agreement with Telecom Italia

FASTWEB and Telecom Italia signed an important industrial agreement regarding new generation network infrastructure in June. The agreement allows the incumbent to access FASTWEB's ducts, thus further enhancing the value of the Company's fibre optic network which covers 2 million potential customers and is the most extensive fibre optic infrastructure in Europe. The agreement with Telecom Italia is a further confirmation that FASTWEB's network is a strategic asset which will also enable the Company to launch the first 100 Mb/s internet access service in Italy dedicated to small- and medium-sized enterprises before the year end.

In the light of the industrial agreement, the two companies reconciled and settled a number of legal and regulatory claims which they had been disputing for some time. As a consequence and as a partial compensation of such settlement, FASTWEB booked a 30 million euro positive extraordinary item in the second quarter 2008, the cash effects of which will be evident in the third quarter.

Some of the above mentioned disputes regarded a number of technical and provisioning failures of Telecom Italia, including the failure to comply with the requirement to provide unbundled local loop access. Following the settlement of these disputes, it was possible for FASTWEB to update its customer base excluding approximately 50,000 clients acquired before 2008 that it had been unable to activate due to inefficiencies in the provisioning process. As a result, considering the new subscribers acquired in the quarter and those cancelled from the customer base, the total number of customer was 1,398,000 as at 30 June 2008.

The ratio between residential and business clients, 81% and 19% respectively, remains substantially unchanged.

The manager in charge of preparing the company's financial reports (Mario Rossi) certifies pursuant to paragraph 2 article 154 bis of the Consolidated Law on Financial Intermediation that the accounting disclosures in this statement correspond to the accounting documents, ledgers and entries.

For more information

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Consolidated Income Statement - Second Quarter 2008 (millions of euro)

	2Q 2008	1Q 2008		2Q 2007	
			% change		% change
Consolidated Revenues from Operations	424.7	389.3	9.1%	360.5	17.8%
Other Income	60.3	16.0		74.1	
Operating Expenses	(305.1)	(278.9)		(262.6)	
Provisions	(17.9)	(13.9)		(34.3)	
EBITDA	161.9	112.5	44.0%	137.7	17.6%
<i>EBITDA Margin (%)</i>	<i>38.1%</i>	<i>28.9%</i>		<i>38.2%</i>	
Depreciation, amortization and write-downs	(98.0)	(100.7)		(96.2)	
EBIT	63.9	11.8	(440.4%)	41.5	(53.9%)
<i>EBIT Margin (%)</i>	<i>15.1%</i>	<i>3.0%</i>		<i>11.5%</i>	
Net Financial Income / (Expenses)	(21.6)	(18.0)		(15.0)	
Net Taxes	(16.4)	(4.8)		(20.7)	
Consolidated Net Loss	25.9	(11.0)	336.0%	5.8	(344.6%)
	6.1%	(2.8%)		1.6%	



Consolidated Balance Sheet - 30/6/2008 (millions of euro)

	30 June 2008	31 March 2008	30 June 2007
Cash and Deposits	118.3	123.6	95.2
Net trade receivable*	683.8	633.2	467.6
Other current receivable	142.0	219.5	232.1
Inventories* and other current assets	5.5	4.7	3.1
Total Current assets	949.7	981.0	798.0
Net tangible assets (PP&E)	1,877.0	1,860.2	1,769.1
Net intangible assets	431.7	421.6	417.2
Net financial assets	3.3	3.2	3.1
Other non current receivable	240.4	252.5	386.9
Total Fixed assets	2,552.4	2,537.4	2,576.2
Discontinued operations assets	0.0	0.0	0.0
Total Assets	3,502.1	3,518.4	3,374.2
Trade payable	685.1	716.9	564.9
Other payable*	299.9	541.3	601.0
Employees' entitlements fund	18.6	17.4	22.4
Financial debt	1,579.2	1,350.4	1,171.3
Long-term Financial debt			
Other liabilities			
Total Liabilities	2,582.8	2,626.0	2,359.6
Share capital & Reserves	904.3	903.4	1,029.5
Net income / (loss) for the period	14.9	(11.0)	(14.9)
Total Group share of shareholders' equity	919.2	892.4	1,014.6
Minority interest in share capital	0.0	0.0	0.0
Liabilities related to discontinued operations	0.0	0.0	0.0
Total Liabilities and Shareholders' Equity	3,502.1	3,518.4	3,374.2



Consolidated Cash Flow - Second Quarter 2008 (millions of euro)

	2Q 2008	1Q 2008	2Q 2007
Group share of Net Loss	25.9	(11.0)	5.8
Non cash Adjustment	94.2	106.4	119.2
Change in Minority Interest Capital	0.00	0.00	0.0
Gross Operating Fund generation	120.1	95.4	125.1
(Incr.) / Decr. accounts receivable	26.0	(87.0)	(18.8)
Incr / (Decr.) accounts payable	(10.4)	133.6	10.8
Change in working capital	15.6	46.6	(8.1)
(Purchase)/Disposal of assets: Tangibles	(93.1)	(86.1)	(88.7)
(Purchase)/Disposal of assets: Intangibles	(31.9)	(15.2)	(25.2)
(Purchase)/Disposal of assets: Financials	(0.1)	(0.1)	(0.1)
Total (purchase)/disposal of assets	(125.1)	(101.5)	(114.0)
Net Operating Fund generation	10.6	40.6	3.0
Increase/(Decrease) in Share Capital & Reserve	(244.8)	(1.9)	(3.0)
Other non Cash Adjustment		0.0	0.0
Net Financial Position at beginning of period	(1,226.7)	(1,265.4)	(1,076.2)
Net Financial Position at end of period	(1,460.9)	(1,226.7)	(1,076.1)
<i>Cash and Pledge accounts</i>	<i>118.3</i>	<i>123.6</i>	<i>95.2</i>
<i>Financial debts</i>	<i>(1,579.2)</i>	<i>(1,350.4)</i>	<i>(1,171.3)</i>