



290,000 Clients in Italy and Germany
e.Biscom: First Quarter 2003 revenues rise to € 101.7 million (+55%)
-- Positive Consolidated EBITDA at € 13.8 million --

- FastWeb: Revenues at € 75 million, up 80% vs. first quarter 2002
- FastWeb's EBITDA at € 15.6 million. EBITDA has already reached 21% of revenues
- FastWeb's clients almost triple, to 213,000, vs. those reached on March 31st 2002
- FastWeb's annual residential ARPU increased from € 715 in March 2002 to € 790 in March 2003
- HanseNet: Revenues at € 23.6 million, up 25% vs. first quarter 2002
- HanseNet's EBITDA at € 3.3 million vs. € -3.9 million in first quarter 2002
- Video on Demand monthly ARPU almost double: € 11 vs. € 6 in March 2002
- From September live football matches to enhance video and television offering

Milan, May 15th 2003 -- The Board of Directors of e.Biscom S.p.A. (Milan, *Nuovo Mercato*: EBI), Italy's main broadband telecommunications company, met yesterday and approved the company's first quarter financial report for the period ending March 31st 2003.

e.Biscom announced that its first quarter consolidated revenues were over Euro 100 million for the first time ever, coming in at Euro 101.7 million, up 55% with respect to Euro 65.2 million reported during the same quarter of the previous year and up 10% with respect to Euro 91.2 million reported during the fourth quarter 2002.

At the end of the first quarter 2003, e.Biscom reported a positive consolidated EBITDA at Euro 13.8 million, with respect to a loss of Euro 22 million during the same period of the previous year and a remarkable improvement compared to Euro 1.7 million reported in the fourth quarter of 2002, providing confirmation of the strong growth pattern recorded during the last quarter of the previous year when the Group reached positive consolidated EBITDA for the first time, a year ahead of forecast.

FastWeb and HanseNet clients also increased reaching, on March 31st 2003, the total number of 289,000, almost two and a half times the 118,900 clients reported at the end of the first quarter 2002 meaning an increase of 42,400 new clients from the 246,600 reported on December 31st 2002.

"The extremely positive results reached in the first quarter of the year in terms of revenues, client numbers and EBITDA confirm the strong growth trend of our Company and allow us to be fully in line with our 2003 year-end target" said **Silvio Scaglia**, Chairman of e.Biscom "Moreover, the continuous growth of FastWeb's EBITDA, which after just over three years of activity has already reached 21% of revenues, confirms the high prospective profitability of our business model".



In the first quarter 2003, the net consolidated loss amounted to Euro 60.1 million due to the impact of depreciation and financial expenses connected to the strong development phase of the Group and the purchase of AEM's minority stake in FastWeb. Capital expenditure during the quarter amounted to Euro 87 million versus Euro 171 million during the fourth quarter 2002 due both to the progressive completion of the network infrastructure and to seasonal factors.

On March 31st e.Biscom had sources of funds amounting to Euro 609.6 million. These were composed of cash and deposits (Euro 326.1 million) and undrawn credit lines of Euro 283.5 million. At the end of the quarter, the net financial position amounted to Euro –399.6 million, composed of Euro 326.1 million of cash and deposits and Euro 725.7 million of financial debt.

The headcount of the group, at the end of the first quarter, stood at 1800 employees in Italy and abroad - substantially stable with respect to the previous quarter – to which an equivalent external workforce should be added focusing on sales, customer care, network development and client connections.

Telecommunications

In the first quarter, FastWeb reached all its operational and financial targets, enhanced the services offered and improved the level of client satisfaction.

Indeed, in the January-March period, FastWeb reported revenues of Euro 75 million, up almost 80% with respect to the Euro 42 million posted in the first quarter of 2002, and up 18% compared to Euro 63.3 million reported for the fourth quarter 2002. Thanks to the growth in customer numbers and in annual ARPU (average revenue per user) - which has increased to Euro 790 in March 2003 from Euro 715 in March 2002 - the share of total revenues coming from residential customers has continued to grow, reaching 34% in the first quarter, up from 28% recorded in the last quarter 2002.

After reaching positive EBITDA on a yearly basis in 2002, much earlier than any other new telecom operator in Europe, during the first quarter 2003 FastWeb's EBITDA came in higher than the total figure reported for the year 2002, standing at Euro 15.6 million, almost double the figure of Euro 8.3 million reported for the previous quarter, and showing a strong improvement compared to the Euro 6.5 million loss of the first quarter 2002.

At the end of March, FastWeb's clients stood at 213,000, almost triple the 76,720 reported at the end of the first quarter 2002, an increase of 36,900 new customers with respect to the 176,100 reached at the end of 2002. Business clients stood at 37,470, of which 840 top and medium-sized companies and 36,630 small companies and SOHOs. Residential clients totalled 175,570.

During the first quarter, FastWeb confirmed its leadership in the Italian DSL market with 79,400 unbundled DSL lines activated versus a total number of 62,200 activated by all competition.

During the first quarter, FastWeb has also continued its expansion in Italy and particularly in the Emilia Romagna region, where its innovative voice, data and video broadband services were launched in March in the city of Reggio Emilia over DSL and which will be followed, starting from the month of June, by its services over the fiber optic network.



FastWeb's fiber optic network, at the end of the period, had an extension of over 10,000 Km – of which 6,300 Km of local access network in the main Italian cities - and reached over 1.3 million households, to which should be added over 1.2 million households connectable with DSL technology. The buildings connected to the fiber optic network were over 53,600, up approximately 25% with respect to the 43,500 of year-end 2002.

Given the success of its fiber optic video services (to which over 50% of its customer base, i.e. 50,000 clients, have subscribed), FastWeb in March launched its VOD over ADSL, which in just one month reached the remarkable result of being underwritten by over 30% of its new DSL clients.

Thanks to Italy's first Video on Demand service for ADSL customers, Fastweb's ADSL subscribers now have access to the over 3,500 titles including content from e.BisMedia and Rai Click that until February were available only to clients reached by the fiber optic network. On top of this, the high transmission capacity of FastWeb's ADSL enabled the development of other innovative services such as the virtual videorecording system VideoREC.

Lastly, FastWeb's new ADSL service allows a further increase in Internet connection speed reaching up to 4 Mbit/s downstream (up to 0,512 Mbit/s upstream) much higher than the fastest connection speed offered by competitors (up to 1.2 Mb/s downstream).

In the first quarter of the year, FastWeb continued to focus on the improvement of its service levels. At present the abandoned-call rate of the call center is below 5%, in line with the best practice of the industry. The high level of satisfaction of FastWeb's clients has been certified by a survey conducted between September 2002 and January 2003 by the consumer association "Altroconsumo". The results of the research, published in April, show that FastWeb's fiber optic and ADSL clients are the most satisfied with the speed and quality of their Internet connection, with a satisfaction rate of 95%.

In the first quarter of the year HanseNet, whose coverage of the Hamburg area is now almost complete, posted revenues of Euro 23.6 million, 25% higher compared to the same period of 2002. During the first quarter, residential services accounted for 46% of HanseNet's total revenues, up from 23% recorded in the first quarter of 2002.

HanseNet's EBITDA in the quarter stood at a positive Euro 3.3 million, showing a considerable improvement compared to the Euro 3.9 million loss reported in the first quarter of 2002.

At the end of the quarter, HanseNet's customer base in the Hamburg area reached approximately 76,000, up more than 80% from 42,100 at the end of March 2002. 11,000 were business clients and 65,000 residential.

In the first quarter of the year, HanseNet has confirmed its leadership in the alternative broadband market in Germany with over 46,000 DSL clients over unbundled lines.



Other Business Activities

In the first quarter of 2003 total revenues of the e.BisMedia Group – that includes the publishing company e.BisNews and the hi-tech retail chain e.Voci – stood at Euro 3.4 million.

As previously stated, Italy's first Video on Demand service over ADSL was launched in March, significantly expanding the company's potential market. VoD ARPU increased to monthly Euro 11 in March, almost double Euro 6 recorded in March 2002 (annually to Euro 130 from Euro 70), confirming the success of the service and its acknowledged quality.

Lastly, the authorization in April of the merger between Tele+ and Stream by the European Commission has paved the way for the development of the Italian pay-TV market in a competitive scenario. The conditions imposed by the Commission will allow a further increase in e.Biscom's TV offer, which will be completed by live *Serie A* and *Serie B* football matches starting from the next season (September this year). On the basis of the European Commission's decision, the premium content of the new single platform Sky Italia (mainly *Serie A* and *Serie B* football matches, other sports and movies) will be available for purchase by non satellite competitors at a "retail minus" price, i.e. the price offered to the final client reduced by a percentage.

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First Quarter Financial Highlights of Operating Companies (Euro Millions)

€/mln	FastWeb	Hansenet	e.Bismedia Group	Consolidated
REVENUES	75,0	23,6	3,4	101,7
EBITDA	15,6	3,3	(2,9)	13,8
EBIT	(30,7)	(7,4)	(4,2)	(49,1)
Net Financial Position	(1001,0)	(191,0)	(14,0)	(400,0)
CAPEX	80,6	7,6	0,1	87,1

Consolidated Income Statement (Euro Million)

	Quarter ended Mar 31, 2003	Quarter ended Dec. 31, 2002		Quarter ended Mar. 31, 2002	
			<i>% change</i>		<i>% change</i>
Consolidated Revenues from Operations	101,7	91,2	<i>11,5%</i>	65,2	<i>56,0%</i>
Other Income	1,4	3,0		1,8	
Operating Expenses	(89,3)	(92,5)		(89,0)	
EBITDA	13,8	1,7	<i>(717,1%)</i>	(22,0)	<i>162,8%</i>
<i>EBITDA Margin (%)</i>	<i>13,6%</i>	<i>1,9%</i>		<i>(33,7%)</i>	
Depreciation, amortization and write-downs	(62,9)	(87,1)		(43,8)	
EBIT	(49,1)	(85,4)	<i>42,5%</i>	(65,8)	<i>25,4%</i>
<i>EBIT Margin (%)</i>	<i>(48,3%)</i>	<i>(93,7%)</i>		<i>(100,9%)</i>	
Net Financial Income / (Expenses)	(15,0)	(15,8)		1,2	
Extraordinary Items	0,1	(6,5)		0,0	
Net Taxes	0,0	103,2		0,0	
Consolidated Net Loss	(64,0)	(4,6)	<i>(1279,8%)</i>	(64,5)	<i>0,9%</i>
	<i>(62,9%)</i>	<i>(5,1%)</i>		<i>(99,0%)</i>	
Minority interests	3,8	(8,7)		16,1	
Group share of Net Loss	(60,1)	(13,3)	<i>(351,6%)</i>	(48,4)	<i>(24,2%)</i>

Consolidated Balance Sheet (Euro Million)

	<u>Mar. 31, 2003</u>	<u>Dec. 31, 2002</u>	<u>Mar. 31, 2002</u>
Cash and Deposits	326,1	443,6	846,7
Net trade receivable	135,1	124,1	99,4
Other receivable	510,5	479,0	255,7
Inventories and other current assets	6,0	6,6	8,2
Total Current assets	977,7	1.053,4	1.210,0
Net tangible assets (PP&E)	1.045,4	1.012,4	672,1
Net intangible assets	409,4	415,5	415,8
Net financial assets	17,2	26,6	32,5
Total Fixed assets	1.472,1	1.454,5	1.120,3
Total Assets	2.449,7	2.507,9	2.330,3
Trade payable	367,4	398,8	341,4
Other payable	83,0	76,4	30,3
Employees' entitlements fund	7,2	6,4	4,7
Short-term Financial debt	30,7	26,4	54,5
Long-term Financial debt	695,0	668,4	392,8
Total Liabilities	1.183,4	1.176,4	823,7
Share capital & Reserves	1.691,6	1.691,6	1.691,7
Retained earnings / (losses) brought forward	(434,9)	(239,6)	(239,7)
Net income / (loss) for the period	(60,1)	(195,3)	(48,4)
Total Group share of shareholders' equity	1.196,6	1.256,7	1.403,6
Minority interest in share capital	73,6	119,1	119,1
Minority interest in net income / (loss) for the period	(3,8)	(44,3)	(16,1)
Total Liabilities and Shareholders' Equity	2.449,7	2.507,9	2.330,3

Consolidated Cash Flow (Euro Million)

	Quarter ended Mar. 31, 2003	Quarter ended Dec. 31, 2002	Quarter ended Mar. 31, 2002
Group share of Net Loss	(60,1)	(13,3)	(48,4)
Amortization	60,3	79,6	40,0
Other non-cash adjustments	1,8	(95,0)	6,0
Change in Minority Interest in Net Equity	(4,9)	8,7	(16,3)
Gross Operating Fund generation	(3,0)	(20,0)	(18,7)
(Incr.) / Decr. accounts receivable	(41,8)	(35,8)	(76,8)
Incr / (Decr.) accounts payable	(24,8)	24,7	(33,2)
Change in working capital	(66,6)	(11,2)	(110,0)
Purchase of assets: Tangibles	(73,7)	(142,3)	(118,8)
Purchase of assets: Intangibles	(13,5)	(29,0)	(17,5)
Purchase of assets: Financials	8,4	3,4	(3,7)
Total purchase/disposal of assets	(78,8)	(167,8)	(140,0)
Net Operating Fund generation	(148,4)	(199,0)	(268,6)
 Net Financial Position at beginning of period	 (251,2)	 (52,2)	 668,1
Net Financial Position at end of period	(399,6)	(251,2)	399,4
<i>Cash and Pledge accounts</i>	<i>326,1</i>	<i>443,6</i>	<i>851,0</i>
<i>Bank overdraft</i>	<i>(8,5)</i>	<i>(3,8)</i>	<i>(4,2)</i>
<i>Short term financial debts</i>	<i>(22,2)</i>	<i>(22,6)</i>	<i>(54,5)</i>
<i>Long term financial debts</i>	<i>(695,0)</i>	<i>(668,4)</i>	<i>(392,8)</i>