

*957,400 clients at 30 September 2006 (+ 49% from 644,000 last year)*

**FASTWEB: 9M 2006 revenues at 897 million Euro**

**(+32% YoY)**

**EBITDA +42% YoY at 296 million Euro**

- 957,400 clients at 30 September 2006 (+49% from 644,000 at 30 September 2005)
- Highest ever number of subscribers in the third quarter
- Consolidated revenues at 897.4 million Euro in the 9M 2006, +32% YoY
- Consolidated EBITDA of 296.4 million Euro in the 9M 2006, + 42% YoY
- EBITDA margin at 33% in the January-September period, strong progress in the third quarter with margin at 35.4%
- Significant cash flow improvement in the third quarter
- Commercial agreements with Vodafone and SKY to further enhance FASTWEB's residential market positioning
- Strong penetration of business market with acquisition of new top clients, in addition to those already announced during the third quarter

\*\*\*\*\*

*Milan, 13 November 2006* - The Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed telecommunications service provider, today approved the results at 30 September 2006.

All operating and financial indicators for the first nine months were fully in line with 2006 targets.

Consolidated **revenues** amounted to 897.4 million Euro in the first in the January-September period, a YoY increase of 32% over 680.3 million Euro. Third quarter revenues totaled 319.1 million Euro, up 23% from 258.5 million Euro in the corresponding period 2005.



Significant contribution to the nine months revenues came from both **business** (60% of total revenues) and **residential clients** (40%), confirming FASTWEB's commercial success in the two sectors. In addition to the contracts with some of Italy's leading financial groups - Unicredit, Banca Antonveneta, the Italian Post Office - FASTWEB won a number of other important corporate clients during the third quarter. The latest additions to its portfolio include UniEuro Group, Brico Center (Auchan Group) and Banco Popolare Verona Novara Group, reflecting FASTWEB's increasingly strong reputation among top clients as the alternative to the incumbent.

Consolidated **EBITDA** for the first nine months was 296.4 million Euro (113.1 million Euro in the third quarter), up by 42% from 208.1 million Euro in the same period 2005. The EBITDA margin rose from 30.6% in the nine months last year to 33%. The positive evolution of the profitability was particularly strong in the third quarter, reaching 35.4% of revenues, an improvement of more than 4 percentage points from 31.3% in the third quarter 2005.

Following the completion of the network rollout, which was characterized by significant cost increases related to the geographical expansion and the dimensioning of the business system, the operating leverage is now emerging with a positive effect on EBITDA, confirming the high profitability of FASTWEB's business model.

Consolidated **EBIT** in the first nine months was negative for 72.7 million Euro and stable compared to the 73.7 million Euro loss reported in the same period 2005, despite the increase in the depreciation and amortization charge related to the investments made in previous quarters to complete the network and connect new clients. Provisions were substantially in line with the levels recorded in previous quarters.

Consolidated **net result** was equal to a loss of 64.2 million Euro and marked a significant improvement compared with a loss of 80.7 million Euro reported in the first nine months 2005. The company is set to generate net profit on a full year basis in 2007.

**Capital expenditure** in the period January-September 2006 totaled 363.7 million Euro, compared with 389.5 million Euro in the first nine months 2005. As future investments will mainly relate to the connection of new clients, they will benefit from the reduction of unitary costs, with a pay-back time below one year.

**Net debt** was 759.1 million Euro at 30 September, compared to 686.8 million Euro at 30 June 2006 and 469.1 million Euro at the end of 2005.



**Net cash flow** improved significantly in the third quarter at -71.1 million Euro, compared to a cash burn of 119.3 million Euro in the first quarter and 111.1 million Euro in the second. This trend confirms that the company is approaching free cash flow generation, with breakeven targeted in the fourth quarter 2006.

The overall number of **clients** at 30 September 2006 was 957,400, with more than 243,100 new subscribers since the beginning of the year, a 64% increase from 148,000 clients acquired in the first nine months 2005. New clients in the July-September period were 83,100. This was FASTWEB's best ever result, and indication that the company continues to be co-leader together with Telecom Italia in the areas covered in terms of acquisition of new customer. The breakdown between residential and business clients was unchanged at 84% and 16% respectively.

FASTWEB residential ARPU (Average Revenue Per Unit) in September 2006 was equal to 785 Euro on an annualized basis. Telecommunications services contributed to overall ARPU for an annualized amount of 735 Euro, while the average annual spend by video clients was 297 Euro in September.

The Group had 3,224 employees at 30 September 2006, against 3,132 at 30 June 2006.

### **Competitive positioning strengthens in the residential market**

FASTWEB took a number of steps during the third quarter to further strengthen its competitive positioning.

It organized its residential product portfolio into two service families: **FASTWEBFULL**, triple-play services targeting the premium segment of the market and **EASY**, self-installing dual-play products (Internet and/or voice) focused on ease of use and optimized performance.

Such evolution not only will enable FASTWEB to target new market segments consistently with its profitability parameters (contribution margin of approximately 70% and pay-back-time of less than one year), it will also support other important initiatives.

These include the decision to sell the *EASY* products also in those areas where FASTWEB has wholesale coverage, thus providing the company with the opportunity to sell its residential services on 80% of the Italian market without any significant additional investments.



The new residential offer is also functional to the agreement signed with **Vodafone Italia** for the commercial launch of Vodafone Casa FASTWEB, a solution that enables customers to use their mobile phones when they are at home to make calls to all fixed-line and mobile numbers for the cost of a landline phone. In addition, an ADSL modem provides broadband access at speeds up to 20 Mbps through FASTWEB's fiber network.

The company also signed an agreement with **SKY Italia**, whereby both companies will integrate their services with those of the other operator. Consequently, FASTWEB will offer its IPTV customers the entire SKY portfolio of award winning television channels, SKY will in turn be able to offer its customer base FASTWEB's voice service and high speed internet access.

The two agreements are expected to increase the market penetration and to enhance the awareness of FASTWEB's brand.

Additionally, the agreement with SKY Italia consolidates FASTWEB's strategy to offer the entire television content currently available on the market through its IPTV platform. As part of this strategy, FASTWEB introduced Italy's first integrated decoder in September, a set top box capable to receive Digital Terrestrial programming together with all other content already available on FASTWEB TV (analog terrestrial channels, thematic channels, SKY satellite channels, content on-demand). The new decoder also supports High Definition (HD) content transmission that will soon be available to FASTWEB's customers.

*For more information:*

Giovanna Guazzetti  
Press Office  
T: +39 02 4545 2360  
F: +39 02 4545 2366  
[giovanna.guazzetti@fastweb.it](mailto:giovanna.guazzetti@fastweb.it)

Paolo Lesbo  
Analysts & Investors  
T: +39 02 4545 4308  
F: +39 02 4545 2333  
[paolo.lesbo@fastweb.it](mailto:paolo.lesbo@fastweb.it)



## Consolidated Income Statement for the third quarter of 2006 (Million Euro)

	3Q 2006	2Q 2006		3Q 2005	
			<i>% change</i>		<i>% change</i>
<b>Consolidated Revenues from Operations</b>	<b>319.1</b>	<b>289.4</b>	10.3%	<b>258.5</b>	23.4%
Other Income	11.9	9.8		6.3	
Operating Expenses	(217.9)	(206.0)		(183.8)	
<b>EBITDA</b>	<b>113.1</b>	<b>93.2</b>	21.3%	<b>80.9</b>	39.8%
<i>EBITDA Margin (%)</i>	<i>35.4%</i>	<i>32.2%</i>		<i>31.3%</i>	
Depreciation, amortization and write-downs	(126.2)	(123.9)		(102.0)	
<b>EBIT</b>	<b>(13.1)</b>	<b>(30.7)</b>	57.3%	<b>(21.1)</b>	38.0%
<i>EBIT Margin (%)</i>	<i>(4.1%)</i>	<i>(10.6%)</i>		<i>(8.2%)</i>	
Net Financial Income / (Expenses)	(12.4)	(10.8)		(8.7)	
Net Taxes	8.3	23.3		11.4	
<b>Consolidated Net Loss</b>	<b>(17.2)</b>	<b>(18.2)</b>	5.5%	<b>(18.4)</b>	6.5%
	<i>(5.4%)</i>	<i>(6.3%)</i>		<i>(7.1%)</i>	



## Consolidated Balance Sheet at 30/09/2006 (Million Euro)

	<b>September 30 2006</b>	<b>June 30 2006</b>	<b>September 30 2005</b>
<b>Cash and Deposits</b>	37.3	78.2	293.4
Net trade receivable	341.3	357.9	327.3
Other receivable	620.5	608.6	540.3
Inventories and other current assets	14.6	9.1	8.4
<b>Total Current assets</b>	<b>1,013.8</b>	<b>1,053.8</b>	<b>1,169.4</b>
Net tangible assets (PP&E)	1,647.8	1,633.8	1,409.1
Net intangible assets	403.0	398.5	369.1
Net financial assets	3.6	3.7	3.8
<b>Total Fixed assets</b>	<b>2,054.3</b>	<b>2,036.0</b>	<b>1,782.1</b>
<b>Discontinued Operations Assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Assets</b>	<b>3,068.2</b>	<b>3,089.8</b>	<b>2,951.4</b>
Trade payable	357.8	412.6	413.3
Other payable	508.8	490.9	155.6
Employees' entitlements fund	19.7	18.0	15.7
Financial debt	796.5	765.0	599.3
<b>Total Liabilities</b>	<b>1,682.8</b>	<b>1,686.5</b>	<b>1,183.9</b>
Share capital & Reserves	1,449.5	1,450.3	1,848.2
Net income / (loss) for the period	(64.2)	(47.0)	(80.7)
<b>Total Group share of shareholders' equity</b>	<b>1,385.3</b>	<b>1,403.3</b>	<b>1,767.5</b>
Minority interest in share capital	0.0	0.0	0.0
<b>Liabilities related to discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,068.2</b>	<b>3,089.8</b>	<b>2,951.4</b>



## Consolidated Cash Flow for the third quarter of 2006 (Million Euro)

	3Q 2006	2Q 2006	3Q 2005
<b>Group share of Net Loss</b>	<b>(17.2)</b>	<b>(18.2)</b>	<b>(18.4)</b>
Non cash Adjustment	89.3	75.0	73.2
Change in Minority Interest Capital	0.0	0.0	0.0
<b>Gross Operating Fund generation</b>	<b>72.1</b>	<b>56.8</b>	<b>54.8</b>
(Incr.) / Decr. accounts receivable	8.9	19.3	(25.8)
Incr / (Decr.) accounts payable	(34.8)	(44.3)	22.4
<b>Change in working capital</b>	<b>(25.9)</b>	<b>(25.0)</b>	<b>(3.4)</b>
(Purchase)/Disposal of assets: Tangibles	(93.4)	(116.5)	(123.9)
(Purchase)/Disposal of assets: Intangibles	(23.9)	(25.3)	(17.7)
(Purchase)/Disposal of assets: Financials	(0.1)	(1.1)	1.2
<b>Total (purchase)/disposal of assets</b>	<b>(117.3)</b>	<b>(142.9)</b>	<b>(140.4)</b>
<b>Net Operating Fund generation</b>	<b>(71.1)</b>	<b>(111.1)</b>	<b>(89.0)</b>
<b>Increase/(Decrease) in Share Capital &amp; Reserve</b>	<b>(1.1)</b>	<b>6.8</b>	<b>1.3</b>
<b>Net Financial Position at beginning of period</b>	<b>(686.8)</b>	<b>(582.5)</b>	<b>(218.3)</b>
<b>Net Financial Position at end of period</b>	<b>(759.1)</b>	<b>(686.8)</b>	<b>(305.9)</b>
<i>Cash and Pledge accounts</i>	37.3	78.2	293.4
<i>Financial debts</i>	(796.5)	(765.0)	(599.3)