



Network rollout completed

FASTWEB: First quarter 2006 revenues at 289 million Euro (+49% YoY)

EBITDA at 90.1 million Euro (+50% YoY)

Awarded the CONSIP and CNIPA contracts

- CONSIP and CNIPA contracts awarded with an estimated 300 Mln Euro per year combined revenue contribution, following roll out completion
- Full coverage reached with access to 45% of the Italian population and approximately 70% of telecom spending
- 793,700 clients as of 31 March 2006, +46% compared with 542,000 in March 2005
- Revenues at 289 million Euro, +49% versus first quarter 2005
- EBITDA at 90,1 million Euro, + 50% YoY increase and representing 31.2% of revenues
- Net financial debt at 582.5 million Euro as of 31 March 2006
- New long-term credit line for an amount of 300 million Euro
- AGM approved extraordinary distribution of 3.77 Euro per share

Milan, 15 May 2006 – The Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed telecommunications services provider, today approved the results for the first quarter to 31 March 2006.

FASTWEB's **network roll-out**, originally scheduled for completion at the end of 2006, is over. Geographical coverage has reached a potential of nearly 10 million households - 45% of the population - at the end of March, with an overall network extension of approximately 21,000 km and serving 130 metropolitan areas.



“The first three months of 2006 - said Chief Executive Officer **Stefano Parisi** - marked a significant turning point for FASTWEB. The efficiency in the network rollout process led to the early completion of the geographical coverage: from now on investments will be mainly related to new customer connections with less than one year pay back time. Further, the significant awards in the Public Administration and the excellent first quarter results in terms of clients, revenue and EBITDA growth highlight the significant progress we have made and confirm that FASTWEB has a clear growth path ahead”.

FASTWEB **consolidated revenues** amounted to 289 million Euro in the first quarter 2006, a 49% increase compared with 194.2 million Euro reported in the same quarter 2005.

Margins also marked significant growth. **Consolidated EBITDA** was equal to 90.1 million Euro, up 50% compared to 60 million Euro a year earlier. Despite the increase in communication and customer acquisition costs, EBITDA margin was stable and equal to 31.2% versus 30.9% in the first quarter of 2006.

First quarter 2006 **consolidated EBIT** was negative for 28.9 million Euro versus a loss of 22.8 million Euro in the equivalent period 2005 and was impacted, among others, by the increase in the depreciation charges, following last year geographical expansion.

FASTWEB posted a **consolidated net loss** of 28.8 million Euro in the first quarter 2006, compared with a loss of 31.9 million Euro in the same quarter 2005.

Capital expenditure was equal to 95.9 million Euro, significantly lower than in previous quarters, when the network extension effort was more significant.

Available funds stood at 489 million Euro as at March 31, 2006. This amount included cash and equivalents of 109 million Euro and undrawn credit lines of 380 million Euro.

Net debt was 582.5 million Euro at 31 March 2006, compared with 469.1 million Euro as at 31 December 2005.

FASTWEB had 793.700 **clients** at the end of March 2006, compared with 542,000 as at 31 December 2005, an increase of approximately 80,000 new subscribers: it was the best quarter ever in terms of customer acquisition, thus reinforcing the growth trend experienced in previous quarters. First quarter 2006 net additions increased 46% versus the same period 2005.



The contribution of **business** and **residential** customers to total revenues was 59% and 41% respectively in the first quarter. The residential component was also impacted by the exit from the consolidation perimeter at the beginning of the year of the subsidiary e.Voci, which contributed 12.8 million Euro to 2005 residential revenues. The split between business and residential customers was 15% and 85% respectively. On top of the significant award of the CONSIP and CNIPA contracts, FASTWEB performed well both in the Public Administration and in the large corporate segments, signing contracts, among others, with the Sicily and Veneto Regions, the Naples Municipality, Auchan, Capitalia and Reale Mutua Assicurazioni.

FASTWEB's nationwide coverage had also an important impact on the Company's communication strategy, as its advertising campaigns were based for the first time on an extremely popular testimonial nationwide: Valentino Rossi now represents FASTWEB's image, featuring in a series of adverts that strengthen brand awareness and support sales in all covered areas.

FASTWEB also launched the **Business Partner** project in the first quarter 2006, by establishing a new indirect sale channel supporting its presence in the corporate market. FASTWEB's Business Partners are well-established ICT companies that will target large business customers. FASTWEB's direct sale force will thus focus on the top segment of the corporate market, as it generates the highest portion of total spending.

Annualised residential **ARPU** (Average Revenue Per User) stood at 845 Euro in March 2006. Such value, that incorporates also the impact of the new services, was in line with the management's expectations. Telecommunications services ARPU was 786 Euro, while the average annual spending of video customers was stable at 304 Euro.

FASTWEB obtained a **new long-term credit line** for an overall amount of 300 million Euro that will expire on 31 December 2012. This facility was arranged under the existing financing agreement signed on 22 February 2005, terms and conditions of which have been renegotiated in favour of the company. Under the new arrangements, FASTWEB and the financing banks have removed the limitations on dividend distribution.

The Group had 3,036 employees at the end of the first quarter, compared with 2,994 as of 31 December 2005.



Award of CONSIP and CNIPA bids

FASTWEB successfully exploited the opportunity represented by the opening of the Public Administration and from the expansion of its network to national scale by winning both CONSIP and CNIPA bids for the provisioning of voice and data services, thus becoming the main provider to the Public Administration in Italy.

“FASTWEB - commented **Stefano Parisi** - has received two important acknowledgements from the Public Administration sector. We are particularly proud of this result because it confirms the excellence and efficiency of the technological solutions that the Company has always provided to its customers and that are now finally available also to the Public sector”.

Once rollout is completed, FASTWEB estimates that annual combined revenues from the two contracts will be approximately 300 million Euro, with a pay back time below one year and margins in line with the Company's parameters. Combined estimated capex for the two projects will be at around 100 million Euro.

On top of the direct contribution to the Company's operating performance, the two contracts will represent an extremely important reference that will further enhance the perception of FASTWEB's reliability and credibility not only in the Public Administration segment, but also in the corporate market, creating the opportunity for higher penetration and further growth.

For more information:

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Reclassified Consolidated Income Statement - First Quarter 2006 (€ Mln)

	1Q 2006	4Q 2005		1Q 2005	
			<i>change</i>		<i>change</i>
Consolidated Revenues from Operations	289.0	287.5	<i>0.5%</i>	194.2	<i>48.8%</i>
Other Income	3.2	7.4		1.8	
Operating Expenses	(202.0)	(197.7)		(135.7)	
EBITDA	90.1	97.2	<i>(7.3%)</i>	60.0	<i>(50.1%)</i>
<i>EBITDA Margin (%)</i>	<i>31.2%</i>	<i>33.8%</i>		<i>30.9%</i>	
Depreciation, amortization and write-downs	(119.0)	(130.9)		(82.8)	
EBIT	(28.9)	(33.7)	<i>14.3%</i>	(22.8)	<i>(26.9%)</i>
<i>EBIT Margin (%)</i>	<i>(10.0%)</i>	<i>(11.7%)</i>		<i>(11.7%)</i>	
Net Financial Income / (Expenses)	(8.5)	(8.9)		(18.8)	
Net Taxes	8.6	(1.5)		9.7	
Consolidated Net Loss	(28.8)	(44.1)	<i>34.7%</i>	(31.9)	<i>9.6%</i>
	<i>(10.0%)</i>	<i>(15.3%)</i>		<i>(16.4%)</i>	



Reclassified Consolidated Balance Sheet - 31/03/2006 (€ Mln)

	March 31 2006	December 31 2005	March 31 2005
Cash and Deposits	109.3	120.3	456.0
Net trade receivable	370.1	355.3	285.4
Other receivable	596.0	578.4	514.3
Inventories and other current assets	5.4	4.5	10.0
Total Current assets	1,080.8	1,058.4	1,265.8
Net tangible assets (PP&E)	1,594.9	1,589.8	1,240.7
Net intangible assets	392.0	392.0	392.0
Net financial assets	2.8	3.2	4.5
Total Fixed assets	1,989.7	1,985.0	1,637.1
Discontinued Operations Assets	0.0	7.4	0.0
Total Assets	3,070.5	3,050.8	2,903.0
Trade payable	455.2	510.5	333.9
Other payable	188.2	186.0	137.1
Employees' entitlements fund	17.1	16.3	12.9
Financial debt	691.8	589.3	564.6
Total Liabilities	1,352.3	1,302.1	1,048.4
Share capital & Reserves	1,747.0	1,866.4	1,886.4
Net income / (loss) for the period	(28.8)	(124.8)	(31.9)
Total Group share of shareholders' equity	1,718.2	1,741.6	1,854.5
Minority interest in share capital	0.0	0.0	0.0
Liabilities related to discontinued operations	0.0	7.1	0.0
Total Liabilities and Shareholders' Equity	3,070.5	3,050.8	2,903.0



Reclassified Consolidated Cash Flow Statement - First Quarter 2006 (€ Mln)

	1Q 2006	4Q 2005	1Q 2005
Group share of Net Loss	(28.8)	(44.1)	(31.9)
Non cash Adjustment	87.4	95.5	59.9
Change in Minority Interest Capital	0.0	0.0	0.0
Gross Operating Fund generation	58.6	51.4	28.1
(Incr.) / Decr. accounts receivable	(25.2)	(49.8)	(0.5)
Incr / (Decr.) accounts payable	(49.2)	110.2	14.6
Change in working capital	(74.5)	60.4	14.1
(Purchase)/Disposal of assets: Tangibles	(79.8)	(252.1)	(76.3)
(Purchase)/Disposal of assets: Intangibles	(16.1)	(40.1)	(15.0)
(Purchase)/Disposal of assets: Financials	(7.6)	(1.0)	1.3
Total (purchase)/disposal of assets	(103.5)	(293.1)	(90.0)
Net Operating Fund generation	(119.3)	(181.3)	(47.8)
Increase/(Decrease) in Share Capital & Reserve	5.9	18.2	802.4
Net Financial Position at beginning of period	(469.1)	(305.9)	(863.2)
Net Financial Position at end of period	(582.5)	(469.1)	(108.5)
<i>Cash and Pledge accounts</i>	<i>109.3</i>	<i>120.3</i>	<i>456.0</i>
<i>Financial debts</i>	<i>(691.8)</i>	<i>(589.3)</i>	<i>(564.6)</i>