

Achieved 2008 targets

FASTWEB: revenues at 1,708 million euro (+19% YoY)

Industrial EBITDA at 518 million euro (+26% YoY)

Positive net result

55 million euro positive free cash flow

Customer base increased 17% to 1,483,000 subscribers at the end of the year

- FASTWEB acquired approximately 19% of new broadband connections on the Italian market, up from 17% in 2007
- Consolidated revenues at 1,708 million euro, +19% compared to 1,433 million euro in 2007 and higher than the 14% growth rate targeted for 2008
- Strong performance of the Executive Business Unit with revenues up 41% thanks to Public Administration contracts, new corporate clients and the positive renegotiation of expiring contracts
- Consolidated industrial EBITDA at 518 million euro, +26% compared to 410 million euro in 2007 and equal to 98% of the 2008 target
- Consolidated EBIT at 134 million euro, +37% YoY
- First-ever net profit against a net loss of 125 million euro in 2007
- Positive free cash flow of 55 million euro, a strong improvement with respect to the negative cash flow of 128 million euro recorded in 2007
- Net debt of 1,457 million euro as at 31 December 2008
- Further improvement in the customer satisfaction index of all three Business Units
- 2009 targets: increase in revenues and EBITDA of approximately 5% and 8% respectively, positive net result, positive free cash flow on a full year basis and 11% decrease in the capex/sales ratio

Milan, 26th February 2009 – The Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed telecommunications services provider, approved the draft financial statement for the year ending 31 December 2008 at a meeting yesterday evening.



Thanks to 220,000 **net adds**, the customer base grew from 1,263,000 subscribers at the end of 2007 to 1,483,000 as at 31 December 2008, a 17% increase. As a result, FASTWEB share of net adds grew in the year by an estimated 19%, up from 17% in 2007. The overall number of new broadband customers on the Italian market is expected to grow 12% in 2008.

2008 **consolidated revenues** amounted to 1,708 million euro, a 19% increase from 1,433 million euro in 2007 and higher than the 14% growth rate targeted for 2008. The performance was particularly strong in the fourth quarter, when revenues totaled 467 million euro, a 21% improvement with respect to the same period 2007.

The **Executive Business Unit** (large corporate accounts, Public Administration, wholesales activities) was a key performer, with 2008 revenues rising 41% to 671 million euro, confirming that FASTWEB is Telecom Italia's main competitor in a segment that continues to offer significant growth opportunities. Many important new accounts were acquired in 2008, including Gruppo Lottomatica, UBI Banca, Allianz, Lidl, Coop, Alstom Power and Coin. These acquisitions together with the Public Administration contracts made a significant contribution to revenue growth.

FASTWEB successfully renegotiated also a number of key contracts expiring in 2008, in many cases extending the perimeter of the agreements through upselling activities (with an expected increase in future revenues) and an extension of the contract duration. Renewals included the **Unicredit** contract for data and voice services. The new contract has a three-year duration (2010-2012) and also involves the Capitalia network (following the merger between the two banks), with a total of approximately 5,000 additional branches that will be migrated to FASTWEB infrastructure.

The **Consumer Business Unit** (residential subscribers and Micro Business) reported revenues of 808 million euro, up 11% from 2007 (+12.5% if the impact of the reduction in termination rates is excluded). Over and above the positive trend in net adds, the Business Unit achieved a significant improvement in the inbound sale channel performance which accounted for more than 50% of new subscribers. In particular, web sales accounted for 14% versus 4% in 2007. The IPTV service also recorded a positive trend, with subscribers increasing by 13% in the year.

FASTWEB launched its **mobile services** for residential subscribers in September, with the objective of creating a fully convergent fixed-mobile service. The marketing of these new solutions, supported by an effective advertising campaign that contributed to developing a significant market awareness, was mainly directed to FASTWEB customer base, with a redemption rate in line with the Company expectations. Active SIM cards at the end of the year amounted approximately 30,000.

The **SME Business Unit** (small and medium enterprises) reported revenues of 229 million euro, a result in line with 2007 (+3% if the impact of the reduction in termination rates is excluded). This Business Unit, which was created at the beginning of 2008, focused its activities on the setting up and the fine tuning of the industrial process (marketing, sales, activation, customer base management). Also, the launch of an entirely new service portfolio dedicated to the SME market at the end of 2008 was very well received by the market.



In order to further increase the market focus of the Business Unit, the commercial and industrial activities related to the Micro Business clients (2008 revenues of 150 million euro), previously managed by the Consumer Business Unit, were allocated to the SME division as of 1st January 2009. As a result of this re-organization, the 2008 *pro forma* revenues to be used as a comparison with future results are 658 million euro for the Consumer Business Unit and 379 million euro for the SME one.

Further, a new brand and a communications plan fully dedicated to the SME market were launched in February 2009. These initiatives will allow the Business Unit to increase revenues and market share in 2009.

Revenues generated by the Consumer Business Unit in 2008 amounted to 48% of consolidated revenues, while the SME and the Executive Business Unit accounted for 13% and 39% respectively.

The significant customer base and revenues growth in 2008 was accompanied by a further improvement in the **customer satisfaction index** (CSI) both at Company level (+5%) and within each Business Unit. This trend indicates that the reorganization started last year contributed to further enhance the capability of the Company to guarantee high service levels and confirms that FASTWEB ranks at the top end of the Italian telecom market.

The trend in margins was also positive and in line with targets. The progressive growth in consolidated **EBITDA** allowed FASTWEB to report an EBITDA of 548 million euro. Excluding the impact of the 30 million euro extraordinary item booked in the second quarter, 2008 industrial EBITDA was 518 million euro (equal to 30% of consolidated revenues), a 26% growth with respect to 2007 and representing 98% of full year target.

Fourth-quarter EBITDA was 146 million euro, +39% versus 105 million euro (*pro forma*) in the equivalent period 2007, with an EBITDA margin of 31% from 27% (*pro forma*) in the last quarter 2007.

2008 **consolidated EBIT** was 134 million euro, up 37% from 98 million euro in 2007. Depreciation, amortization and write-downs totaled 413 million euro, a slight increase on 382 million euro in 2007.

The **net financial result** was negative for 86.3 million euro, compared with charges of 67.5 million euro in 2007.

The company **tax charge** totaled 42 million euro, compared with charges of 155 million euro in 2007. FASTWEB posted a **consolidated net profit** of 6 million euro, compared with a net loss of 125 million euro in 2007.

Net capital expenditure in the year was 437 million euro and was mainly related to customer-driven capex, a significant part of which was driven by the activation of new corporate customers.



The positive revenue trend combined with the decrease in capital expenditure produced an improvement in the capex/sales ratio which was equal to 26% in 2008 from 38% in 2007, further reflecting that FASTWEB business model is structurally oriented towards cash generation.

Net debt at the end of 2008 was 1,457 million euro from 1,265 million euro at the end of 2007. This increase was due to the settlement of the debt towards the Parent company for an amount of 246,040,000 euro relative to the 2007 deferred dividend payment (shareholder resolution of 23rd March 2007). This liability was converted by Swisscom Italia into an additional credit line that which will expire in 2012.

Net cashflow for the year was positive for 55 million euro, a significant improvement with respect to the negative cashflow of 128 million euro in 2007. The result was positively impacted by some extraordinary cash items booked in the year.

Events occurring after year-end

The Company launched **FASTWEB Soluzione Impresa** in February 2009, a new brand which identifies all the services targeted to the SME segment. With this launch and the communication campaign dedicated to SME prospect customers, FASTWEB confirms its focus on a market segment that offers significant growth potential.

The Company operating targets for 2009 are: revenue growth of approximately 5%, industrial EBITDA growth of approximately 8%, positive net result, positive free cashflow on a full year basis (EBITDA-Capex equal to approximately 140 million euro) and an 11% decrease in the capex/sales ratio. 2009 guidance is stated before any impact of the ULL rates revision by Agcom that is still pending.

The 2009 guidance provided by FASTWEB management is based on the information currently available. It reflects market parameters and other economic fundamentals, and may therefore differ materially from actual future results.

Call of the Shareholders' Meeting

The Board of Directors resolved to call the Ordinary Shareholders' Meeting for 7th April 2009 at 2.00 pm at the Hotel Enterprise in Corso Sempione 91, Milan, on first call, and for 8th April 2009 in the same venue at the same time on second call, to discuss the following agenda:

Ordinary session:

- Approval of the financial statements as of and for the year ended 31st December 2008 pursuant to art. 2364, paragraph 1, point 1, of the Italian Civil Code.

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.



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Consolidated Income Statement 2008 (€ Mln)

	Full Year 2008	Full Year 2007
Consolidated Revenues from Operations	1,708.1	1,433.2
Other Income	124.4	158.2
Operating Expenses	(1,192.4)	(1,047.0)
EBITDA	640.0	544.4
<i>EBITDA Margin (%)</i>	<i>37.5%</i>	<i>38.0%</i>
Rerverse	0.0	0.0
Bad Debt	(89.5)	(57.7)
Accrual for risk and charges	(2.9)	(6.5)
EBITDA RESTATED	547.7	480.3
<i>EBITDA RESTATED (%)</i>	<i>32.1%</i>	<i>33.5%</i>
Depreciation, amortization and write-downs	(413.4)	(382.0)
EBIT	134.3	98.3
<i>EBIT Margin (%)</i>	<i>7.9%</i>	<i>6.9%</i>
Net Financial Income / (Expenses)	(86.3)	(67.5)
Extraordinary Items	0.0	0.0
Net Taxes	(41.9)	(155.5)
Consolidated Net Result	6.1	(124.7)
	<i>0.4%</i>	<i>(8.7%)</i>



Consolidated Income Statement – Fourth Quarter 2008 (€ Mln)

	4Q 2008	3Q 2008		4Q 2007
Consolidated Revenues from Operations	467.2	426.8	<i>% change</i> 9.5%	365.0
Other Income	33.5	14.6		60.5
Operating Expenses	(313.1)	(295.3)		(298.1)
Provisions	(41.7)	(18.9)		35.4
EBITDA	146.0	127.3	14.7%	162.9
<i>EBITDA Margin (%)</i>	<i>31.2%</i>	<i>29.8%</i>		<i>44.6%</i>
Depreciation, amortization and write-downs	(115.6)	(99.1)		(102.2)
EBIT	30.4	28.1	(8.1%)	60.7
<i>EBIT Margin (%)</i>	<i>6.5%</i>	<i>6.6%</i>		<i>16.6%</i>
Net Financial Income / (Expenses)	(22.0)	(24.7)		(18.2)
Net Taxes	(15.1)	(5.6)		(134.2)
Consolidated Net Result	(6.7)	(2.1)	(213.7%)	(91.7)
	<i>(1.4%)</i>	<i>(0.5%)</i>		<i>(25.1%)</i>



Consolidated Balance Sheet - 31/12/2008 (€ Mln)

	31 December 2008	30 September 2008	31 December 2007
Cash and Deposits	116.3	162.4	70.0
Net trade receivable*	567.9	597.1	557.8
Other current receivable*	139.0	133.4	176.9
Inventories* and other current assets	7.1	6.0	4.8
Total Current assets	830.3	898.9	809.5
 Net tangible assets (PP&E)	 1,865.7	 1,875.8	 1,853.6
Net intangible assets	443.2	434.5	427.5
Net financial assets	2.9	3.2	3.0
Other non current receivable	222.6	235.1	255.2
Total Fixed assets	2,534.4	2,548.6	2,539.4
 Discontinued operations assets	 0.0	 0.0	 0.0
Total Assets	3,364.7	3,447.5	3,348.9
 Trade payable*	 591.3	 633.2	 562.0
Other payable*	270.8	279.3	528.8
Employees' entitlements fund	19.0	20.1	17.9
Financial debt	1,573.6	1,596.8	1,335.4
Total Liabilities	2,454.6	2,529.3	2,444.1
 Share capital & Reserves	 904.0	 905.4	 1,029.5
Net income / (loss) for the period	6.1	12.8	(124.7)
Total Group share of shareholders' equity	910.1	918.2	904.8
 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	3,364.7	3,447.5	3,348.9

* 2007 and 2008 September figures have been restated for comparison proposal



Consolidated Cash Flow Statement – Full Year 2008 (€ Mln)

	Full Year 2008	Full Year 2007
	<hr/>	<hr/>
Group share of Net Loss	6.1	(124.7)
Non cash Adjustment	416.0	510.2
Change in Minority Interest Capital	0.0	0.0
Gross Operating Fund generation	422.1	385.5
(Incr.) / Decr. accounts receivable	26.3	(96.7)
Incr / (Decr.) accounts payable	43.7	124.3
Other changes in working capital items		
Change in working capital	69.9	27.6
(Purchase)/Disposal of assets: Tangibles	(333.0)	(443.8)
(Purchase)/Disposal of assets: Intangibles	(104.6)	(96.9)
(Purchase)/Disposal of assets: Financials	0.8	(0.6)
Total (purchase)/disposal of assets	(436.9)	(541.3)
Net Operating Fund generation	55.1	(128.2)
Increase/(Decrease) in Share Capital	(247.0)	(54.3)
Other non Cash Adjustment	0.0	(1.6)
Net Financial Position at beginning of period	(1,265.4)	(1,081.3)
Net Financial Position at end of period	(1,457.3)	(1,265.4)
<i>Cash and Pledge accounts</i>	<i>116.3</i>	<i>70.0</i>
<i>Short term financial debts</i>	<i>(1,573.6)</i>	<i>(1,335.4)</i>