

31% EBITDA margin in the July-September period

e.Biscom: revenues soar to € 185.6 million (+51%) in third quarter 2004

FastWeb customers up to 456,600: record growth in September

- Consolidated revenues rise to € 522.2 million in the first 9 months 2004 and € 185.6 million in the third quarter
- EBITDA margin increases to 31% of consolidated revenues
- Customers at 456,600 as of 30 September 2004, up 57% on 290,200 as of 30 September 2003
- Network coverage extended to Alessandria and the local industrial district
- FastWeb world's first broadcaster of *Video on-Demand* content in Dolby Digital 5.1

Milan, 12 November 2004 – The Board of Directors of e.Biscom S.p.A. (Milan, *Nuovo Mercato*: EBI), Italy's leading broadband telecommunications company, approved results for the third quarter 2004.

e.Biscom **consolidated revenues** for the first nine months 2004 totalled € 522.2 million, a figure equal to 2003 full-year revenues including HanseNet. The improvement against the first nine months of 2003 was 67% (+35% including HanseNet revenues).

Consolidated revenues for the third quarter were € 185.6 million, an increase of 51% compared to € 122.8 million in the third quarter 2003, or 25% on € 148.4 million including HanseNet revenues.

Margins continued to improve. e.Biscom **consolidated EBITDA** in the first nine months was € 156.8 million, more than double the figure for the first nine months of 2003 including HanseNet.

Significant progress was also reported in third-quarter consolidated EBITDA, which rose to € 57.3 million or 31% of consolidated revenues, and almost doubled in respect of 2003 third-quarter consolidated EBITDA excluding HanseNet (€ 30.7 million).

e.Biscom confirmed its strong margin performance with a significant improvement in **EBIT**, which rose from negative € 46.9 million in third quarter 2003 to negative € 25.1 million in the July-September 2004 period.

The number of **customers** was **456,600** as of 30 September 2004, an increase of 39,100 subscribers on 417,500 as of 30 June 2004. This compared with 290,200 subscribers at 30 September 2003, for a 57% increase over the twelve months.

FastWeb had 67,100 business customers at the end of September 2004 and 389,500 residential customers, accounting for 15% and 85% respectively of total subscribers. 40% of customers had direct access to FastWeb's fibre network, while the remaining 60% had access via DSL connections.

The growth of the customer base was assisted by the expansion of the Group's potential market. During the third quarter, e.Biscom extended its network to the city of Alessandria and its local industrial district and also enhanced service coverage and market penetration in Milan, Rome, Genoa, Turin, Bologna, Naples, Reggio Emilia, Venice, Padua, Biella, Modena, Sondrio and Bari.

The Group's network infrastructure spanned more than 12,700 km (7,700 km of metropolitan backbone and residential cabling, and approximately 5,000 km of long-distance domestic backbone) by 30 September 2004, giving it a potential of almost 4 million customers, compared with 3.1 million at the end of 2003.

The number of subscribers to FastWeb's **video services** rose 67%, from 97,000 in September 2003 to more than 161,000 at the end of third quarter 2004.

Maintaining its commitment to provide value added services and to constantly enhance its TV offer, the Group also began delivery of Video on Demand content in Dolby Digital 5.1 audio quality, a world first that takes it a further step towards full exploitation of broadband potential.

e.Biscom residential **ARPU** (average revenue per user) totalled € 903 on a year basis in September, compared to € 865 in September 2003.

e.Biscom posted a **consolidated net loss** of € 42 million in the third quarter, an improvement on the € 54.8 million loss of the year-earlier period. Consolidated capital expenditure in the first nine months amounted to € 350 million, of which € 303 million related to operating capex; the residual amount referred to property acquisitions and fees for the re-negotiation of the bank facility.

e.Biscom **sources of funds** amounted to € 197 million as of 30 September 2004. They were composed of cash and equivalents of € 105 million and undrawn credit lines of € 92 million. These available funds are more than sufficient to cover the Group's cash requirements until it achieves cash flow break-even.

The Group had 1,941 employees at the end of the third quarter, compared with 1,477 at 31 December 2003 and 1,742 at 30 June 2004. It also provided full-time employment for an external workforce of approximately 3,000 people active in sales, customer care, network development and client connection.

“e.Biscom is moving steadily towards its year-end targets and is fully on schedule with the timetable set out in the strategic plan,” said e.Biscom Chairman and CEO Silvio Scaglia. “The merger with FastWeb will be completed in the next few weeks. At the Shareholders’ Meeting called for 1 December, it will be submitted the proposal to change the name of the company created through the merger. Our proposal is FastWeb, our services brand-name, which, according to a specific survey, combines an extremely high recognition level among the general public and identification as an innovative, leading-edge company with a solid reputation among retail investors.”

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Pro-forma Consolidated Income Statement (in € Millions) at 30/09/2004

	3Q 2004	2Q 2004		3Q 2003	
			% change		% change
Consolidated Revenues from Operations	185,6	179,0	3,7%	148,4	25,0%
Other Income	2,8	2,8		2,2	
Operating Expenses	(131,1)	(129,0)		(115,6)	
EBITDA	57,3	52,8	(8,3%)	35,0	(63,7%)
<i>EBITDA Margin (%)</i>	<i>30,9%</i>	<i>29,5%</i>		<i>23,6%</i>	
Depreciation, amortization and write-downs	(82,3)	(81,4)		(81,9)	
EBIT	(25,1)	(28,5)	12,0%	(46,9)	46,5%
<i>EBIT Margin (%)</i>	<i>(13,5%)</i>	<i>(15,9%)</i>		<i>(31,6%)</i>	
Net Financial Income / (Expenses)	(16,9)	(17,0)		(14,3)	
Extraordinary Items				6,5	
Consolidated Net Loss	(42,0)	(45,5)	7,7%	(54,8)	23,3%
	<i>(22,6%)</i>	<i>(25,4%)</i>		<i>(36,9%)</i>	
Minority interests				0,0	
Group share of Net Loss	(42,0)	(45,5)	7,7%	(54,7)	23,3%

Pro-forma Consolidated Balance Sheet (in € Millions) at 30/09/2004

	September 30 2004	June 30 2004	September 30 2003
Cash and Deposits	104,9	168,2	355,9
Net trade receivable	235,8	228,3	176,5
Vat Receivable	145,3	139,3	159,8
Deferred Tax	250,1	250,1	190,0
Other receivable	69,0	64,7	74,7
Inventories and other current assets	15,1	11,8	6,2
Total Current assets	820,1	862,5	963,1
Net tangible assets (PP&E)	1.216,7	1.187,4	1.001,3
Net intangible assets	389,3	397,5	402,5
Net financial assets	6,7	7,5	9,9
Total Fixed assets	1.612,7	1.592,3	1.413,7
Total Assets	2.432,8	2.454,8	2.376,8
Trade payable	314,6	330,3	327,1
Other payable	118,6	109,0	111,8
Employees' entitlements fund	11,3	10,6	8,4
Financial debt	919,3	894,7	967,1
Total Liabilities	1.363,9	1.344,6	1.414,4
Share capital & Reserves	1.193,5	1.193,3	1.286,1
Net income / (loss) for the period	(125,0)	(83,0)	(323,7)
Total Group share of shareholders' equity	1.068,5	1.110,2	962,4
Minority interest in share capital	0,4	0,0	0,1
Minority interest in net income / (loss) for the period	0,0	0,0	(0,2)
Total Liabilities and Shareholders' Equity	2.432,8	2.454,8	2.376,8

Pro-forma Consolidated Cash Flow Statement (in € Milions) at 30/09/2004

	3Q 2004	2Q 2004	3Q 2003
Group share of Net Loss	(42,0)	(45,5)	(54,8)
Amortization	71,2	68,2	77,3
Other non-cash adjustments	3,5	(0,3)	(54,7)
Change in Minority Interest in Net Equity	0,4	(0,4)	(15,4)
Gross Operating Fund generation	33,1	22,0	(47,6)
(Incr.) / Decr. accounts receivable	(20,9)	28,7	46,5
Incr / (Decr.) accounts payable	(7,5)	11,3	(18,8)
Change in working capital	(28,5)	40,0	27,7
Purchase of assets: Tangibles	(73,4)	(126,2)	38,7
Purchase of assets: Intangibles	(19,2)	(32,1)	74,6
Purchase of assets: Financials	(0,0)	0,2	34,2
Total purchase/disposal of assets	(92,8)	(158,1)	147,5
Net Operating Fund generation	(88,1)	(96,2)	127,6
 Increase/(Decrease) in Share Capital	 0,4	 0,0	 0,0
 Net Financial Position at beginning of period	 (726,6)	 (630,4)	 (738,8)
 Net Financial Position at end of period	 (814,4)	 (726,6)	 (611,2)
<i>Cash and Pledge accounts</i>	<i>104,9</i>	<i>168,2</i>	<i>355,9</i>
<i>Financial debts</i>	<i>(919,3)</i>	<i>(894,7)</i>	<i>(967,1)</i>