

1,251,000 clients at 30 September 2007 (+31% on 957,400 at the end of September 2006)

FASTWEB: revenues to 1,068 million euro in the first nine months of 2007

(+19% YoY)

EBITDA increased by 48% YoY to 317 million euro

EBITDA margin increased to 30% from 24% in 2006

- 1,251,400 clients at 30 September 2007, +31% from 957,400 at the end of September 2006
- Estimated 20% market share of new broadband clients in the third quarter, in line with 2006 performance
- Consolidated revenues of 1,068 million euro in the first nine months of 2007 (+19%)
- Core revenues (excluding low-margin wholesale) increased 29%
- Consolidated EBITDA amounted to 317.4 million euro, +48% YoY
- EBITDA margin at 30% in the first nine months, over 24% in the year-earlier period
- Residential ARPU in September stable at 733 euro

Milan, 31 October 2007 - At a meeting today, the Board of Directors of FASTWEB S.p.A. (Milan, MTAX: FWB), Italy's second-largest fixed telecommunications services provider, approved the results for the first nine months to 30 September 2007.

FASTWEB reported a net increase of 55,800 in the number of **clients** in the third quarter, with an estimated share of approximately 20% of total new broadband clients on the Italian market, a result in line with 2006 performance.

The growth rate in the customer base recorded in September was one of the highest ever reported, driven by new commercial offers and new services for residential users.



More specifically, FASTWEB re-shaped its commercial offer, simplifying and updating its tariffs and making FASTWEB TV available also on a stand-alone basis. The introduction of the new residential offer produced an improvement in a number of key parameters, including the adoption of flat-rate services by 90% of clients acquired in the third quarter and the penetration of FASTWEB TV (25% of clients acquired in September, compared with an average 20% in the previous 12 months).

The overall number of clients at 30 September 2007 was 1,251,400, compared to 1,195,600 at 30 June. The **residential vs business client mix** was unchanged (82% and 18% respectively).

The number of clients acquired in the third quarter was affected by Telecom Italia win-back activities that FASTWEB considers illegal. The incumbent carried out selective sale activities on FASTWEB customer base during 2007, using confidential information not available for commercial purposes, despite the sentence issued by the Milan Court of Appeal in May 2006 ordered Telecom Italia to abstain from this type of abusive practices. Given these activities, which led to an increase in the number of cancellations by FASTWEB clients, the Italian Antitrust Authority began an investigation into alleged abuse of dominant position by the incumbent on 24 October. Moreover, FASTWEB filed a suit requesting Telecom Italia the payment of 500 euro for each attempted abuse of the above mentioned sentence and for damage compensation.

FASTWEB residential **ARPU** (Average Revenue Per User) was 733 euro in September, compared with 747 euro in June, a decrease of less than 2%. This result confirms that the ARPU trend is in line with the Company expectations and that the price reductions introduced in September have not generated a significant migration in the customer base.

Consolidated **revenues** for the first nine months 2007 amounted to 1,068.2 million euro, rising 19% from 897.4 million euro in the equivalent period 2006.

Third-quarter revenues were 353.8 million euro, up 11% from 319.1 million euro in the third quarter 2006.

Significant revenue contribution in the first nine months came from both **business** (58% of total revenues) and **residential clients** (42%). Important corporate contracts were acquired during the third quarter, among others with Bluvacanze, Sigma Tau and Banca delle Marche, confirming that this market segment continues to offer significant growth opportunities.



Consolidated revenue growth reflected the decision taken by the company to concentrate on its higher margin core business and to limit the contribution from low-margin wholesales business (voice traffic carried on FASTWEB network).

As a consequence, wholesale activities accounted for 8% of total revenues in the first nine months, compared with 15% one year ago and decreased by 35% (90 million euro compared to 138 million euro in the first nine months of 2006). On the other hand, core revenues (residential and business) increased by 29% versus the first nine months 2006, an indication that FASTWEB core business is growing in line with expectations.

Revenue trend was also affected by a reduction of the contribution of the **Consip** convention (voice services for central and local government agencies). Following a delay in the order intake due to uncertainty over legal issues, FASTWEB began client migration onto its infrastructure in the second and third quarter 2007. The number of active lines and the average voice traffic per line were found to be substantially lower than the levels indicated in the bid documentation. Under these conditions, revenues generated in the first nine months of 2007 and projected revenues for the coming quarters will be lower than initially expected. However, the margin generated by these activities is higher than expected at approximately 35%, thanks to the contribution of data services provided within the Consip convention itself.

Consolidated **EBITDA** in the first nine months was 317.4 million euro, an increase of 48% compared to the 213.8 million euro recorded in the same period 2006. This growth produced an increase in the **EBITDA margin** to 29.7%, from 23.8% in the first nine months 2006.

Excluding the positive net impact of the extraordinary items booked in the second quarter 2007 (43.5 million euro), **organic EBITDA** for the first nine months of 2007 was 273.9 million euro (25.6% of consolidated revenues), a 28% increase on the equivalent period 2006.

Third-quarter EBITDA was 93.6 million euro, compared with 86.1 million euro in the equivalent period 2006.

Excluding wholesales revenues (voice traffic carried on FASTWEB network), EBITDA of core activities in the first nine months of 2007 grew by 31%, with a margin of 27.3% compared to 26.7% in the same period 2006.

Carsten Schlöter, Chairman of the Board, commented: “We are happy with FASTWEB continued momentum in the marketplace where it secured a 20% share of net adds in the third quarter. Despite a slightly lower full year guidance for FASTWEB revenues and EBITDA, this will not impact the overall Swisscom Group guidance for 2007 which stays at CHF 11.2-11.3 billion for revenues and CHF 4.4-4.5 billion for EBITDA.”



Consolidated **EBIT** in the first nine months of 2007 was positive at 37.6 million euro, compared with negative EBIT of 72.6 million euro in the equivalent period 2006. Depreciation and amortization charges for the nine months amounted to 279.8 million euro.

For the first nine months, FASTWEB reported a consolidated **net loss** of 33 million euro, against a loss of 64.2 million euro in the same period one year ago, an improvement of 49%.

Capital expenditure in the first nine months of the year was 366.1 million euro, mainly due to new client activations. Capex also included a component related to the infrastructure for the delivery of services to government agencies.

Net debt at the end of September was 1,111.2 million euro, from 1,076.1 million euro at the end of June.

FASTWEB had a **net negative cash flow** of 34.4 million euro in the July-September 2007 quarter.

The net result and cash flow were impacted by revenue and EBITDA trends and by the delay in the decision by the Italian Communications Authority (AGCOM) concerning termination rates.

Network expansion is ahead of schedule, with 190,000 potential new clients reached by the end of September. FASTWEB confirmed its goal of increasing network coverage to 50% of the Italian market by the year end.

Termination rates

The method that will be applied to compute termination rates is currently being defined by AGCOM. Following the approval of the computation method, expected in November, termination rates will be set by the end of the year.

FASTWEB is confident that the outcome will be satisfactory, as the Company presented a detailed and exhaustive regulatory accounting model in August 2006, based on the same approach currently adopted by AGCOM.

2007 Full-year Guidance

In light of the Company decision to focus on higher-margin core activities and to limit the contribution of low-margin wholesales business and in light of the significant reduction in the potential of the Consip convention, 2007 full year revenue guidance is set at approximately 1,450 million euro (+15% versus 2006).



The full year EBITDA guidance is of approximately 480 million euro (+59% on 2006). This includes 43.5 million euro extraordinary items booked in the second quarter and is based on the same assumptions regarding termination rates that were incorporated in the previous guidance.

Capital expenditure will amount to an estimated 520 million Euro, including a component related to the network expansion, as previously announced.

The manager in charge of preparing the Company 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.

For more information

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Reclassified Consolidated Income Statement 3Q 2007 (in millions of euro)

	3Q 2007	2Q 2007		3Q 2006	
			% change		% change
Consolidated Revenues from Operations	353.8	360.5	(1.9%)	319.1	10.9%
Other Income	10.2	74.1		11.9	
Operating Expenses	(240.0)	(262.6)		(217.9)	
Provisions	(30.5)	(34.3)		(27.0)	
EBITDA	93.6	137.7	(32.1%)	86.1	8.6%
<i>EBITDA Margin (%)</i>	26.4%	38.2%		27.0%	
Depreciation, amortization and write-downs	(94.4)	(96.2)		(99.3)	
EBIT	(0.9)	41.5	102.1%	(13.1)	93.5%
<i>EBIT Margin (%)</i>	(0.2%)	11.5%		(4.1%)	
Net Financial Income / (Expenses)	(16.9)	(15.0)		(12.4)	
Net Taxes	(0.3)	(20.7)		8.3	
Consolidated Net Loss	(18.1)	5.8	410.6%	(17.2)	(5.3%)
	(5.1%)	1.6%		(5.4%)	



Consolidated Balance Sheet - 09/30/2007 (in millions of euro)

	30 September 2007	30 June 2007	30 September 2006
Cash and Deposits	60.9	95.2	37.3
Net trade receivable	497.2	468.8	341.3
Other current receivable	214.5	232.1	230.2
Inventories and other current assets	5.7	6.3	14.6
Total Current assets	778.3	802.4	623.5
Net tangible assets (PP&E)	1,788.3	1,769.1	1,647.8
Net intangible assets	420.1	417.2	403.0
Net financial assets	2.9	3.1	3.6
Other non current receivable	387.0	386.9	390.3
Total Fixed assets	2,598.3	2,576.2	2,444.6
Discontinued operations assets	0.0	0.0	0.0
Total Assets	3,376.6	3,378.6	3,068.2
Trade payable	578.8	564.9	357.8
Other payable	608.9	605.4	508.8
Employees' entitlements fund	20.9	22.4	19.7
Financial debt	1,172.0	1,171.3	796.5
Total Liabilities	2,380.6	2,364.0	1,682.8
Share capital & Reserves	1,029.0	1,029.5	1,449.5
Net income / (loss) for the period	(33.0)	(14.9)	(64.2)
Total Group share of shareholders' equity	996.0	1,014.6	1,385.3
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	3,376.6	3,378.6	3,068.2



Consolidated Cash Flow – 3Q 2007 (in millions of euro)

	3Q 2007	2Q 2007	3Q 2006
Group share of Net Loss	(18.1)	5.8	(17.2)
Non cash Adjustment	94.2	119.2	89.3
Change in Minority Interest Capital	0.0	0.0	0.0
Gross Operating Fund generation	76.1	125.1	72.1
(Incr.) / Decr. accounts receivable	(10.2)	(18.8)	8.9
Incr / (Decr.) accounts payable	16.5	10.8	(34.8)
Change in working capital	6.3	(8.1)	(25.9)
(Purchase)/Disposal of assets: Tangibles	(93.1)	(94.1)	(93.4)
(Purchase)/Disposal of assets: Intangibles	(23.5)	(19.9)	(23.9)
(Purchase)/Disposal of assets: Financials	(0.2)	(0.1)	(0.1)
Total (purchase)/disposal of assets	(116.7)	(114.0)	(117.3)
Net Operating Fund generation	(34.4)	3.0	(71.1)
Increase/(Decrease) in Share Capital & Reserve	(0.7)	(3.0)	(1.1)
Other non Cash Adjustment	0.0	0.0	0.0
Net Financial Position at beginning of period	(1,076.1)	(1,076.2)	(686.8)
Net Financial Position at end of period	(1,111.2)	(1,076.1)	(759.1)
<i>Cash and Pledge accounts</i>	<i>60.9</i>	<i>95.2</i>	<i>37.3</i>
<i>Financial debts</i>	<i>(1,172.0)</i>	<i>(1,171.3)</i>	<i>(796.5)</i>