

376,500 Clients: best quarter ever in terms of new customers (+46,000)
e.Biscom: First Quarter 2004 revenues rise to € 157.7 million (+55%)
-- Consolidated EBITDA at € 46.7 million --

- Further increase in margins: First quarter 2004 consolidated EBITDA margin at 30%
- Total residential ARPU grows to € 908 per year v. € 805 in March 2003
- TV customers grow to over 138,000 (+155%) from 54,000 in March 2003
- Three new highly skilled customer care groups established in the first quarter
- Merger of FastWeb into e.Biscom approved by the Boards of the two companies

Milan, May 12th 2004 -- The Board of Directors of e.Biscom S.p.A. (Milan, *Nuovo Mercato*: EBI), Italy's main broadband telecommunications company, met yesterday and approved the company's first quarter financial report for the period ending March 31st 2004.

e.Biscom announced that its first quarter consolidated revenues rose to Euro 157.7 million, up 55% with respect to Euro 101.7 million reported during the same quarter of the previous year and more than double (+104%) in comparison to € 78.1 million not including HanseNet.

At the end of the first quarter 2004, e.Biscom reported positive consolidated EBITDA at € 46.7 million, with an EBITDA margin of 30%, more than triple the € 13.8 million reported during the same period of the previous year.

At the end of the first quarter 2004, the total number of customers was 376,500, that is 46,000 new customers with respect to the 330,600 announced at the end of 2003. Therefore, the first quarter 2004 was the best quarter ever in terms of acquisition of new customers. e.Biscom, thus, confirms its leadership among the alternative fixed broadband companies in Italy. At March 31st 2004, the split between business and residential customers was 55,800 businesses and 320,700 families.

In March 2004, e.Biscom's residential ARPU (average revenue per user) rose to € 908 per annum, with respect to € 805 at the end of the first quarter 2003 thanks both to increased annual ARPU from telecom services (from € 788 in March 2003 to € 806 in March 2004) and to the increased contribution from video services (from € 17 in March 2003 to € 102 in March 2004) due to the higher penetration of video on the total customer base and to the increased purchase of video-on-demand and pay-TV services.

Moreover, TV and video customers more than doubled to over 138,000 (43% of total residential customers) with respect to 54,000 (31% of total residential customers) in the same period last year. The increase in video customers also benefited from the government subsidies for digital terrestrial TV set top boxes.

“Our first quarter results further confirm the strong growth trend of the Group. This quarter was not only the best in terms of new customers, but it also saw a further increase in residential ARPU, which was already the highest in Europe at the end of 2003” said **Silvio Scaglia**, Chairman of e.Biscom. “Furthermore, the sharp increase in our customer base is accompanied by a further increase in the EBITDA margin, thus proving the high profitability of our business”.

The remarkable increase in customers in the first quarter of the year was also due to the expansion of the potential client base. In the first quarter 2004, FastWeb expanded its network to Modena and Padua, furthered its coverage within the cities already reached by its services, completed the wiring of suburban Milan and started that of suburban Turin. At March 31st 2004, e.Biscom’s fibre optic infrastructure spanned over 12,000 Km and reached 3.4 million homes with respect to the 3.1 million passed at the end of 2003.

e.Biscom has also concentrated on the maximization of customer satisfaction with the creation of the first three highly skilled customer care workgroups in the North, North-East and North-West of Italy.

Positive margin evolution is confirmed by the consolidated EBIT loss which more than halved to € 23.4 million during the first quarter 2004 from € 49.1 million in the same year-ago period.

In the first quarter 2004, the net consolidated loss shrunk 37% to € 37.6 million, with respect to € 60.1 million recorded in the same period of the previous year. In the first quarter 2004, consolidated capital expenditure amounted to € 99.5 million versus € 132.1 million in the fourth quarter 2003.

On March 31st 2004, e.Biscom had sources of funds amounting to € 352.2 million. These were composed of cash and equivalents of € 224.6 million and undrawn credit lines of € 127.6 million. These available funds are more than sufficient in order to cover the cash requirements of the Group until cash flow break-even, which is confirmed in 2005.

The headcount of the Group, at the end of the first quarter, stood at 1,623 employees with respect to 1,480 at the end of 2003, to which a full-time external workforce of approximately 3000 people should be added focusing on sales, customer care, network development and client connections.

e.Biscom-FastWeb Merger

On April 30th 2004, following the positive assessment of the tax savings, amounting to approximately € 68 million, the Boards of e.Biscom S.p.A. and FastWeb S.p.A. approved the merger of the two companies which will be effective as of January 1st 2004. The merger represents the natural outcome of a streamlining process which was started in 2002 when e.Biscom began to focus on its core business, fixed broadband telecommunications in Italy. The merger will also allow the optimization of management efficiency and the simplification of decisional and operational processes without modifying the e.Biscom Group’s strategy and activities. The incorporating company will maintain the name e.Biscom S.p.A. using the brand name FastWeb for commercial purposes.

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Pro-forma Consolidated Income Statement (in € millions) at 31/03/2004

	1Q 2004	1Q 2003	
			% change
Consolidated Revenues from Operations	157.7	101.7	55.0%
Other Income	1.1	1.4	
Operating Expenses	(112.0)	(89.3)	
EBITDA	46.7	13.8	238.2%
<i>EBITDA Margin (%)</i>	<i>29.6%</i>	<i>13.6%</i>	
Depreciation, amortization and write-downs	(70.1)	(62.9)	
EBIT	(23.4)	(49.1)	52.3%
<i>EBIT Margin (%)</i>	<i>(14.9%)</i>	<i>(48.3%)</i>	
Net Financial Income / (Expenses)	(14.1)	(15.0)	
Extraordinary Items		0.1	
Consolidated Net Loss	(37.6)	(64.0)	41.3%
Minority interests		3.8	
Group share of Net Loss	(37.6)	(60.1)	37.6%

Pro-forma Consolidated Balance Sheet (in € millions) at 31/03/2004

	Mar. 31, 2004	Dec. 31, 2003	Mar. 31, 2003
Cash and Deposits	224.6	296.5	326.1
Net trade receivable	225.8	199.0	135.1
Vat receivable	179.2	167.0	193.9
Deferred tax	247.5	247.5	185.5
Other receivable	61.1	56.2	131.1
Inventories and other current assets	9.4	12.4	6.0
Total Current Assets	947.6	978.5	977.7
Net tangible assets (PP&E)	1,105.4	1,065.1	1,045.4
Net intangible assets	389.3	392.1	409.4
Net financial assets	9.1	9.0	17.2
Total Fixed Assets	1,503.8	1,466.3	1,472.1
Total Assets	2,451.4	2,444.8	2,449.7
Trade payable	320.9	303.9	367.4
Other payable	109.6	104.6	83.0
Employees' entitlements fund	9.7	9.1	7.2
Short-term financial debt	7.5	5.6	30.7
Long-term financial debt	847.5	828.5	695.0
Total Liabilities	1,295.3	1,251.7	1,183.4
Share capital & Reserves	1,193.2	1,524.7	1,256.7
Net income / (loss) for the period	(37.6)	(331.5)	(60.1)
Total Group share of shareholders' equity	1,155.6	1,193.1	1,196.6
Minority interest in share capital	0.4	0.0	73.6
Minority interest in net income / (loss) for the period		0.0	(3.8)
Total Liabilities and Shareholders' Equity	2,451.4	2,444.8	2,449.7

Pro-forma Consolidated Cash Flow Statement (in € millions) at 31/03/2004

	1Q 2004	4Q 2003	1Q 2003
Group share of Net Loss	(37.6)	(7.8)	(60.1)
Amortization	62.0	79.6	60.3
Other non-cash adjustments	0.5	(62.9)	1.8
Change in Minority Interest in Net Equity	0.4		(4.9)
Gross Operating Fund generation	25.4	8.9	(3.0)
(Incr.) / Decr. accounts receivable	(40.8)	(13.9)	(41.8)
Incr / (Decr.) accounts payable	22.3	(27.0)	(24.8)
Change in working capital	(18.6)	(40.9)	(66.6)
Purchase of assets: Tangibles	(80.6)	(112.3)	(73.7)
Purchase of assets: Intangibles	(18.9)	(20.7)	(13.5)
Purchase of assets: Financials		0.0	8.4
Total purchase/disposal of assets	(99.5)	(133.0)	(78.8)
Net Operating Fund generation	(92.7)	(165.0)	(148.4)
Increase/(Decrease) in Share Capital		238.5	
Net Financial Position at beginning of period	(537.7)	(611.2)	(251.2)
Net Financial Position at end of period	(630.4)	(537.7)	(399.6)
<i>Cash and Deposits</i>	<i>224.6</i>	<i>296.5</i>	<i>326.1</i>
<i>Bank overdraft</i>	<i>(4.3)</i>	<i>(3.8)</i>	<i>(8.5)</i>
<i>Short term financial debts</i>	<i>(3.2)</i>	<i>(1.7)</i>	<i>(22.2)</i>
<i>Long term financial debts</i>	<i>(847.5)</i>	<i>(828.5)</i>	<i>(695.0)</i>