

FASTWEB TODAY

From Network Completion to Cash Generation

Stefano Parisi - CEO

Milan – May 16th, 2006



- **Network Roll Out Completed**

The competitive advantages deriving from a 3 billion euro infrastructure

- **New Core Opportunities**

Opportunity # 1: Corporate and Public Administration Market

Opportunity # 2: Residential Market

- **1Q 2006 Results**

Operational and Financial Results

Geographical Expansion

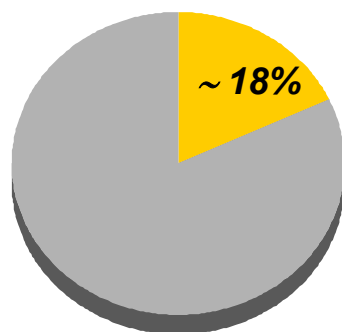


Central Offices: 304

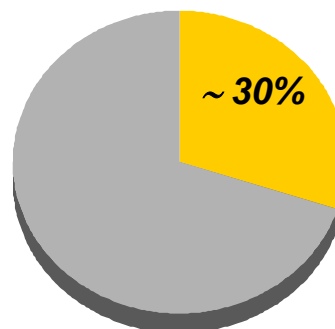
DECEMBER 2004

Metropolitan Areas: 14

Total Italian Households: ~ 22 Mln



Total Fixed Line Market: ~ € 16 Bln



Households covered: 4 Million

Km of infrastructure: 15,000

Geographical Expansion



Central Offices: 304

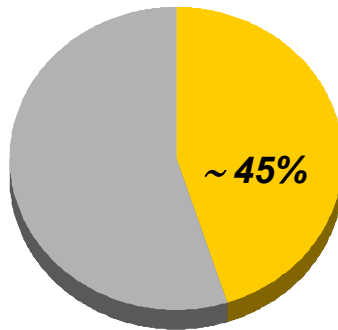
TODAY: 800

TODAY

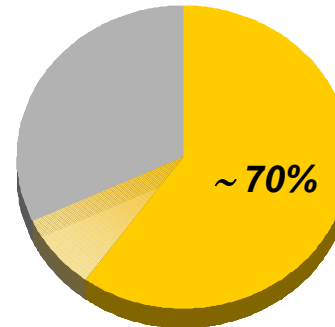
Metropolitan Areas: 14

TODAY: 130

Total Italian Households: ~ 22 Mln



Total Fixed Line Market: ~ € 16 Bln



Approximately 70% if national coverage of Corporate and PA market is considered

Households covered: 4 Million

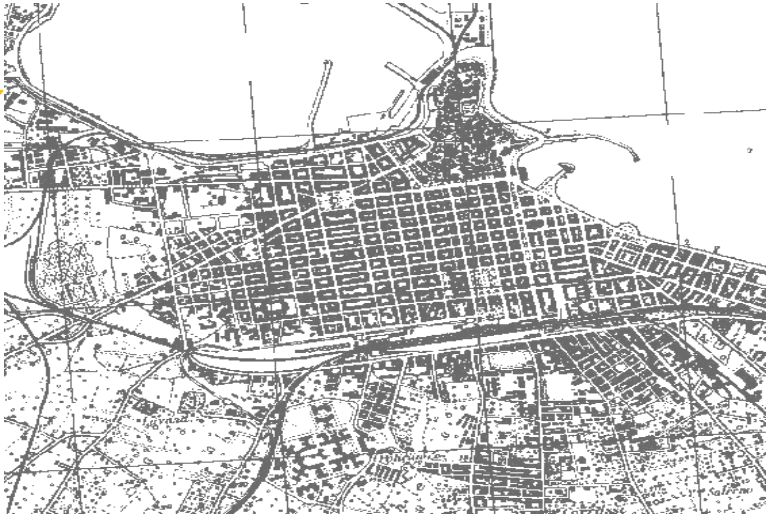
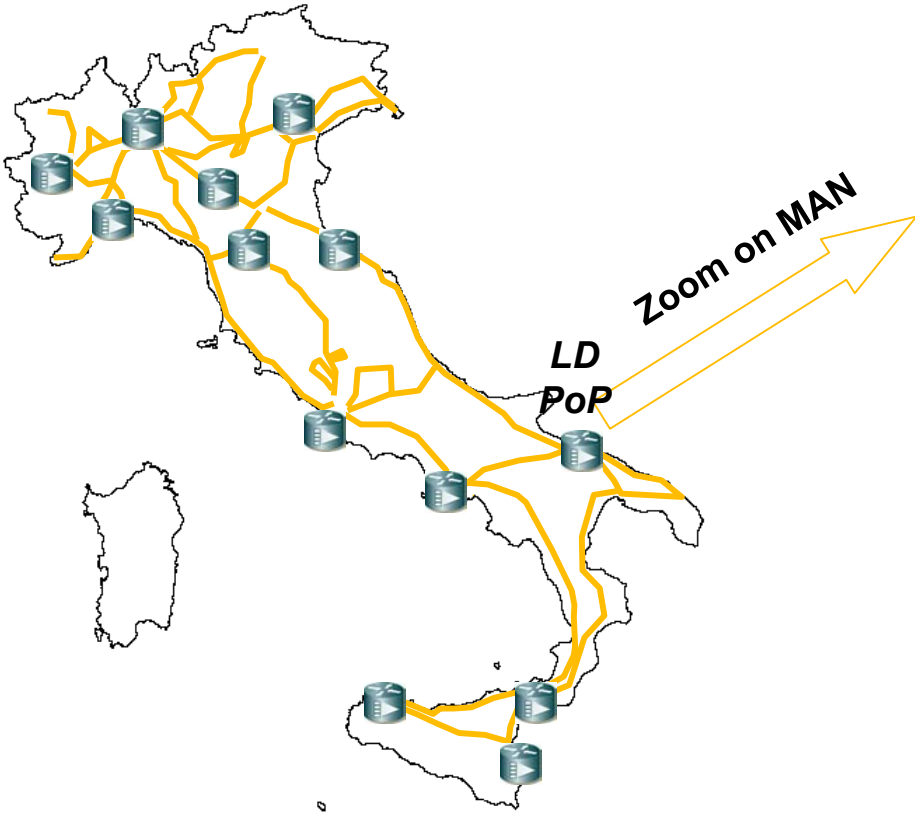
TODAY: 9.5 Million

Km of infrastructure: 15,000

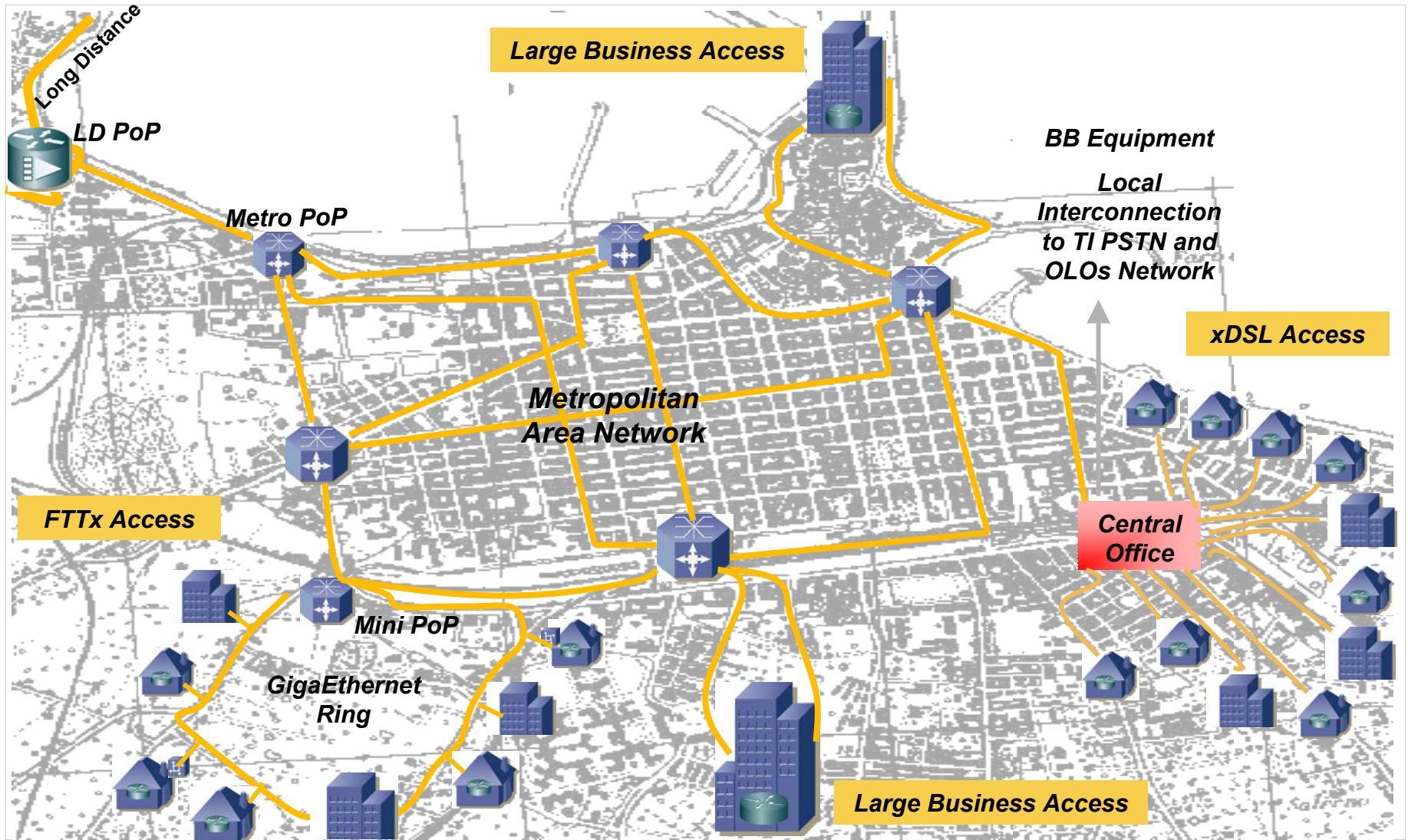
TODAY: 21,000



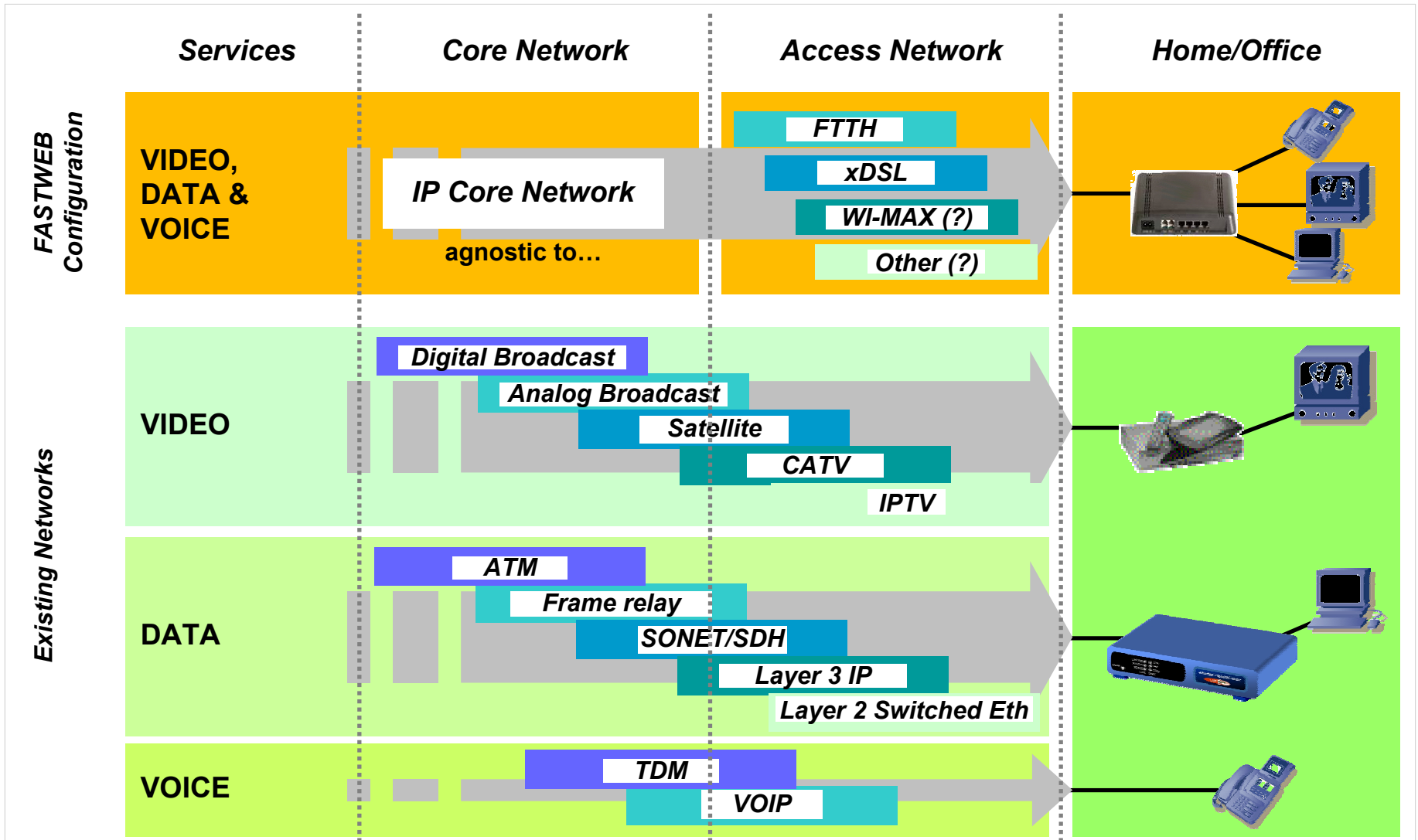
National Transport Network



Zoom on Metropolitan Network



One Single Integrated Network



From High Capex to High Margins



High past capital intensity enables to rely on limited set of network-related recurring costs, creating clear conditions for high potential operating leverage

Cumulated Capex	Network Recurring Costs	Expected Trends	Result
<div style="background-color: #FFC000; width: 100%; height: 100%; display: flex; align-items: center; justify-content: center;"> <div style="background-color: white; padding: 10px; border: 1px solid black;"> <p>> 3 Bln</p> </div> </div>	<p>Termination</p>	<p>↓ Reduction of per minute cost Regulatory price cuts and increased interconnection points and on net traffic</p>	<p>70% Gross Margin</p>
	<p>ULL</p>	<p>↔ Stable or slight reduction of per line cost</p>	
	<p>Site rentals/Energy</p>	<p>↔ Overall stability due to completion of geographical presence</p>	<p>Scalable Opex</p>
	<p>Maintenance</p>	<p>↔ Overall stability due to efficiency of single technology and completion of geographical presence</p>	
	<p>Extremely limited recourse to leased lines and transport services from other networks</p>		

From Network Driven to Customer Driven Capex



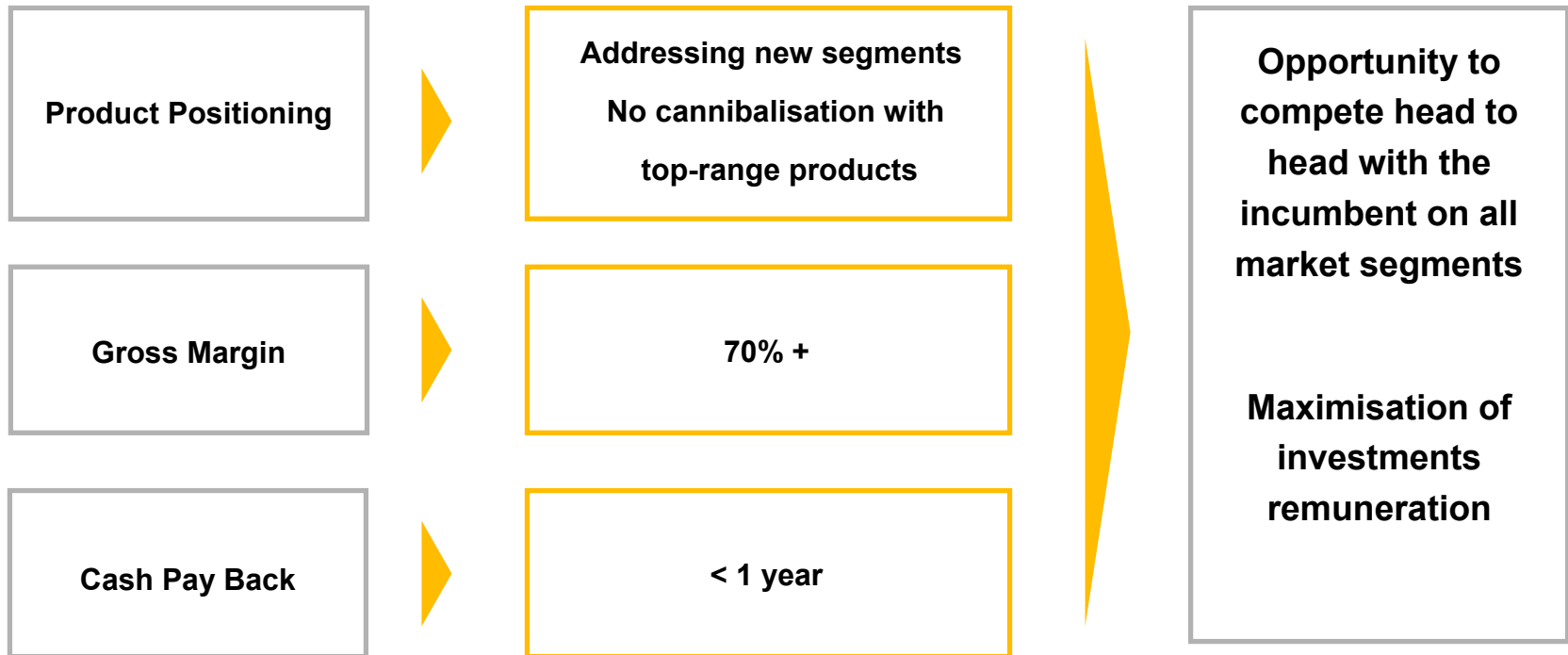
Due to the completion of network rollout, from now on investments will mainly focus on success driven capex

Cumulated Capex	Customer Driven Capex	Expected Trends	Result
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	<p>Provisioning</p>	<p>↓</p> <p>Rollout of self install capex-light services to residential customers</p>	
	<p>Extremely limited network-related capex ahead</p>		

Exploiting All Market Segments



Competition will be extended to the whole telecom market, provided that the following criteria are met:





- **Network Roll Out Completed**

The competitive advantages deriving from a 3 billion euro infrastructure

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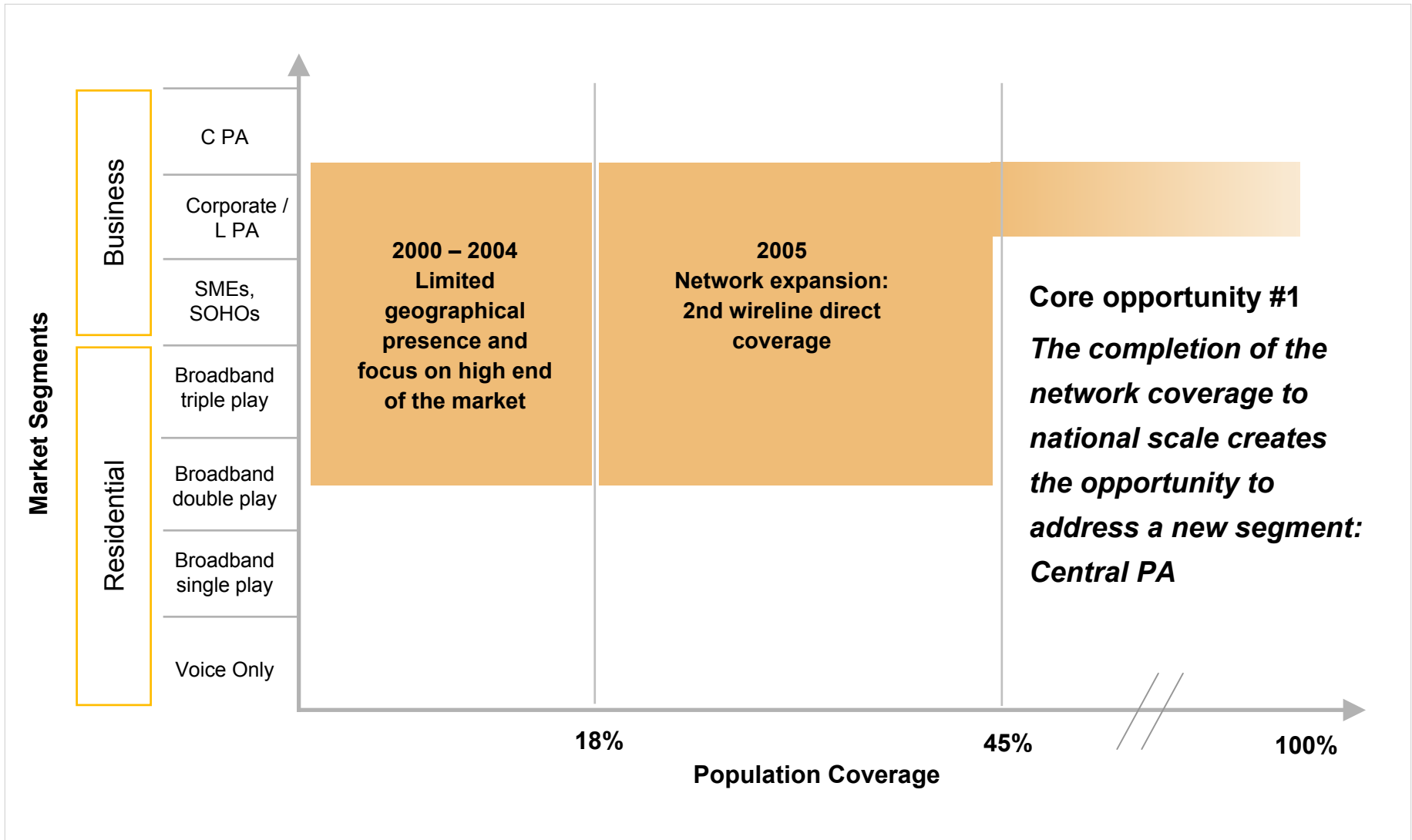
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Opportunity # 2: Residential Market

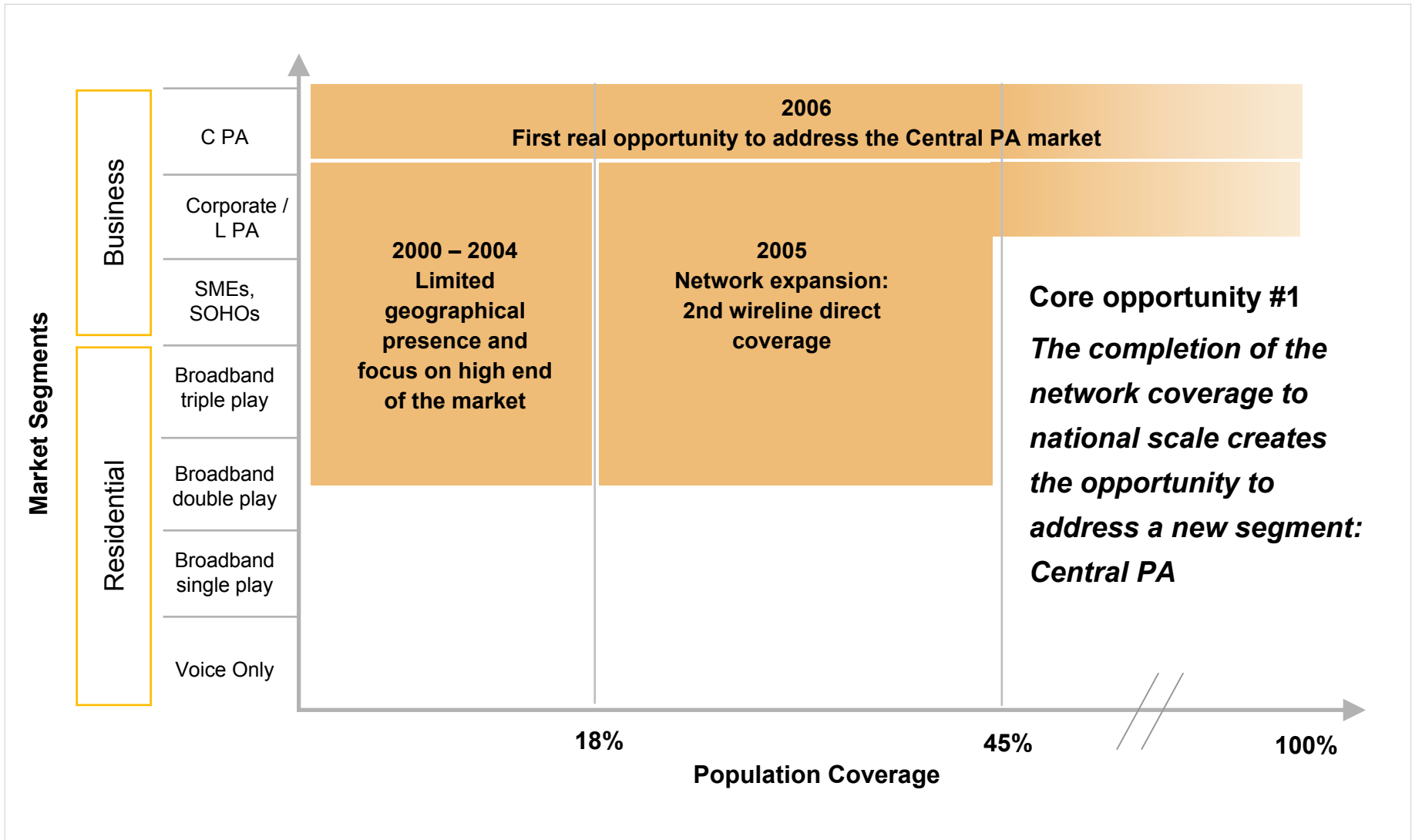
- **1Q 2006 Results**

Operational and Financial Results

Evolution of Market Positioning: Central PA



Evolution of Market Positioning: Central PA



PA: Successfully Targeting a New Market



First participation ever to national-scale bids, with the possibility to create true market competition also in the PA segment



Proprietary Infrastructure

High portion of on-net traffic and limited recourse to wholesale

High Network Capillarity

Significant direct coverage of PA's sites

Proven Execution Capability

Strong track record with top tier nationwide multi-site corporate customers



FASTWEB becomes #1 provider to the PA

PA: Fully Exploiting the New Opportunity



FASTWEB becoming #1 provider to the PA means...

Revenues

~ 300 Mln per year combined revenue contribution, following roll out completion

EBITDA

>30% despite important discounts at the benefit of the PA

**CAPEX and
Pay-Back**

~ 100 Mln combined capex amount, < 1 year pay-back time aligned with parameters set for all Large Account contracts



**Potential
Upside**

Short track to provide data services also to Local PA
Increasing share of wallet on existing PA accounts
Leveraging on improved standing to develop new Large Account prospects
Scale economies on outgoing interconnection, Large Account operations, network capacity



FASTWEB's execution and service roll out capability clearly proven by:

**Technical Capability
Already Proven to the
PA**

Fully satisfactory technical trial executed in 2 weeks instead of 2 months initially scheduled by CNIPA

**Track Record with
Multi-site Corporate
Customers**

130% growth in the number of sites connected: from ~ 6,200 EoP 2004 to over 14,100 EoP 1Q 06 – 65% of bids won in 2005

**2005 Successful
Network Rollout Effort**

Coverage more than doubled in 12 months ahead of plan and with efficiencies on capital expenditures, thanks to 5 year know how and unique planning expertise

**Corporate Customers
CSI**

Overall satisfaction of large clients confirmed by a survey commissioned in January 2006 indicating that 96% of corporate customers are satisfied or very satisfied of FASTWEB's services



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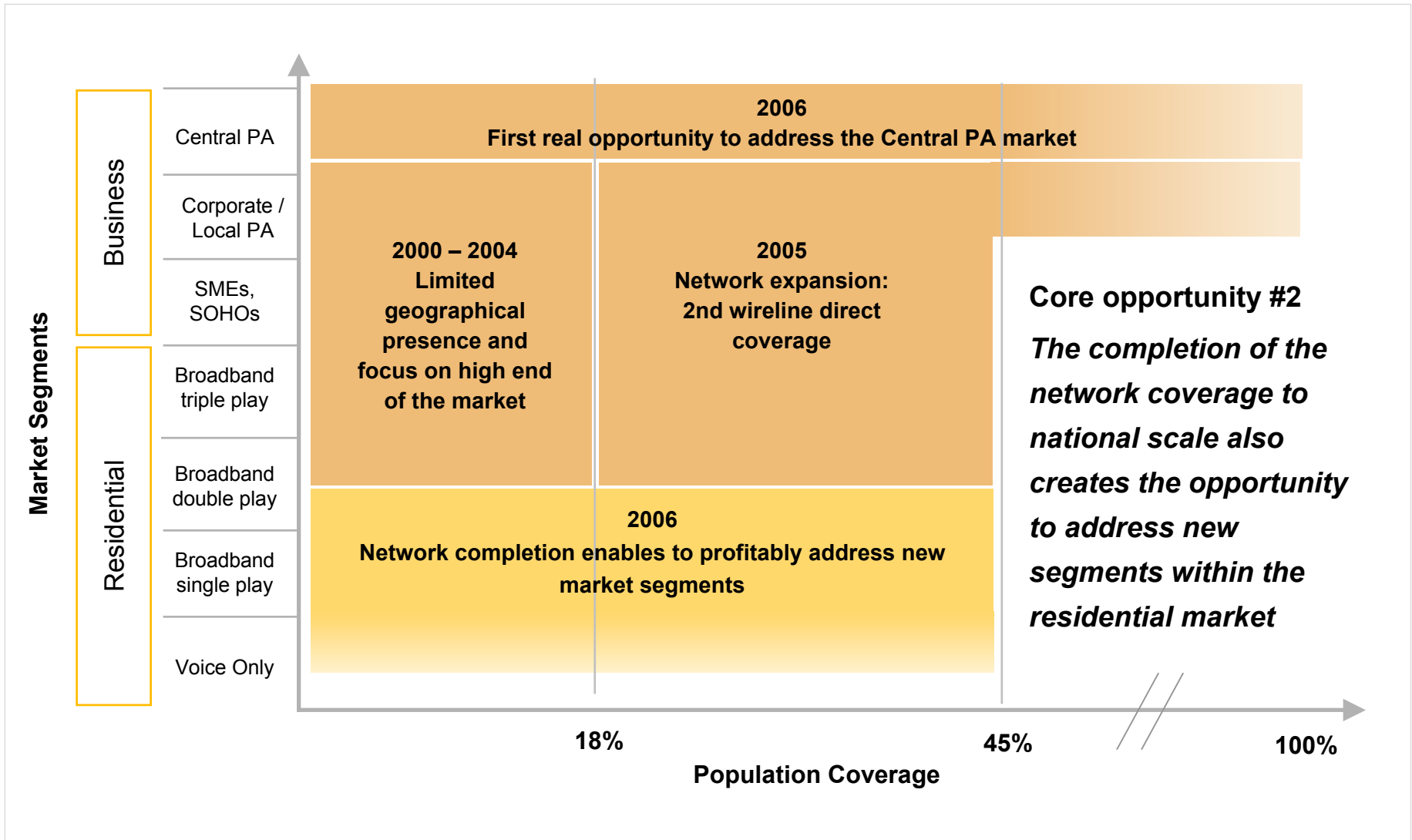
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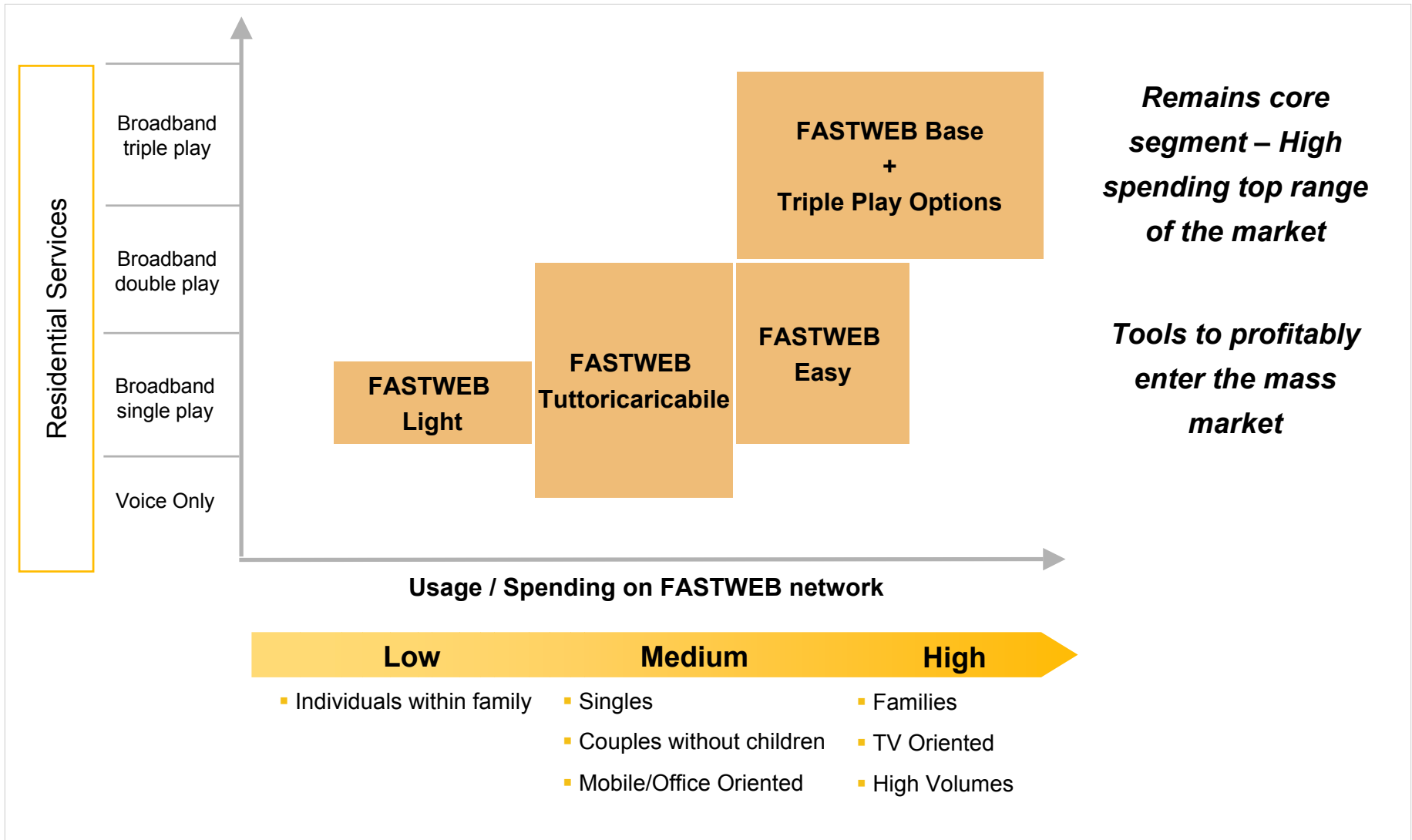
- **1Q 2006 Results**

Operational and Financial Results

Evolution of Market Positioning: Residential Market



Residential Market Positioning



A Revolutionary Approach



Traditional Approach

Voice line access fee

Monthly Bill



TUTTO
RICARICABILE

No line fee – no monthly bill
all prepaid traffic with
FASTWEB Cards



Rechargeable at:

Banks ATM

www.fastweb.it

FASTWEB Dealers



TUTTO RICARICABILE



ULL

To FASTWEB Network



DECT

Wi Fi



Key Features

**Stylish Wi-Fi/DECT
modem provided
by FASTWEB**



**DECT phone
provided by
FASTWEB**



Simple plug and play solution

**6 or 20 Mbit download internet
connection**

1 Mbit upload speed

Tuttoricaricabile: A New Value Proposition



New fully rechargeable service clearly targets a new segment with low usage patterns and high interest in cost control

T u t t o
RICARICABILE

FASTWEB Base

Sale process	Off the shelf/inbound	FASTWEB direct assistance/outbound
Provisioning	Self-installing	Technician sent by FASTWEB
Connectable devices	1 Phone – 1 PC	All house phones and PCs
Video option	No	Yes
Payment	Prepaid Pay As You Go	Mainly flat

Tuttoricaricabile: Efficiently Targeting New Segments



Low Equipment Cost



**Efficiently developed by highly innovative technological structure
FASTWEB Labs**

Low Acquisition Cost



**Focused on inbound sale channels
(Web – Dealers – Telesales)**

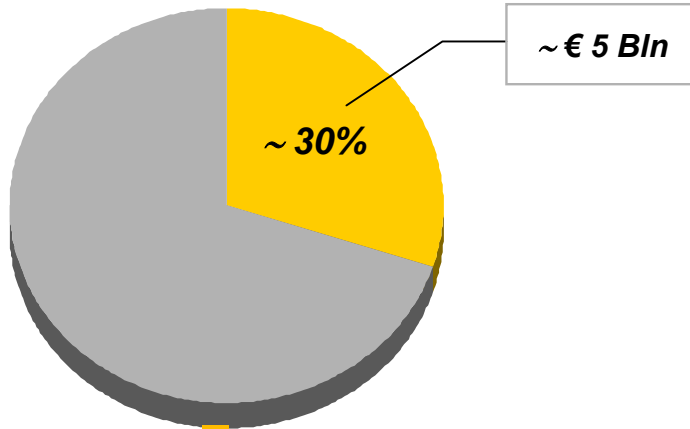
...allows to address new segments while maintaining pay back within 1 year

Clear Growth Opportunity



Total Fixed Line Market: ~€ 16 Bln

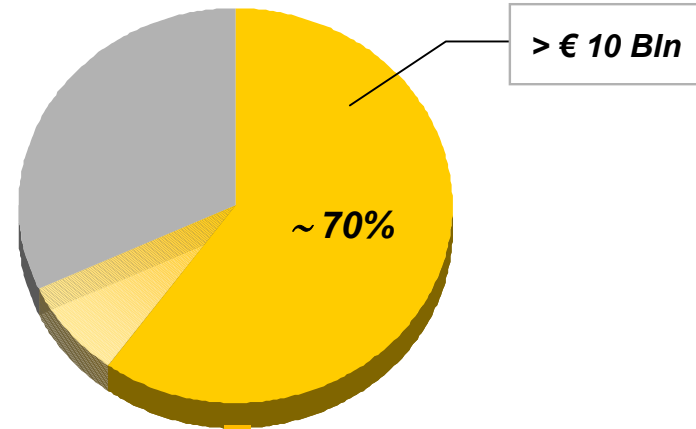
DECEMBER 2004



2005 revenues: ~€ 1 Bln

~ 20% of 2004 coverage by
targeting high end of the market

TODAY



Future growth

Market more than doubled
PA successfully addressed
Strength on corporate market
New segments to exploit



Network Completed

Presence on 70% of national telecom spending

Moving away from a high capex model

Natural evolution into new cash-making opportunities

Opportunity to gain market share on the whole of the telecom spending

Clear growth path ahead

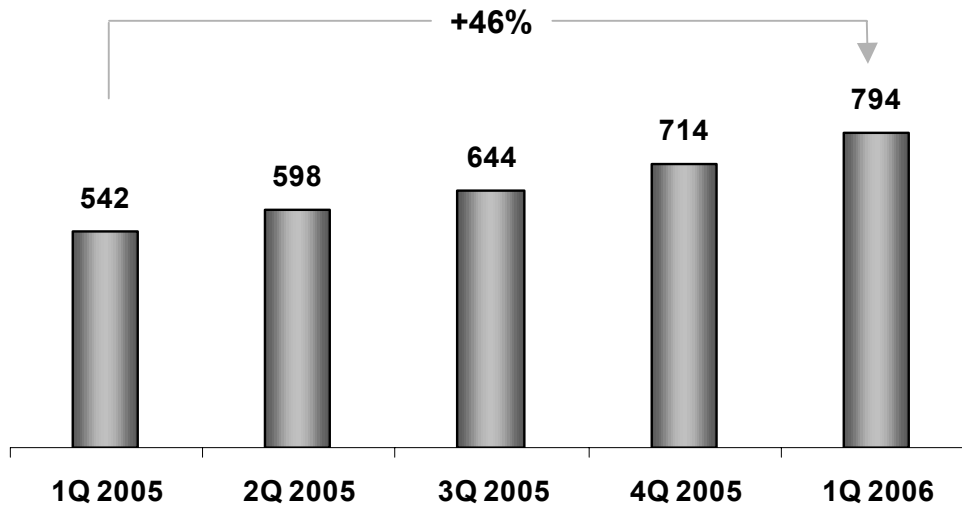
1Q 2006 Results

Alberto Calcagno - CFO

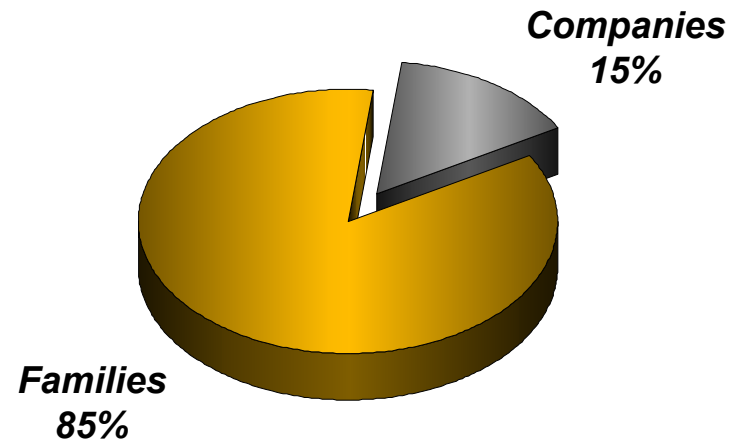
Customer Growth and Composition



Customers (thousands)



Customers by Segment



- Customer net additions continue to experience outstanding growth rates
- Clients breakdown stays stable

Leader in 1Q 06 Net Adds



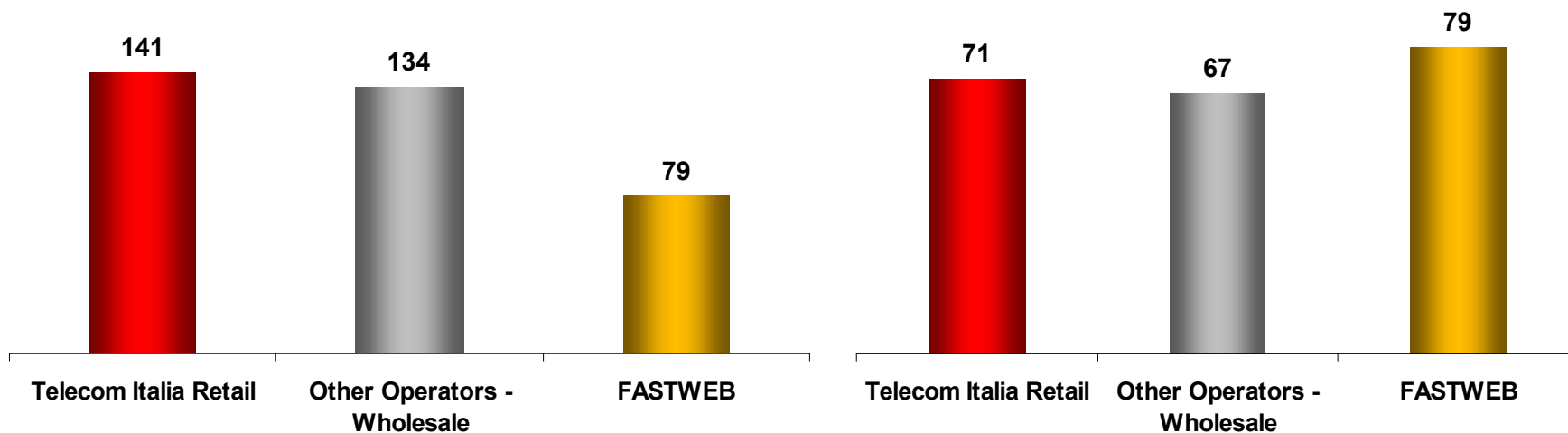
Outstanding growth in customer acquisition during the first quarter confirms FASTWEB positioning as market leader in covered areas

**Net Adds Market Share on National Coverage
(~90%)**

**Net Adds Market Share with Equivalent Coverage
(~45%)**

Thousands

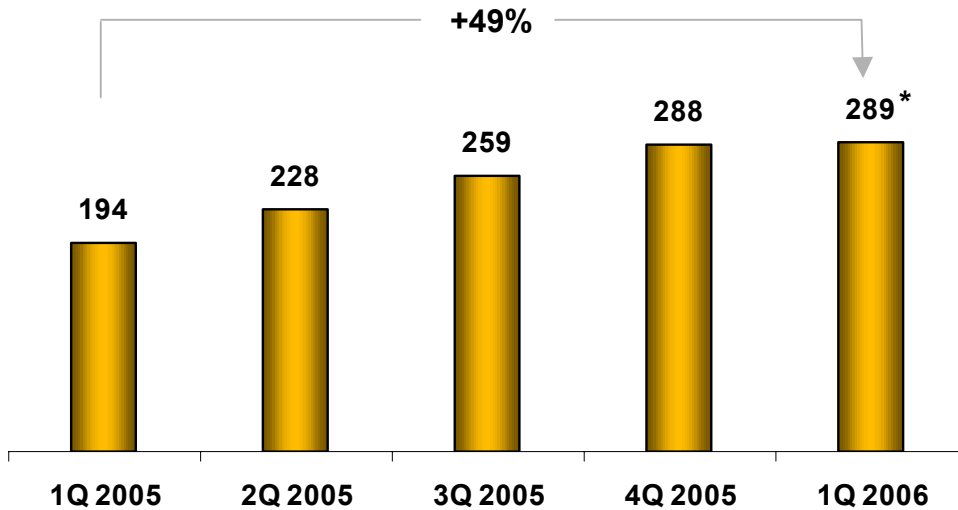
Thousands



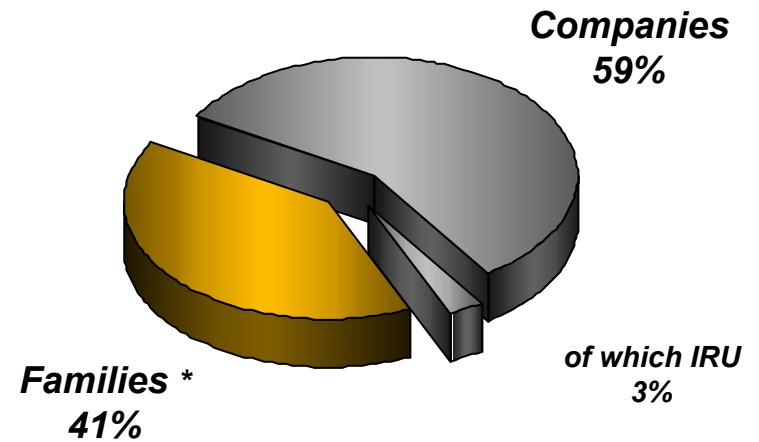
Revenue Growth and Mix



Group Revenues (€ Mln)



Revenues by Segment

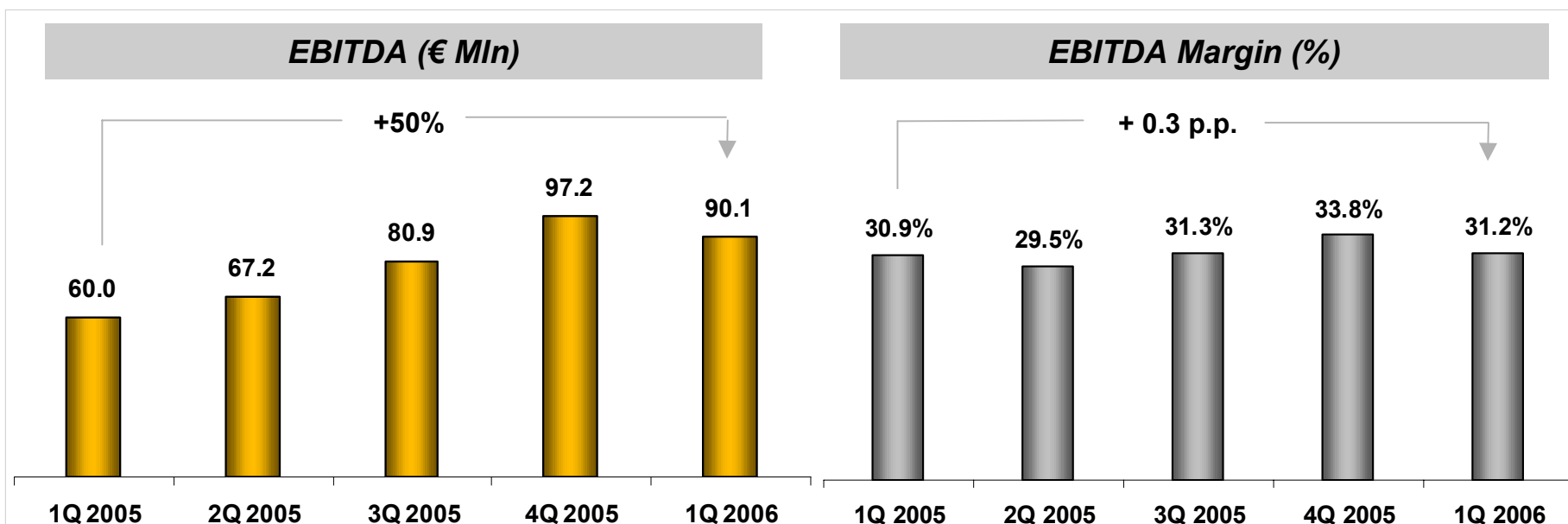


* 1Q 2006 revenues no longer include contribution from e.Voci, disposed of at the beginning of 2006

e.Voci revenues in 2005 amounted to € 12.8 Mln

- Increased geographical coverage drives revenue growth accelerating on yearly basis
- Net of discontinued operations, overall mix remains stable

EBITDA and EBITDA Margin Quarterly Growth

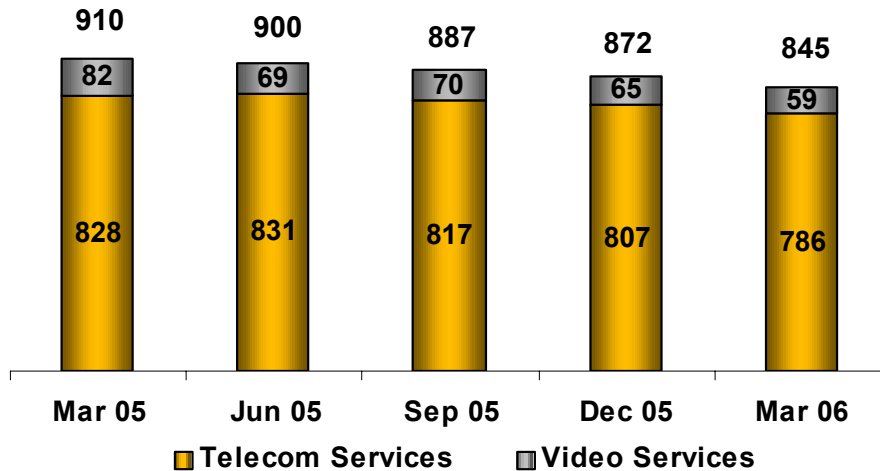


- EBITDA shows continued growth on a yearly basis
- Good progression of profitability, considering network rollout cost, strong marketing and commercial effort

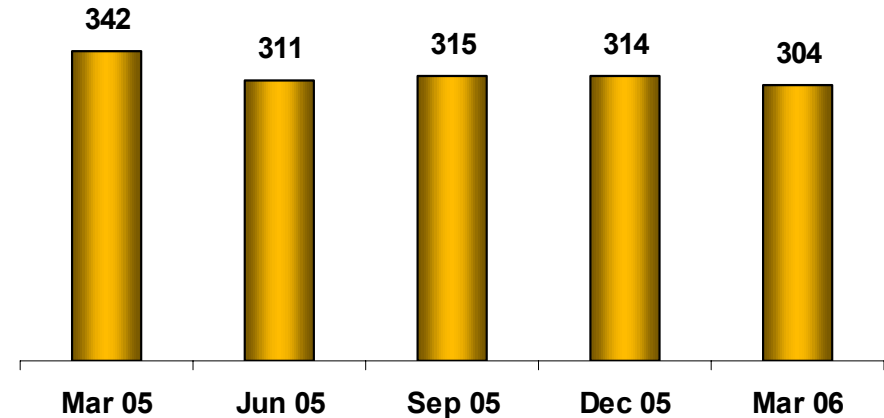
Residential ARPU Evolution



Total residential ARPU (€ /year)



ARPU of Video Customers (€/year)



- **Controlled decline in ARPU, also due to initial impact of new services**
- **Video spending stable at around € 300**

1Q 2006 - Income Statement Highlights



		1Q 2006 (€ Mln)	4Q 2005 (€ Mln)	1Q 2005 (€ Mln)
Revenues	➔	289.0	287.5	194.2
EBITDA	➔	90.1	97.2	60.0
EBIT	➔	(28.9)*	(33.7)	(22.8)
Net Income	➔	(28.8)	(44.1)	(31.9)

* EBIT is after Depreciation, Amortisation of € 90.8 Mln, Bad Debt Provision of € 22.5 Mln and Accrual for risk and Charges of € 5.7 Mln

1Q 2006 - Financial Highlights



	1Q 2006 (€ Mln)	4Q 2005 (€ Mln)	1Q 2005 (€ Mln)
Cash & Equivalents →	109	120	456
Gross Financial Debt →	692	589	565
Net Financial Position →	(583)	(469)	(109)
Shareholders' Equity →	1,718	1,742	1,855
Capex →	104	293	90



This presentation contains forward-looking information that is subject to risks and uncertainties associated with FASTWEB and the telecommunications sector.

This information reflects FASTWEB management expectations, based on currently available information. The forward-looking statements reflect certain assumed market parameters and other fundamentals and may differ materially from actual future results.

This presentation does not constitute an offer of FASTWEB shares.