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1Q 2005 results

Milan, 13th May 2005

1Q 2005: on track with BP 2005-07 targets

- **Revenue growth:** revenues at €171.6 ml +11% YoY (business plan perimeter – BPP*). Actual revenues at €239.7 ml

- **ADSL revenues** at 51% of total access revenues, overtake dial-up

- **Gross Margin**: grows at €86.6 ml (BPP) (51% of total revenues). Statutory gross margin at €106.8 ml (45% of total revenues).

- **EBITDA** at €25.0 ml (15% of revenues) +87% YoY (BPP). Statutory EBITDA at €21.3 ml (9% of total revenues).

- **ADSL users in 5 countries**: over 159K new ADSL subscribers +15% vs 4Q04 (BPP), over 1.2 ml ADSL customers of which 235.000 ADSL customers are unbundled. Total active customers at 5.2 ml

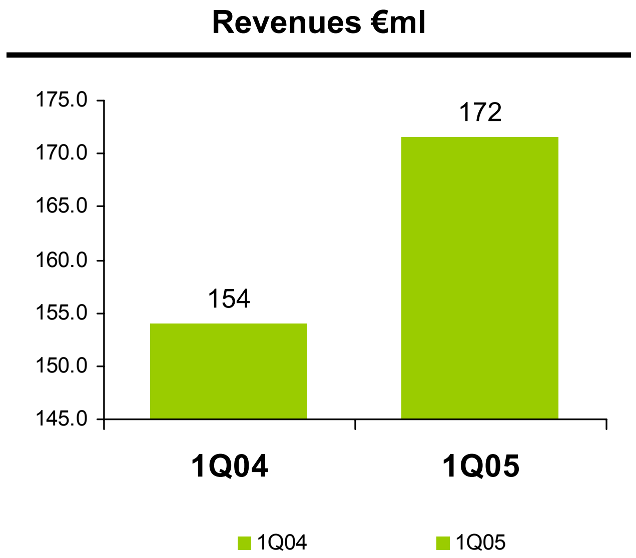
- **Δ NFP:** -22.0 ml in 1Q05, -8.0 ml pro-forma basis

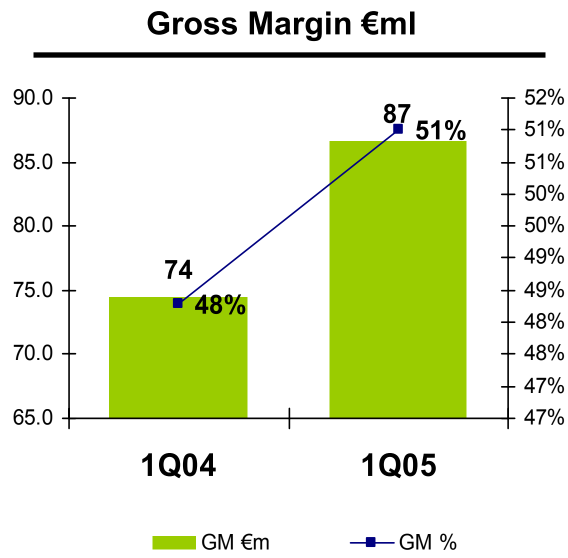
* *BPP includes Italy, Germany, Netherlands, UK, Czech Republic and TiNet IP. "Statutory" also includes France, Spain, Denmark, South Africa, TiNet Link and minor entities.*

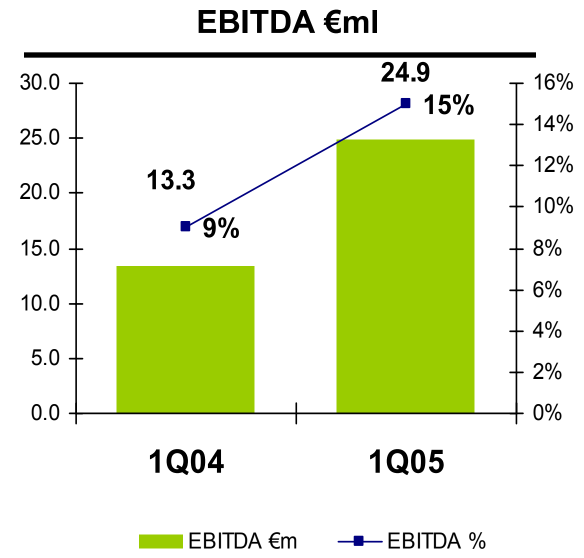
Financials 1Q05

€ m	March 2005 Pro-forma (BP Perimeter)	% of rev.	March 2005 Statutory	% of rev.
Revenues	**171.6**	***100%***	**239.7**	***100%***
Access	127.9	*74.5%*	178.0	*74.3%*
B2B	13.9	*8.1%*	19.8	*8.3%*
Voice	21.5	*12.6%*	30.3	*12.6%*
Portal	6.3	*3.7%*	9.6	*4.0%*
Others	2.0	*1.1%*	2.0	*0.8%*
Gross Margin	**86.6**	***50.5%***	**106.8**	***44.6%***
Operating costs	**61.6**	**35.9%**	**85.5**	***35.7%***
Sales & Marketing costs	24.0	*14.0%*	32.6	*13.6%*
Personnel costs	27.3	*15.9%*	35.1	*14.7%*
G&A costs	10.3	*6.0%*	17.8	*7.4%*
EBITDA	**25.0**	***14.9%***	**21.3**	***8.9%***
EBIT	**(5.4)**	***3%***	**(28.3)**	***11.8%***

Key figures- Significant YoY improvement based on business plan perimeter



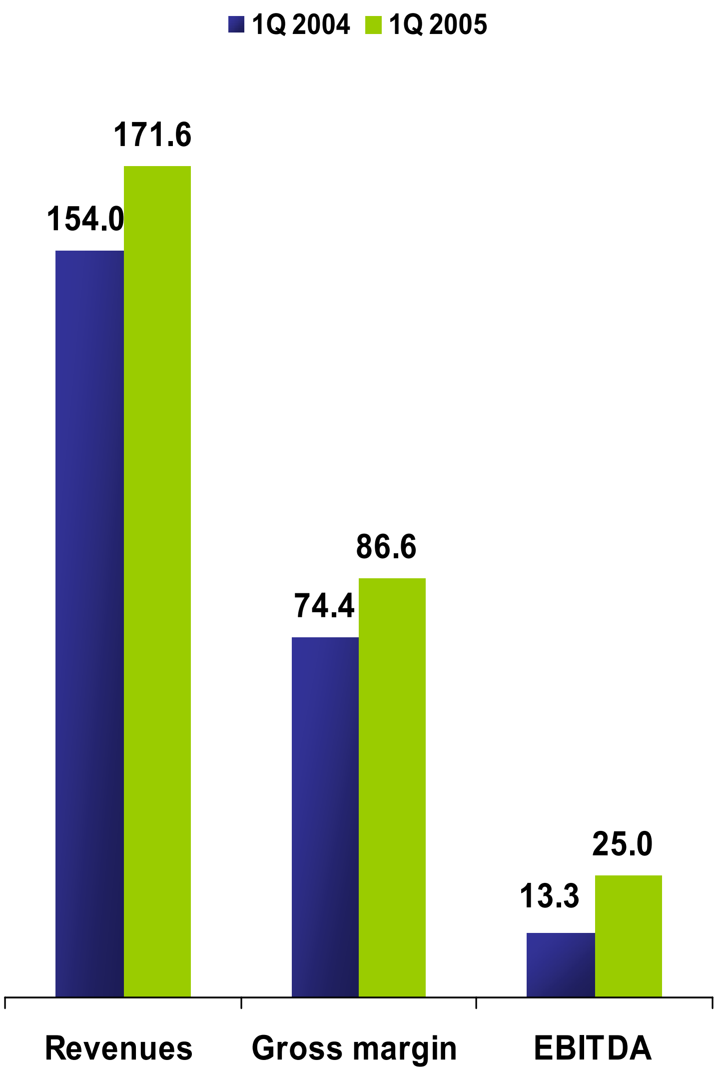




- Strong improvement of operating profitability after disposals
- Focus on key markets leads to consistent EBITDA improvement, consistently with business plan
- Countries sold and yet to be sold represent in 1Q05:
  - €68.1 million revenues
  - -€3.7 million EBITDA

Key financials: 1Q04 vs 1Q05 pro-forma on BPP

€ m	1Q04	1Q05	% diff
Revenues	154.0	171.6	11%
Gross Margin	74.4	86.6	16%
% of rev	*48%*	*51%*	
EBITDA	13.3	25.0	87%
% of rev	*9%*	*15%*	



Revenues by business line: 1Q04 vs 1Q05 pro-forma on BPP

€ m		1Q04	1Q05	% diff
Access		109.4	127.9	17%
	% of rev.	*71%*	*75%*	
Business services*		13.1	13.9	6%
	% of rev.	*8%*	*8%*	
Voice		24.2	21.5	(11%)
	% of rev.	*16%*	*13%*	
Portal		6.4	6.3	(1%)
	% of rev.	*4%*	*4%*	
Others		1.0	2.0	nm
	% of rev.	*1%*	*1%*	
Total revenues		**154.0**	**171.6**	**11%**

* Includes only B2B sevices (housing, hosting, domain names and Leased Lines) Access revenues from business customers have been included in the access line

Revenues by business line: 4Q04 vs 1Q05 pro-forma on BPP

€ m		4Q04	1Q05	% diff
Access		125.4	127.9	2%
	% of rev.	***73%***	***75%***	
Business services*		13.5	13.9	3%
	% of rev.	***8%***	***8%***	
Voice		22.9	21.5	(6%)
	% of rev.	***13%***	***13%***	
Portal		8.4	6.3	(25%)
	% of rev.	***5%***	***4%***	
Others		1.1	2.0	81%
	% of rev.	***1%***	***1%***	
Total revenues		**171.3**	**171.6**	**-**

* Includes only B2B sevices (housing, hosting, domain names and Leased Lines) Access revenues from business customers have been included in the access line

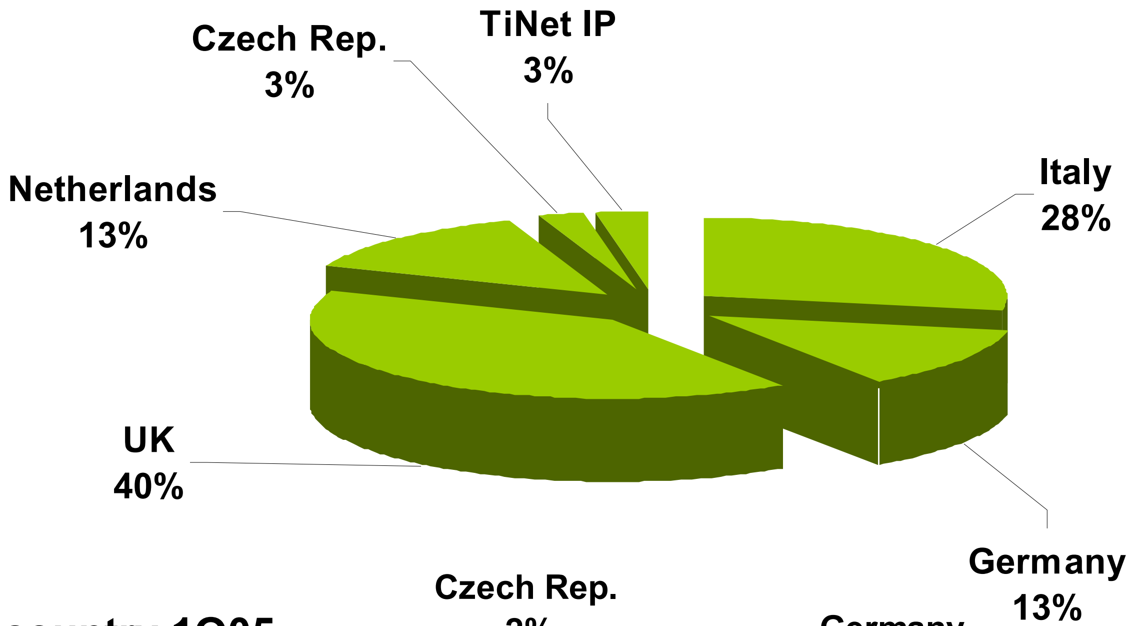
Operating costs: 1Q04 vs 1Q05 pro-forma on BPP

€ m		1Q04	1Q05	% diff
Gross Margin		74.4	86.6	16%
	% of rev.	***48%***	***51%***	
Sales & Marketing		21.9	24.0	10%
	% of rev.	***14%***	***14%***	
Personnel costs		27.5	27.3	(1%)
	% of rev.	***18%***	***16%***	
G&A		11.7	10.3	(11%)
	% of rev.	***8%***	***6%***	
Total operating costs		61.0	61.6	1%
	% of rev.	***40%***	***36%***	
EBITDA		**13.3**	**25.0**	**87%**
	% of rev.	***9%***	***15%***	

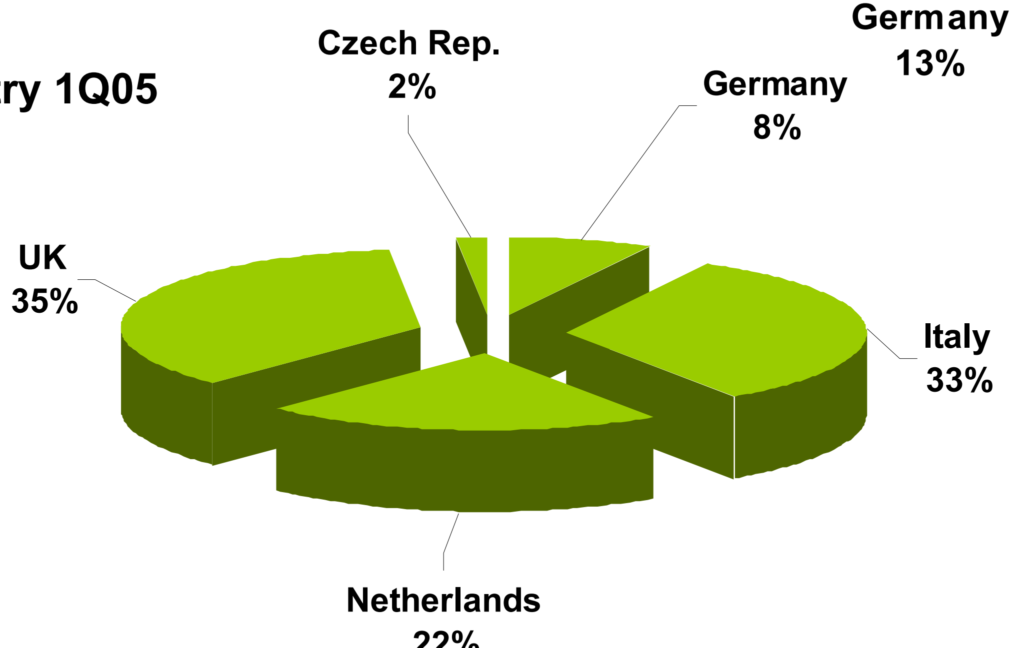
Operating costs: 4Q04 vs 1Q05 pro-forma on BPP

€ m	4Q04	1Q05	% diff
Gross Margin	83.6	86.6	4%
% of rev.	***49%***	***51%***	
Sales & Marketing	17.5	24.0	38%
% of rev.	***10%***	***14%***	
Personnel costs	27.8	27.3	(2%)
% of rev.	***16%***	***16%***	
G&A	10.7	10.3	(3%)
% of rev.	***6%***	***6%***	
Total operating costs	55.9	61.6	10%
% of rev.	***33%***	***36%***	
EBITDA	**27.7**	**25.0**	**(10%)**
% of rev.	***16%***	***15%***	

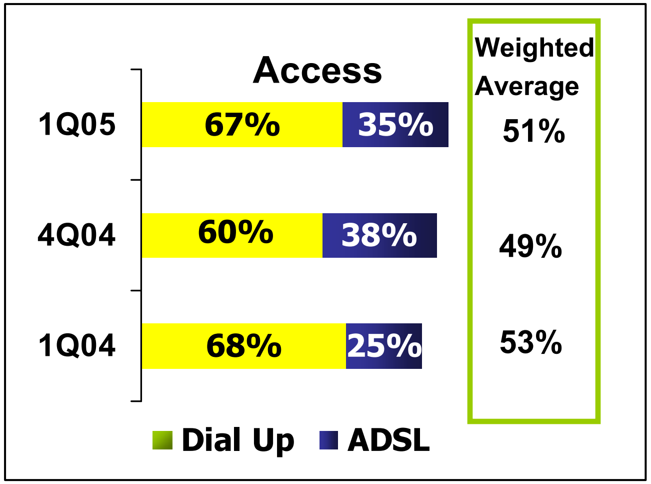
Revenues by country 1Q05

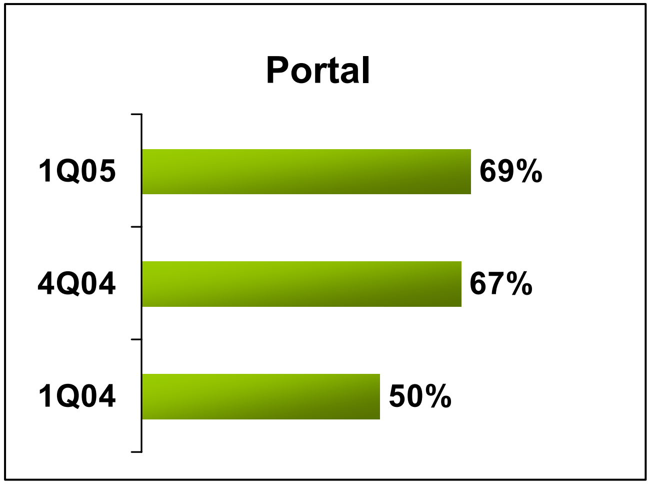


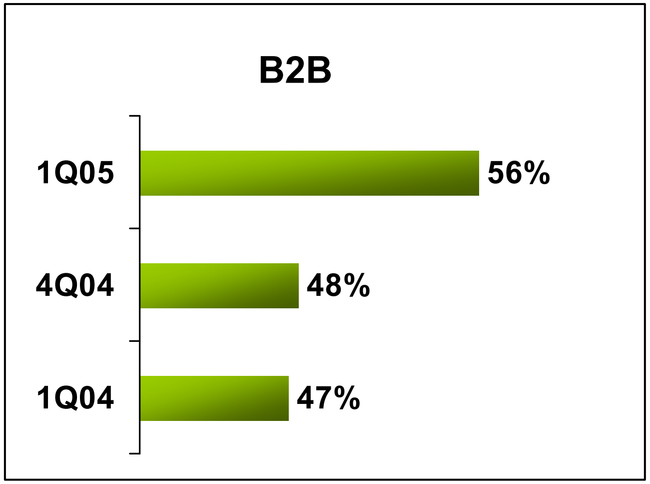
EBITDA by country 1Q05

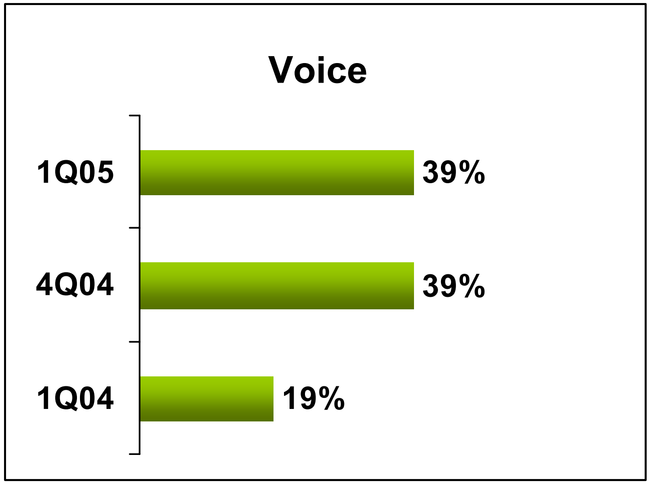


Gross margin by business line





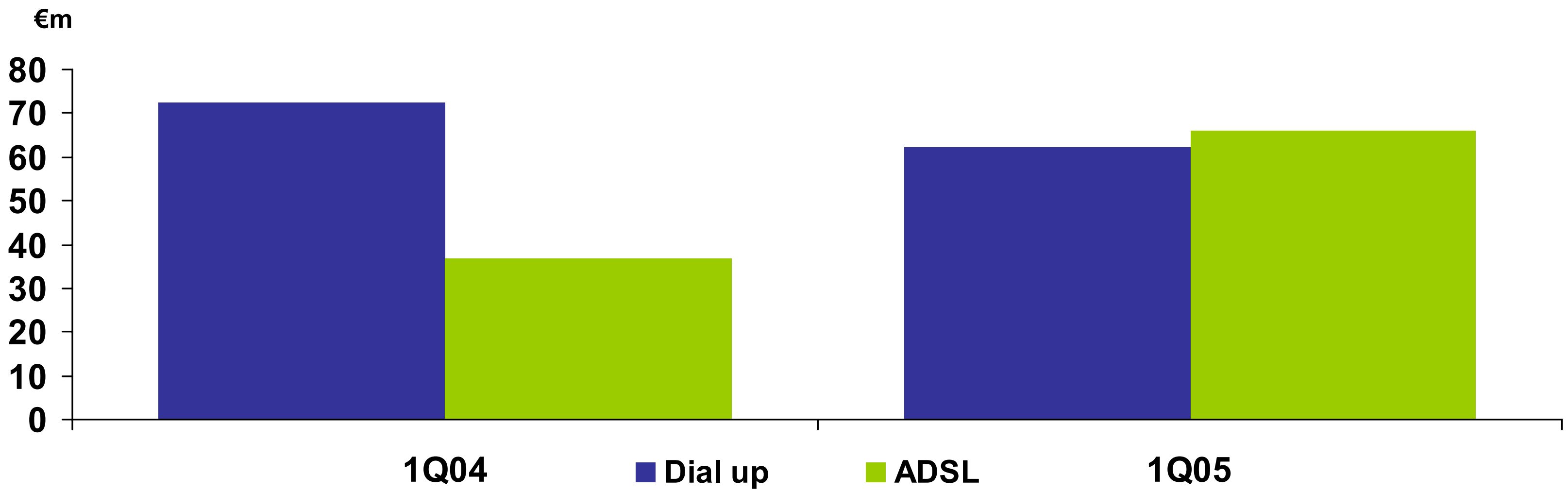




Access revenues - Pro-forma on BPP

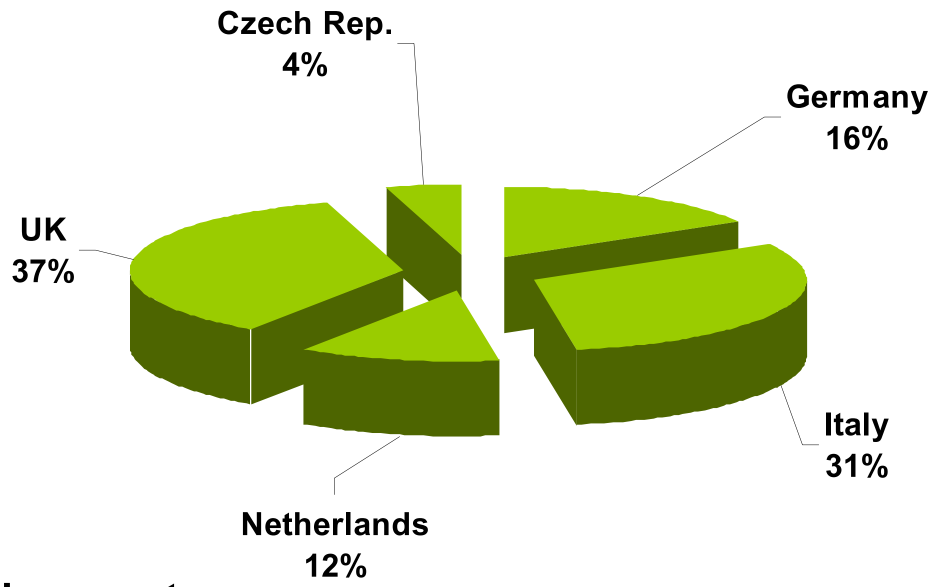
€ m	1Q04	1Q05	% diff
Dial up	**72.5**	**62.1**	**(14%)**
% of access rev.	*66%*	*49%*	
ADSL	**36.9**	**65.8**	**78%**
% of access rev.	*34%*	*51%*	
Number of ADSL customers	796,316	1,213,577	52%
Number of ULL customers	94,801	235,000	148%

Access revenues: Dial-up vs Broadband

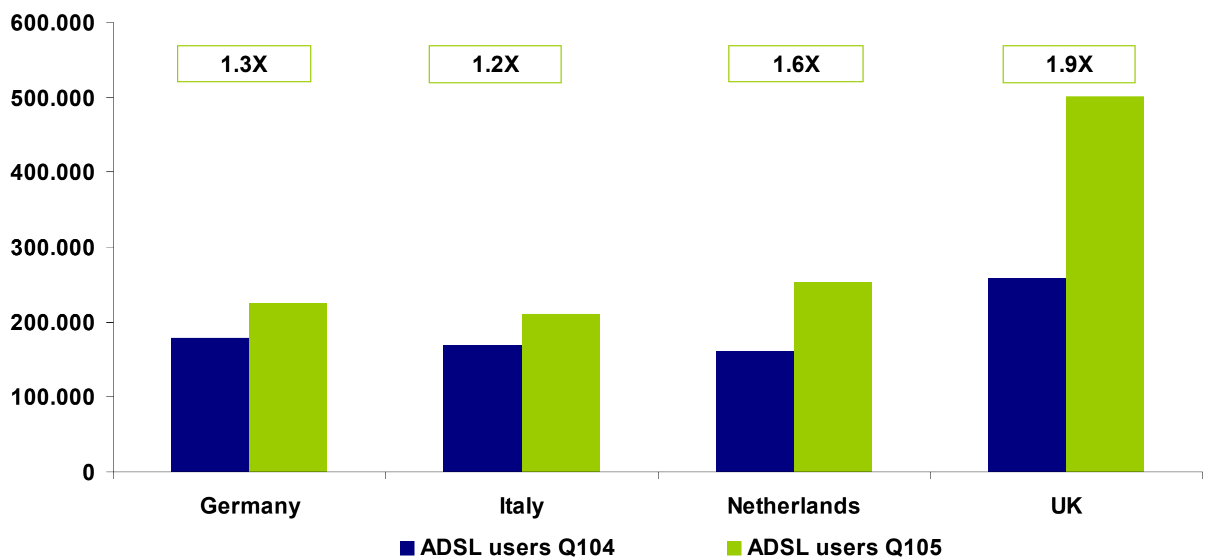


Total active users 1Q05

5.2ml customers: 1.2 ml ADSL, 4 ml active dial-up



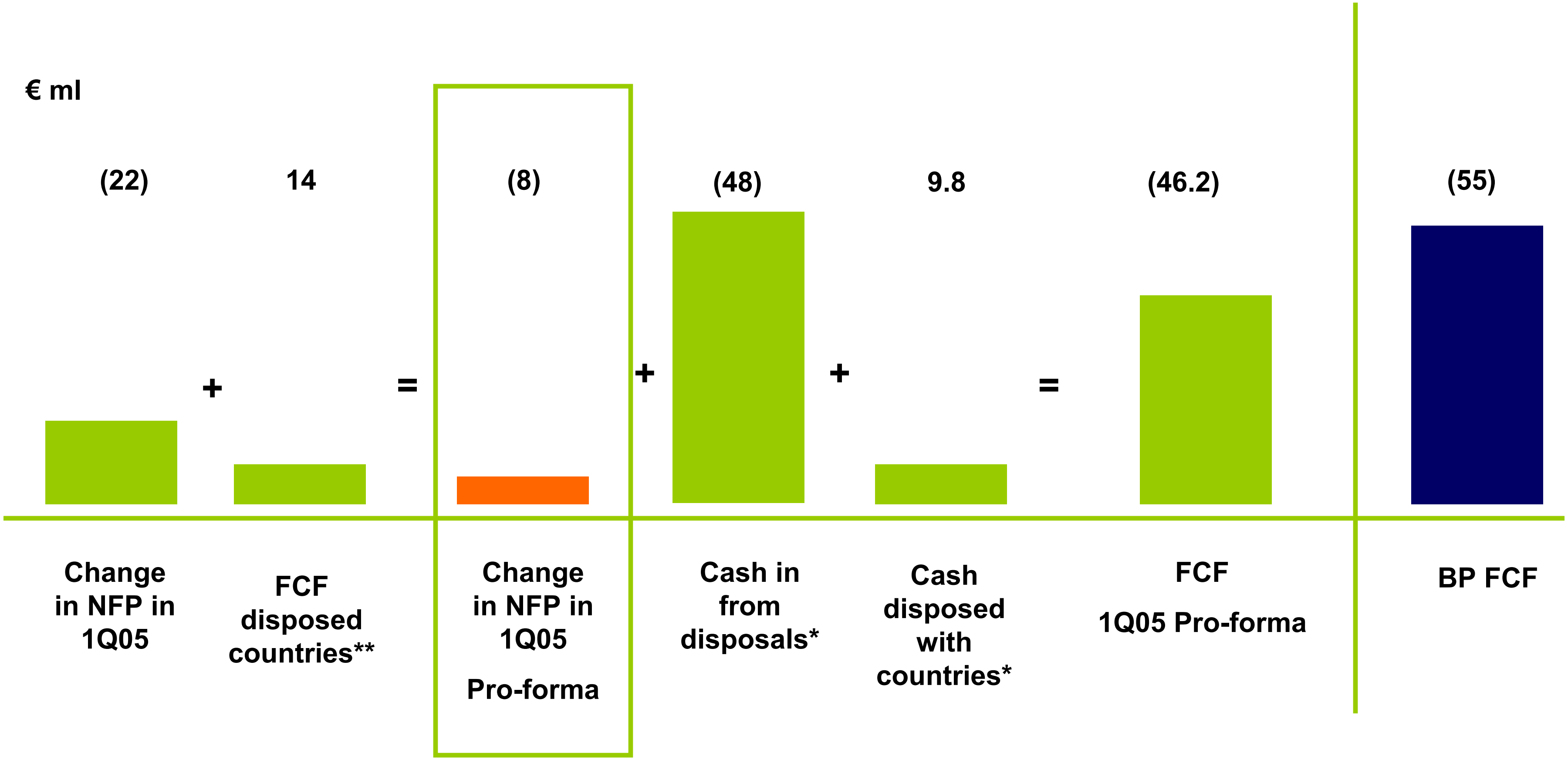
ADSL subscribers' growth by country



Evolution of capital structure

€ million	December 31, 2004	March 31, 2005
Cash	128.4	112.3
Other financial assets	75.8	67.9
of which		
Escrow account	*25.8*	*27.7*
Tax receivables and other assets	*49.9*	*40.2*
Total cash and other financial assets	**204.2**	**180.2**
FRNs 2005	250.0	250.0
Convertible 2006	209.5	209.5
Others	0.4	-
Total bonds	**459.9**	**459.5**
Long Term Loans	36.5	46.0
Bank overdrafts and S/T lines	25.7	19.1
Total bank debt	**62.2**	**65.1**
Leasing	***41.7***	***37.2***
Total financial debt	**563.8**	**561.8**
Net Financial debt	**359.6**	**381.7**

Free cash flow reconciliation



* Denmark and S. Africa

** Includes France, Spain, TiNet Link and *minor entities*

2005 year-end targets confirmed

- Turnover of over €800 million, +20% YoY
- EBITDA in excess of €100 million
- Over 1.8 million ADSL customers
- Capex at 12% of revenues

Disclaimer

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