



IN THE FIRST SIX MONTHS OF THE YEAR OMNITEL PRONTO ITALIA CONFIRMS ITS SUCCESS BY DOUBLING REVENUES AND POSTING A NET INCOME OF LIT. 234 BILLION. THE COMPANY REACHES CASH-FLOW BREAKEVEN POINT A YEAR AHEAD OF SCHEDULE

Milan, July 21, 1998

Omnitel Pronto Italia, Italy's first private GSM operator, closed the first six months of 1998 with results that confirm its rapid growth. Revenues have reached Lit. 1,746 billion, a growth of 157% as compared to the Lit. 680 billion posted in the first six months of 1997, and close to the Lit. 1,835 billion posted for the entire fiscal year 1997. Revenues from the sale of services trebled to Lit. 1,495 billion, up from the Lit. 536 billion posted for the first six months of 1997.

EBITDA was Lit. 526 billion, or 35.2% of revenues, as compared to Lit. 23 billion for the first six months 1997.

Net result for the six months was Lit. 234 billion as compared to the net loss of Lit. 172 billion posted in the same period of 1997.

The company's positive financial performance has enabled it to reach cash-flow break-even a year ahead of schedule: net cash flow (after investments and changes in net working capital) was positive for Lit. 85 billion as compared to a shortfall of Lit. 273 billion posted for the first six months of 1997.

Key to Omnitel's financial results has been the continued growth in the customer base which on July 10th reached 4 million, making Omnitel the fourth largest GSM cellular operator in Europe. With a 1.6 million increase in the number of subscribers in the first 6 months of the year, the company has captured a 40% share of the Italian cellular market: 1 customer in 4 in Italy is now an Omnitel client.

The growth in the number of customers is certainly due to the success of rechargeable cards which in the first 6 months of the year accounted for 90% of all new customer activations. Omnitel rechargeable cards with cash-display and self-service re-charge 24 hours a day, can be easily recharged thanks to the capillary distribution network the company has established: re-charges can be purchased at Omnitel stores, tobacconists, newspapers stands, motorway service areas and other points of sale including over 5,000 ATMs.

The business segment also grew substantially. Whereas the overall customer base grew by 59% since the beginning of the year, business and corporate customers grew by 101% thanks to the introduction of tariff plans like RAM (Rete Aziendale Mobile) and CAM (City Aziendale Mobile).

Customer growth has been achieved while keeping acquisition costs under tight control at under Lit. 60,000 per new customer. This is the lowest acquisition cost in Europe and has helped the company maintain a very low churn rate.

The increase in the number of customers has led to an increase in personnel, now at 4,390 units, mostly employed in the company's customer care operations. Omnitel plans to add to the 5 fully operational Customer Service Centers spread across Italy, two additional centres in Pisa and

Catania which will employ 600 people. 78% of Omnitel employees have a high school diploma while the remaining 22% hold a university degree, 46% are men and 54% are women.

Over the past 6 months Omnitel has maintained a high level of investments with Lit. 457 billion (+78% as compared to the same period in 1998) invested in both GSM network infrastructure - bringing the total number of radiobase stations to 2,880 - and in customer support infrastructure.

Quality of service has been confirmed by the prestigious awards received from Teleperformance for Best Customer Service in Italy and from Arthur Andersen for Customer Satisfaction.

Commenting on Omnitel's first six months results, Pietro Guindani, CFO, Omnitel Pronto Italia, stated "Besides the significant growth pattern, I think it is important to emphasise two aspects: the company's financial strength - having reached the financial breakeven point - and the company's profitability given that, over a period of only two and half years, Omnitel has reached an EBITDA ratio of 35.2%. These are significant results that place Omnitel among the most solid and profitable companies in Italy".

Operating Profitability

In billions of Lit.	1st. semester '98	1st. semester '97	% change
Revenues	1,746	680	+ 157%
from sale of services	1,495	536	+ 179%
other revenues	251	144	
EBITDA	526	23	N.A.
EBITDA % over revenues from sale of services	35.2%	4.3%	+ 30.9%
Net profit (loss)	234	(172)	N.A.
Net profit (loss) % over revenues from sale of services	15.6%	(32.1%)	+ 47.7%

Financial Results

In billions of Lit.	1st. semester '98	1st. semester '97	Change
Operating cash flow	471	7	468
Change in net working capital	71	(19)	90

Investments	(457)	(257)	(200)
Net cash flow	85	(273)	358

Omnitel's Milestones

In billions of Lit.	1st semester 1996	2nd semester 1996	1st semester 1997	2nd semester 1997	1st semester 1998
EBITDA	(211)	(183)	23	296	526
Net loss/profit	(259)	(330)	(172)	32	234
Cash Flow	(642)	(552)	(273)	(40)	85