



IN THE FIRST NINE MONTHS OF THE YEAR OMNITEL PRONTO ITALIA REACHES REVENUES OF ALMOST LIT. 3,000 BILLION AND BREAKS THE 5 MILLION SUBSCRIBERS THRESHOLD

Milan, October 22, 1998

Omnitel Pronto Italia, Italy's first private GSM operator, closed the third quarter of fiscal year 1998 with a net profit of Lit. 264 billion. With the results from this quarter Omnitel's net profit for the first 9 months of the year reaches Lit. 498 billion as compared to a loss of Lit. 167 billion posted during the same period in 1997.

The net profit of Lit. 498 billion is posted after the accrual of Lit. 37 billion in taxes (IRAP). Income taxes benefit from the tax losses carried forward by the company from its first years of operation.

Revenues for the first 9 months reached Lit. 2,953 billion, a growth of 148% as compared to the same period last year and confirmed the positive trend set during the first six months of the year. Of these revenues, Lit. 2,578 billion were generated from service revenues, representing a 167% increase over the same period last year.

EBITDA (Earnings Before Income Tax, Depreciation and Ammortization) was Lit. 962 billion, as compared to Lit. 154 billion posted for the first nine months of 1997.

During the first nine months of the year investments continued to grow reaching Lit. 752 billion as compared to Lit. 440 billion invested over the same period last year.

Highlights of the third quarter of fiscal year 1998 include a significant growth in the personal customer segment, mostly due to the summer season, with pre-paid GSM cards representing 90% of all new customer activations.

On October 3, the total number of customers broke the 5 million mark, thus making Omnitel Europe's third largest GSM operator, according to Financial Times Mobile Communication. During 1998 the company captured 2.6 million new customers, more than the combined number of customers for the 2 preceding years. Today Omnitel holds a 42% market share of the Italian GSM market and a 28% share on the total Italian cellular market.

The company's organisation continues to grow. On September 30 the total number of employees was 4,900, a 1,800 unit increase over the same date last year. Over half of the employees work at the company's Customer Care Centers.

With the opening of Omnitel's two new Customer Care Centers in Pisa on October 26, and in Catania next November, the number of employees working at the company's 7 Customer Care

Centers will reach 3,000.

Omnitel's success is also confirmed by the number of roaming agreements signed with foreign operators. Omnitel offers customers roaming with 87 cellular operators in 57 countries world-wide.

Commenting on Omnitel's first nine months results, Pietro Guindani, CFO, Omnitel Pronto Italia, stated "It is important to note that Omnitel has succeeded in keeping its cost structure well under control despite rapid growth and the size of its investment plans. This makes Omnitel a financially sound company in addition to being highly innovative and capable of offering an excellent level of service to its customers."

Operating Profitability

In billions of Lit.	9/30/1998	9/30/1997	% change
Revenues	2,953	1,193	+ 148%
• from service revenues	2,578	966	+ 167%
• other revenues	375	227	+ 65%
EBITDA	962	154	x 6.2
EBITDA % of service revenues	37%	16%	+ 21%
Net profit (loss)	498	(167)	N.A.
Net profit (loss) % of service revenues	19%	(17%)	+ 36%

Net quarterly profit 1998