



**OMNITEL'S BOARD OF DIRECTORS APPROVES 1998 ANNUAL REPORT:
REVENUES REACH LIT. 4,464 BILLION, EBITDA IS LIT. 1,473 BILLION, NET PROFIT
INCREASES TO LIT. 781 BILLION.**

WAP, SATELLITE AND EXPERIMENTAL UMTS SERVICES IN 1999

Milan, March 19, 1999

Omnitel's Board of Directors has approved the company's 1998 Annual Report. Key figures include revenues of Lit. 4,464 billion compared with Lit. 1,835 billion in 1997 (up 143%), with an increase in service revenues from Lit. 1,499 billion to Lit. 3,840 billion. EBITDA (earnings before income tax, depreciation and amortization) was Lit. 1,473 billion, accounting for 38.4% of service revenues; EBITDA in 1997 was Lit. 310 billion.

Net profit was Lit. 781 billion compared to a net loss of Lit. 140 billion posted in 1997. The company's net profit of Lit. 781 billion is posted after the accrual of Lit. 58 billion in local taxes (IRAP). Corporate income taxes (IRPEG) benefit from the tax losses carried forward by the company from its first years of operation.

These favourable economic trends have allowed the company to reach cash-flow break-even a year earlier than forecast: net cash flow (after investments and changes in net working capital) was positive for Lit. 427 billion, compared to a shortfall of 313 billion in 1997.

Silvio Scaglia, Omnitel's Chief Executive Officer, said "The net profit of 781 billion lire and customer growth, which has made us the second mobile operator in Europe in only a few years, are confirmation of the fact that 1998 marked the end of Omnitel's projectual phase. Today Omnitel is an important company in Italy and it will continue to expand. Last year's investment level of 1,300 billion lire is tangible proof of Omnitel's confidence in the potential offered by its position and by the market, which has expanded in the past few years also as a result of Omnitel's vital contribution."

With an increase of 3.7 million subscribers in 1998, bringing the overall customer base to 6.19 million as of December 31, 1998, Omnitel captured a 42.6% market share in 1998, so today 30% of Italian mobile subscribers are Omnitel customers. The churn rate, equal to 13.3%, was particularly satisfactory.

"In 1999" adds Silvio Scaglia, "the commercial launch of Internet services using a WAP (Wireless Application Protocol) platform, and the Globalstar satellite service will contribute to the further expansion of the cellular market."

During 1999 Omnitel will be offering its customers new Internet-related applications which will facilitate access to voice, data and video services. Omnitel has also signed agreements to start an experimental service of the new UMTS (Universal Mobile Telecommunication System) standard during 1999, with the aim of being one of the first operators to evaluate the full potential of this system.

Significant growth was recorded in the business segment. Whereas the overall customer base rose by 152% since the beginning of the year, growth in the business and corporate sectors reached 242% thanks to products such as RAM ("Rete Aziendale Mobile"), DAM ("Dati Aziendali Mobili")

and CAM ("City Aziendale Mobile"), which have transformed cellular telephony into a real business tool.

Growth in the customer base was accompanied by an increase in Omnitel's personnel; at the end of 1998 Omnitel had 5,553 employees, over half of which work in customer services. Omnitel's existing 5 Customer Care Centres in Italy were joined by two new Centres, in Pisa and Catania, which together employ 431 staff, 44% male and 56% female.

Investments also rose in 1998, amounting to Lit. 1,308 billion (up 107% compared with 1997) and were mainly concentrated in infrastructures for customer care and for the GSM network.

Operational results

in billions of lire	1998	1997	Change
REVENUES	4.464	1.835	+ 143%
from service revenues	3.840	1.499	+ 156%
other revenues	624	336	+ 86%
EBITDA	1.473	310	+ 375%.
EBITDA % of service revenues	38.4%	20.7%	+17.7%
Net (loss) profit	781	(140)	N.S.
Net (loss) profit % of service revenues	20.3%	(9.3%)	+29.6%

Financial results

In billions of Lit.	1998	1997	Change
Operating cash flow	1.348	239	1.109
Change in net working capital	387	80	307
Investments	(1.308)	(632)	(676)
Net cash flow	427	(313)	740

Omnitel's Milestones

In billions of Lit.	1st half 1996	2nd half 1996	1st half 1997	2nd half 1997	1st half 1998	2nd half 1998
EBITDA	(204)	(197)	23	287	526	947

Net loss/profit	(259)	(330)	(172)	32	234	547
Cash Flow	(642)	(552)	(273)	(40)	85	342