



OMNITEL: REVENUES ALMOST DOUBLED TO LIT. 3,207 BILLION, INVESTMENTS AT LIT. 805 BILLION. 8 MILLION SUBSCRIBERS IN JULY. 50,000 DAILY INTERNET ACCESSES TO NEW WWW.2000.IT PORTAL

Milan, July 16, 1999

Omnitel Pronto Italia, Italy's first private GSM operator, announced first half results that confirm its rapid growth in the mobile telecommunications market. Revenues almost doubled to Lit. 3,207 billion from Lit. 1,746 billion posted for the corresponding period of 1998 (+ 83.7%). In particular service revenues increased to Lit. 2,885 billion compared to Lit. 1,495 billion in the first half of 1999 (+93.0%).

Net profit was Lit. 661 billion compared to Lit. 234 billion posted a year earlier (+182.5%), despite a tax burden of Lit. 283 billion for the first six months of 1999 compared to Lit. 20 billion for the corresponding period of 1998. Investments for the first six months of the year continued to grow, reaching Lit. 805 billion (+76.1% compared to the corresponding period last year). In the first half of 1999 Omnitel invested 121.8% of its net profits.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) for the first half of 1999 was Lit. 1,294 billion, accounting for 44.9% of service revenues, compared to Lit. 526 billion in 1998 (35.2% of service revenues).

Average monthly usage per subscriber also increased significantly from 124 minutes/month during the first 6 month of 1998 to 132 minutes/month as of June 30, 1999.

These excellent results have been achieved thanks to constant growth in the customer base which broke the 8 million threshold on July 9th, thus confirming Omnitel's standing as the second mobile operator in Europe. The net increase in the number of customers for the first half of the year was 1.7 million.

Growth in the customer base was achieved by keeping customer acquisition costs under tight control at Lit. 51,000 per new customer, the lowest acquisition cost of any operator in Europe. Overall growth in the Italian mobile market continued to be sustained with mobile telephony reaching a penetration rate of 42% of the total Italian population.

The growth in customers was accompanied by an increase in Omnitel's employees, now at 6,858, over half of which are employed in customer services. Omnitel has recently added to its 7 operational Customer Care Centres in Italy by opening an eighth Centre in Bologna, which when fully operational will employ some 500 customer service representatives.

The increase in the number of customers is undoubtedly due to the success of its commercial products and services, in particular Personal195, pre-paid Personal195 Ricaricabile and Dippiù. In addition, starting this summer, all of Omnitel's pre-paids support international roaming.

Significant growth was also recorded in the business sector with a 42.5% increase in the number of customers compared to 27.3% growth in Omnitel's overall subscribers. The success of the business and corporate segments is due to products such as the pre-paid RAM Ricaricabile and CAM (City

Aziendale Mobile). Omnitel's offer for the corporate segment has recently been enhanced by the introduction of RAM Integrata, which also offers landline services to large corporate customers.

Omnitel 2000, the company's new Internet portal (www.2000.it), has met with great success, with an average of 50,000 accesses daily during its first 15 days of operation. Access to the portal through voice recognition technology and WAP will be available from July 20.

Operational results

in billions of lire	1st half 1999	1st half 1998	1st half 1997
REVENUES	3,207	1,746	680
service revenues	2,885	1,495	536
other	322	251	144
EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization)	1,294	526	23
EBITDA as % of service revenues	44.9%	35.2%	4.3%
Net profit (loss)	661	234	(172)
Net profit (loss) as % of service revenues	22.9%	15.6%	(32.1%)

Financial results

In billions of Lit.	1st half 1999	1st half 1998	1st half 1997
Operating cash flow	1,026	471	7
Change in net working capital	181	71	(19)
Investments	(805)	(457)	(257)
Net cash flow	402	85	(273)

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	1st half 1999
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EBITDA	(211)	(183)	23	296	526	947	1,294
Net result	(259)	(330)	(172)	32	234	547	661
Cash Flow	(642)	(552)	(273)	(40)	85	342	402