1H09 Results

August 2009

- **Tiscali Group (Tiscali UK and TiNet as discontinued operations)**
  - Revenue at EUR 152 million, -8% YoY; +6% 2Q09 vs 1Q09
  - Growth of EBITDA, due to reduction in marketing expenses and other indirect costs
    - + 34% YoY (gross of bad debt) at EUR 48 million
    - + 48% YoY (net of bad debt) at EUR 38 million
  - EBIT positive at EUR 10.9 ml (1H08 break even)
  - Net result negative for EUR 402.8 ml, including EUR 345.5 ml loss for the disposal of Tiscali UK

- **Tiscali Italy**
  - Revenue at EUR 147.7 million, -7% YoY
  - Significant increase of EBITDA:
    - +89% Y0Y (gross of bad debt) at EUR 45.4 million
    - +123% YoY (net of bad debt) at EUR 35.7 million
  - Total DSL customers in Italy over 549K:
    - 263K dual play customers (+30K YoY)
    - 374K LLU customers (+11K YoY)
  - Net income at EUR 6.1 million
  - Net financial debt at EUR 607.9 ml vs EUR 601.1 ml as of 31st December 2008

Groups results 1H09 vs 1H08

€ ml	1H09	% of rev.	1H08	% of rev.	Delta 09/08
Revenues	**151.6**	***100%***	**164.5**	***100%***	***-8%***
Access	72.0	*47%*	77.5	*47%*	*-7%*
of which ADSL	61.7	*41%*	59.1	*36%*	*4%*
Voice	48.7	*32%*	45.6	*28%*	*7%*
of which dual play voice traffic	32.9	*22%*	24.0	*15%*	*37%*
B2B	7.6	*5%*	8.2	*5%*	*-7%*
Media and VAS	12.8	*8%*	17.3	*11%*	*-26%*
Other	10.5	*7%*	15.9	*10%*	*-34%*
Gross Margin	**90.5**	***60%***	**96.7**	***59%***	***-6%***
Operating costs	**43.2**	***28%***	**74.0**	***45%***	***-42%***
Sales & Marketing costs	9.1	*6%*	29.3	*18%*	*-69%*
Personnel costs	21.1	*14%*	28.6	*17%*	*-26%*
G&A costs	13.0	*9%*	16.1	*10%*	*-19%*
Other Income & Expenses	(1.1)	*nm*	(13.5)	*nm*	*nm*
Gross Operating Result (adjusted EBITDA)	**48.4**	***32%***	**36.2**	***22%***	***34%***
Bad debt and other provisions	10.5	***7%***	10.6	***6%***	***-1%***
Gross Operating Result (EBITDA)	**37.9**	***25%***	**25.6**	***16%***	***48%***
EBIT	**10.9**	***nm***	**0.0**	***nm***	***nm***
Net result from cont. Operations	**(37.9)**	***nm***	**(31.7)**	***nm***	***nm***
Net result from discont. Operations	**(364.9)**	***nm***	**(25.5)**	***nm***	***nm***
Net result of the Group	**(402.8)**	***nm***	**(57.2)**	***nm***	***nm***

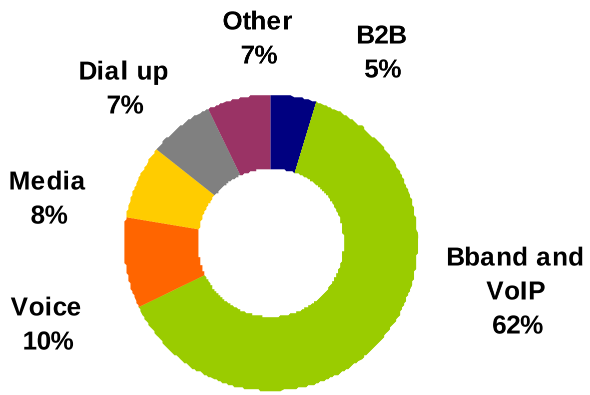
Tiscali Italy 1H09 vs 1H08

ITALY € m	1H09	% of rev.	1H08	% of rev.	Delta
Revenues	**147.7**	***100%***	**158.1**	***100%***	***-7%***
of which ADSL	61.7	*42%*	59.1	*37%*	*4%*
of which Voice	48.7	*33%*	45.6	*29%*	*7%*
Gross Margin	**85.5**	***58%***	**89.7**	***57%***	***-5%***
Operating costs	**37.6**	***25%***	**63.3**	***40%***	***-41%***
Sales & Marketing costs	9.1	*6%*	29.0	*18%*	*-69%*
Personnel costs	17.8	*12%*	21.1	*13%*	*-16%*
G&A costs	10.7	*7%*	13.1	*8%*	*-18%*
Gross Operating Result (adjusted EBITDA)*	**45.4**	***31%***	**24.0**	***15%***	***89%***
Bad debt	9.7	*7%*	8.0	*5%*	*21%*
Gross Operating Result (EBITDA)**	**35.7**	***24%*** ***0%***	**16.0**	***10%***	***123%***
EBIT pre restructuring costs	**10.3**	***7%***	**(9.1)**	***nm***	***213%***
Restructuring	0.2	*nm*	(0.1)	*nm*	*nm*
EBIT	**10.5**	***7%***	**(9.2)**	***nm***	***214%***
Net result	**6.1**	***4%***	**(17.4)**	***nm***	***135%***

* Gross Operating Results is after deduction of management fee

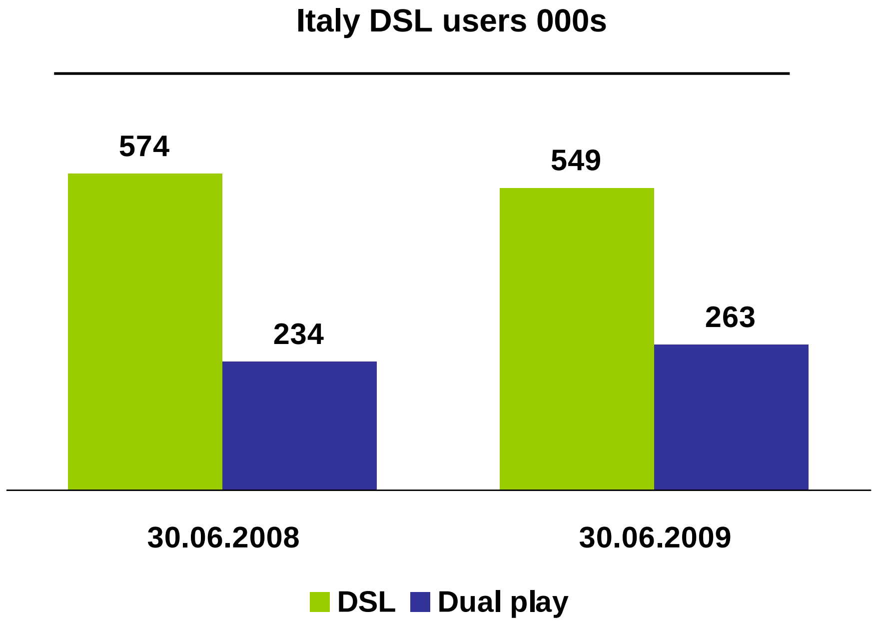
** EBITDA is after bad debt and other provisions

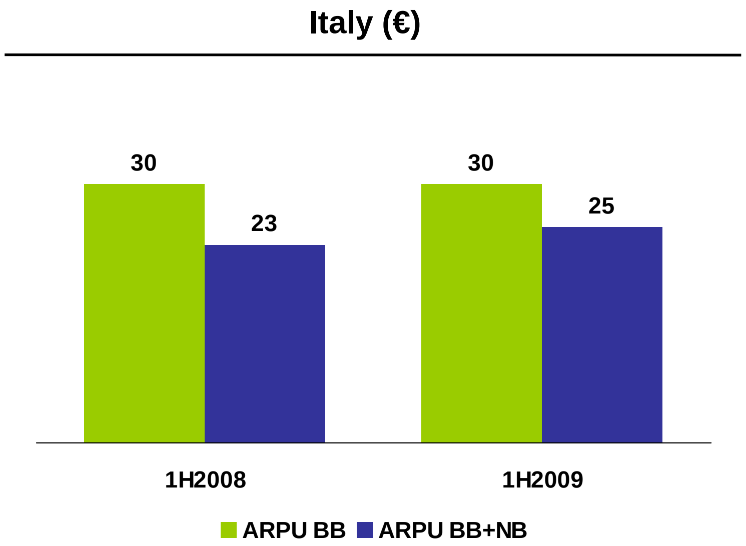
Business line breakdown of revenues – 1H09



- The subsidiary Tiscali UK and companies within the TiNet group have been accounted for as discontinued operations
- Broadband and dual play (VoIP) revenues are over 60% of total revenues, including voice about 87%. VoIP revenues are traffic generated revenues in dual play offers
- Network coverage in Italy as of 30.06.2009:
  - 486 LLU sites

Tiscali Italy DSL users and ARPU





- Dual Play customers increase in 2Q09 thanks to the successful dual play offer on the Italian market: “Tiscali TuttoIncluso”.

- The ARPU for Broadband services in Italy amounted to EUR 30/month, YoY stable and in line with corporate targets although the greater competitive pressure.

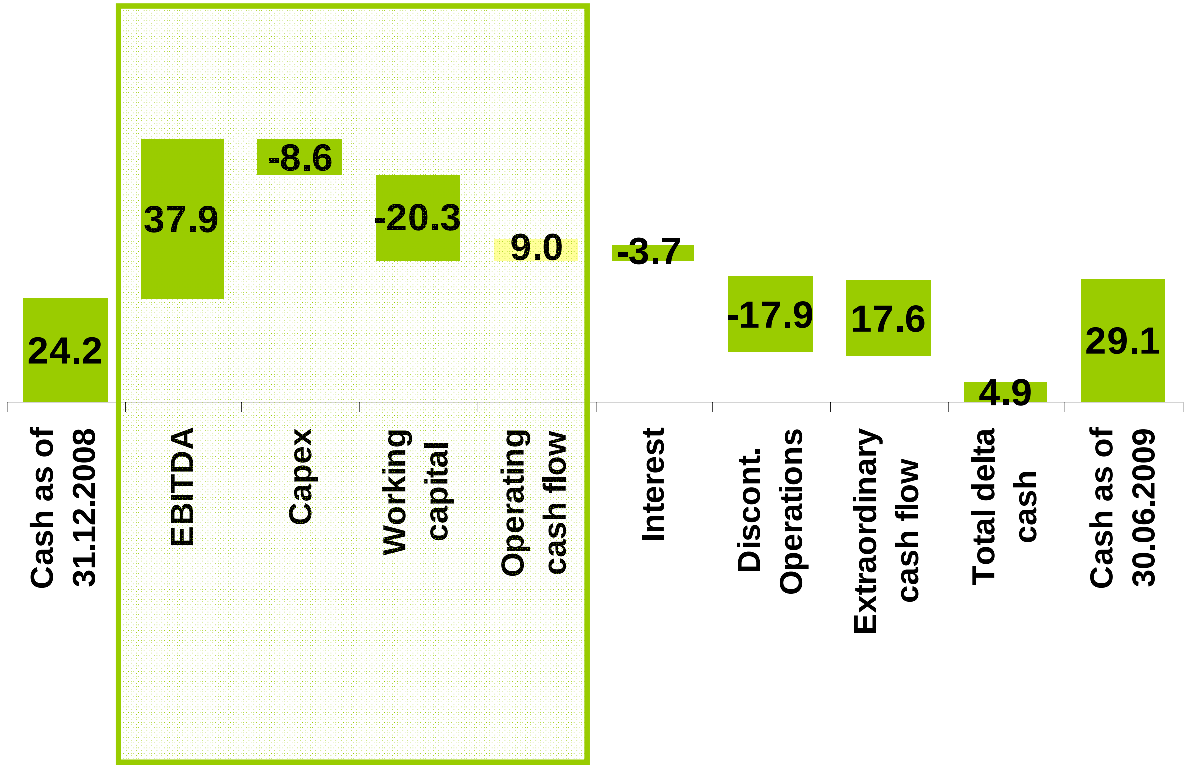
- The blended ARPU (for Broadband and Narrowband services) increased from 23 to 25 Euro/month.

Net financial position

€ ml	30-Jun-09	31-Dec-08
A. Cash	29.1	24.2
B. Other liquid assets	6.9	12.7
C. Securities	-	-
D. Total cash and other financial assets (A) + (B) + (C)	**36.0**	**36.9**
E. Other current financial assets	**1.1**	**5.3**
F. Non-Current financial payables	6.3	1.4
G. Current bank debt	537.2	510.0
H. Long term loans falling within one year	-	-
I. Other current financial debt (*)	12.0	21.4
J. Current financial debt (G) + (H) + (I)	**549.2**	**531.4**
K. Net current financial debt (J) – (E) – (F) – (D)	**505.8**	**487.7**
L. Non current bank loans	-	-
M. Bonds	-	-
N. Other non current debt (**)	102.1	113.4
O. Non current financial debt (L) + (M) + (N)	**102.1**	**113.4**
P. Net financial debt (K) + (O)	**607.9**	**601.1**

(*) includes leasing debts
(**) includes leasing debt and debts to shareholders

Cash flow analysis (EUR ml)



- Operating FCF positive at EUR 9.0 ml
- Working capital variation accounted for EUR 20.3 ml negative
- Discontinued operations reflects the cash of the UK and TiNet
- Extraordinary cash flow, positive at EUR 17.6 ml, includes cash in for TiNet disposal and restructuring costs

Balance sheet effects of the Reorganisation Plan -1-

- Continues the implementation of the restructuring plan, as agreed with the main creditors of the Group and ratified by an independent expert, with the sale of its subsidiary TiNet and the activities in the UK, the latter occurred after the end of the semester and in itself subject to the shareholders' resolution of the capital increases of 30/06/2009 (fully guaranteed by the major creditors and some shareholders and which provides substantial execution by 31 December 2009). It should be noted that accounting of the sole disposal of the subsidiary Tiscali UK at 30.06.2009, leads to a situation of negative equity, both at the consolidated and statutory level.
- **To a greater protection of the Company, creditors and all shareholders, the Board of Directors has not deemed it necessary to further convene a shareholders' meeting under Article 2447 of the Civil Code. This reflects the timing and substance of the capital increases as already approved and underwritten by the main creditors of the Group. The pro-forma statutory Shareholders’ equity, taking into account the capital increases, is in fact positive for EUR 136.2 million.**
- The Board of Directors, in light of the above and supported by the mentioned legal opinion by Professor Colombo, considered in fact that the shareholders’ equity of Tiscali emerging in that way is a merely accounting position, while the real financial position of the Company should take into consideration both the write-down of the equity investment in Tiscali UK at 30 June 2009 and the commitment of banks and shareholders to subscribe the share capital increases resolved on 30 June 2009, up to EUR 214 million (the amount pro-forma net of charges); therefore, the financial position shows an accounting shareholders’ equity of the Parent Company positive for EUR 136.2 million and Consolidated negative for EUR 57.4 million.

Balance sheet effects of the Reorganisation Plan -2-

Statement of changes in Consolidated Shareholders’ Equity taking into consideration the capital contribution commitment

EUR (000)	**30 June 2009**	**Impact of Capital Increase**	**30 June2009 Pro-forma**
Share capital	156,071	-	156,071
Share premium reserve	-	-	-
Reserve for stock options	4,124	-	4,124
Reserve commitment of capital contribution	-	216,867	216,867
Translation reserve	-	-	-
Retained earnings and other reserves	(432,442)	(2,000)	(434,442)
Shareholders’ equity of the Group	**(272,247)**	**214,867**	**(57,380)**
Minority interests	**-**	**-**	**-**
Total Shareholders’ equity	**(272,247)**	**214,867**	**(57,380)**

Statement of changes in the Shareholders' Equity of the Parent Company taking into consideration the capital contribution commitment

EUR (000)	**30 June 2009**	**Increase**	**30 June 2009 Pro-forma**
Share capital	156,071	-	156,071
Share premium reserve	-	-	-
Reserve for stock options	4,124	-	4,124
Reserve commitment of capital contribution	-	216,867	222,619
Translation reserve	-	-	-
Retained earnings and other reserves	(238,889)	(2,000)	(240,889)
Shareholders' equity of the Parent Company	**(78,693)**	**214,867**	**136,174**
Total Shareholders' equity	**(78,693)**	**214,867**	**136,174**

Disclaimer

This presentation contains unaudited and/or proforma financial data; it also includes forward-looking information that is subject to risks and uncertainties associated with Tiscali and the Internet sector. This information reflects Tiscali's management expectations, based on currently available information. The forward-looking information reflects certain assumed market parameters and other assumptions, but may differ materially from actual future results.

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