



The Internet Communication Company

First Half 2003 results

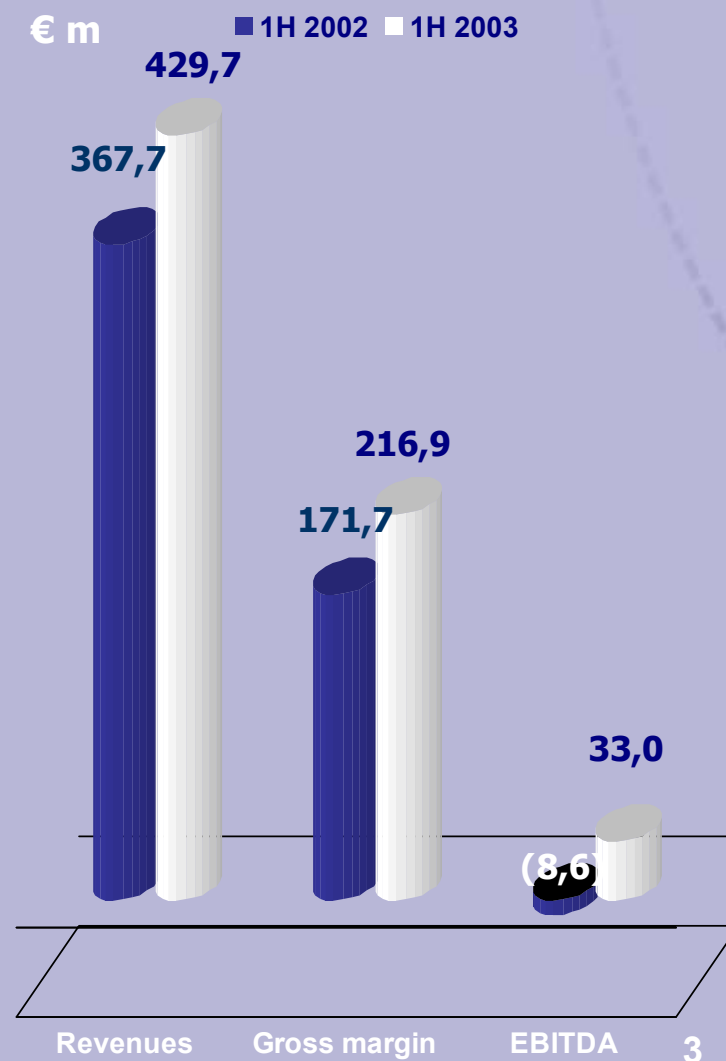
- **Revenue growth trend continues**: total 1H03 revenues at €429.7 ml, up 17% vs 1H 02
- **Third consecutive quarter of positive EBITDA**: 1H03 EBITDA at €33.0 ml, vs -€8.9 ml in 1H 02. Margin of 7.6%, well on track for year-end target
- **Strong performance on ADSL**: 110,000 new ADSL additions vs 1Q03, reaching 470,000 ADSL customers with an acquisition rate of 8,000 new customers per week. Total active subscribers at 7,6 ml
- **Higher 1H03 gross margin at 50%** vs 47% in 1H 02
- **Improvement of 1H03 EBIT** at -€98.8 ml, +72% compared to -€353 ml in 1H 02
- **Improvement in free cash flow in 2Q03 at -€28.3 ml** +53% compared to -€60.7 ml in 2Q02.
Cash available at € 285.7ml

Key financials: 1H02 vs 1H03

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€ m	1H02	1H03	% diff
Revenues	367.7	429.7	17%
Gross margin	171.7	216.9	26%
EBITDA	(8.6)	33.0	nm
EBIT	(353.0)	(98.8)	72%
Free Cash Flow	(208.1)	(52.3)*	75%



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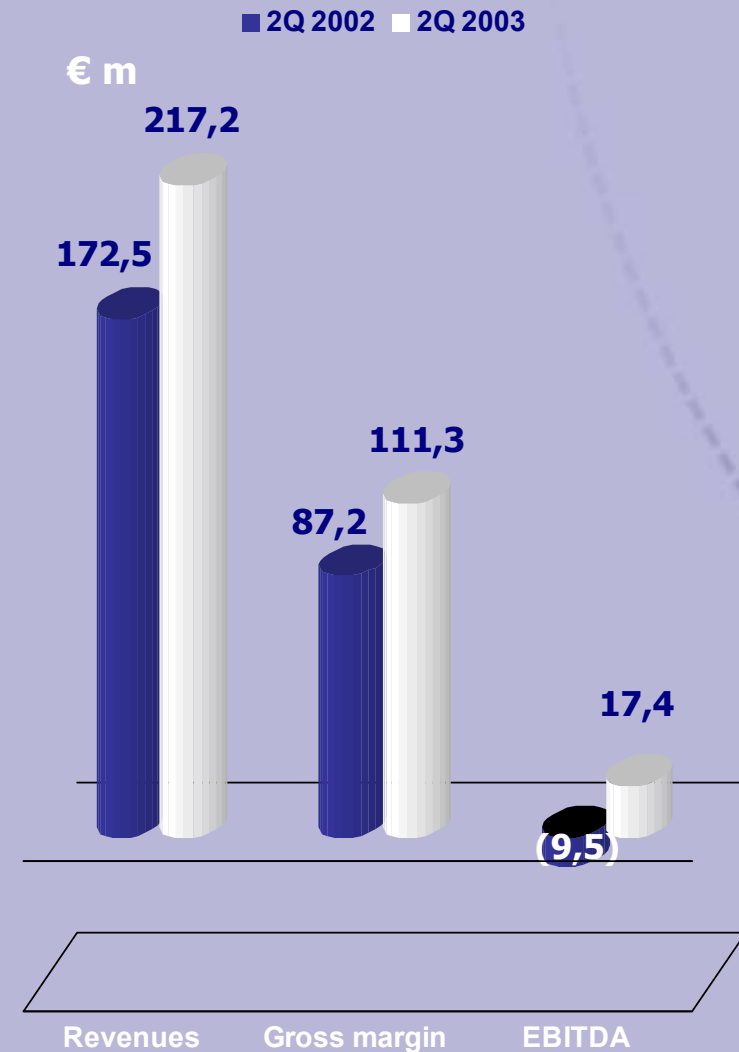
* Including investments of € 12.2 ml for the headquarter in Cagliari

Key financials: 2Q02 vs 2Q03

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€ m	2Q02	2Q 03	% diff
Revenues	172.5	217.2	26%
Gross margin	87.2	111.3	28%
EBITDA	(9.5)	17.4	nm
EBIT	(134.1)	(32.6)*	75%
Free Cash Flow	(60.7)	(28.3)**	53%



* The goodwill is amortised over 10 years instead of 5

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** Including investments of €7.1 ml for the headquarter in Cagliari

Revenues by business line 1H02 vs 1H03

€ m		1H 02	1H 03	% diff
Access		257.7	298.7	16%
	<i>% of rev.</i>	<i>70%</i>	<i>70%</i>	
Portal		27.2	23.9*	-12%
	<i>% of rev.</i>	<i>7%</i>	<i>6%</i>	
Business services		43.9	69.4	58%
	<i>% of rev.</i>	<i>12%</i>	<i>16%</i>	
Voice		25.3	32.5	29%
	<i>% of rev.</i>	<i>7%</i>	<i>8%</i>	
Others		13.7	5.1	-62%
	<i>% of rev.</i>	<i>4%</i>	<i>1%</i>	
Total revenues		367.7	429.7	17%

* The decrease is due to the disposal of Hispavista and WOL merchandising

Revenues by business line 2Q02 vs 2Q03

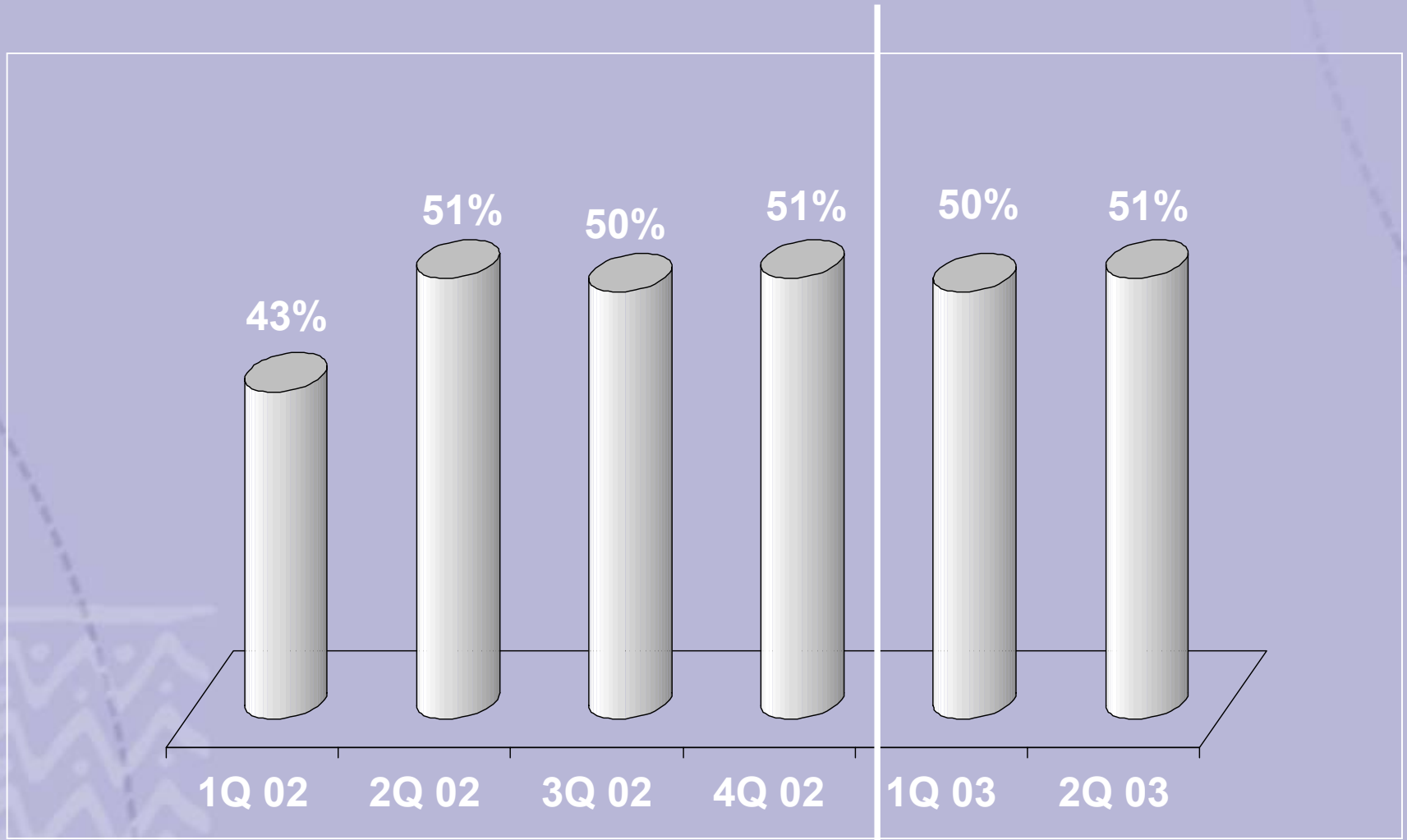
€ m		2Q 02	2Q 03	% diff
Access		120.7	150.4	25%
	<i>% of rev.</i>	<i>70%</i>	<i>69%</i>	
Portal		7.6	11.9	57%
	<i>% of rev.</i>	<i>4%</i>	<i>5%</i>	
Business services		22.1	35.2	59%
	<i>% of rev.</i>	<i>13%</i>	<i>16%</i>	
Voice		12.4	16.9	36%
	<i>% of rev.</i>	<i>7%</i>	<i>8%</i>	
Others		9.6	2.7	-72%
	<i>% of rev.</i>	<i>6%</i>	<i>1%</i>	
Total revenues		172.4	217.2	26%

Operating costs 1H02 vs 1H03

€ m		1H 02	1H 03	% diff
Gross Margin		171.7	216.9	26%
	<i>% of rev.</i>	<i>47%</i>	<i>50%</i>	
Sales & Marketing		59.3	66.4	12%
	<i>% of rev.</i>	<i>16%</i>	<i>15%</i>	
Personnel costs		71.1	68.9	-3%
	<i>% of rev.</i>	<i>19%</i>	<i>16%</i>	
G&A		49.9	48.5	-3%
	<i>% of rev.</i>	<i>14%</i>	<i>11%</i>	
Total operating costs		180.3	183.8	2%
	<i>% of rev.</i>	<i>49%</i>	<i>43%</i>	
EBITDA		(8.6)	33.0	nm
	<i>% of rev.</i>	<i>-2%</i>	<i>8%</i>	

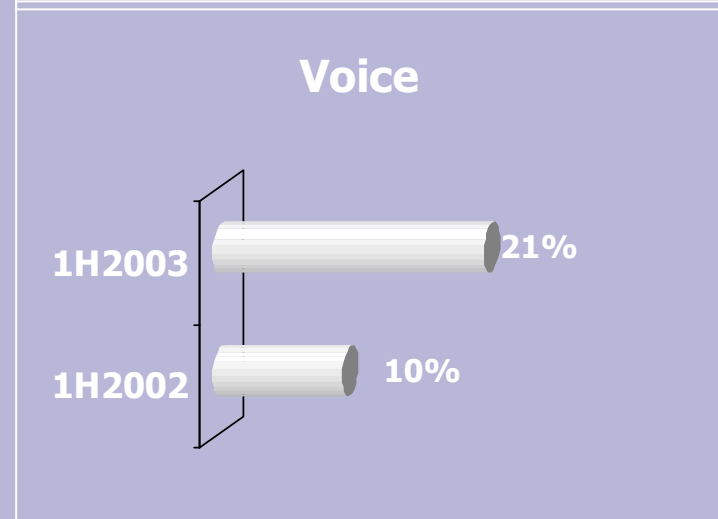
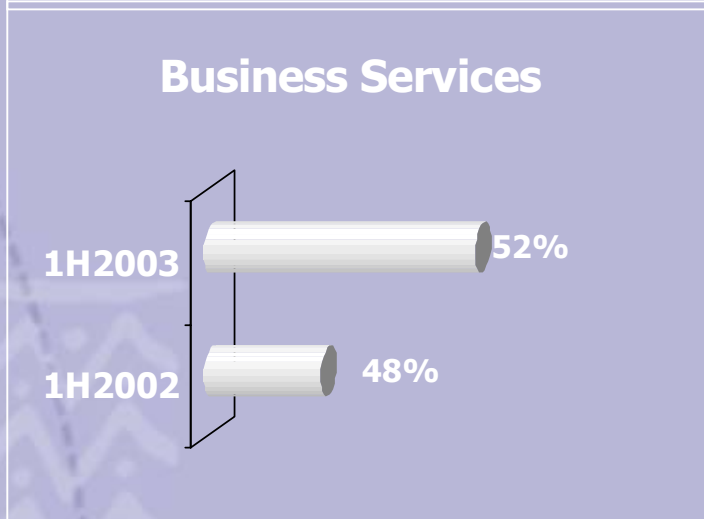
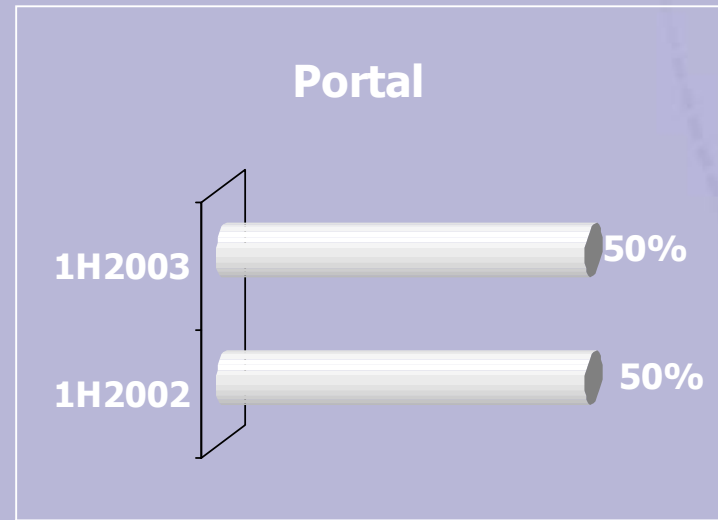
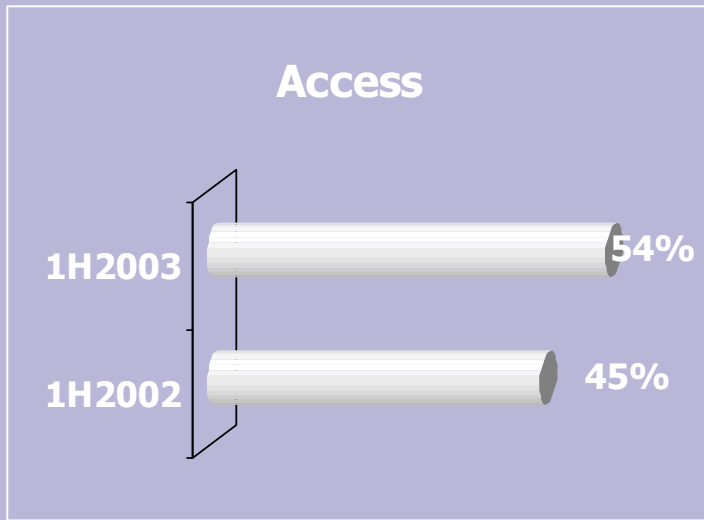
Consistent gross margin

Gross Margin (% on total revenues)



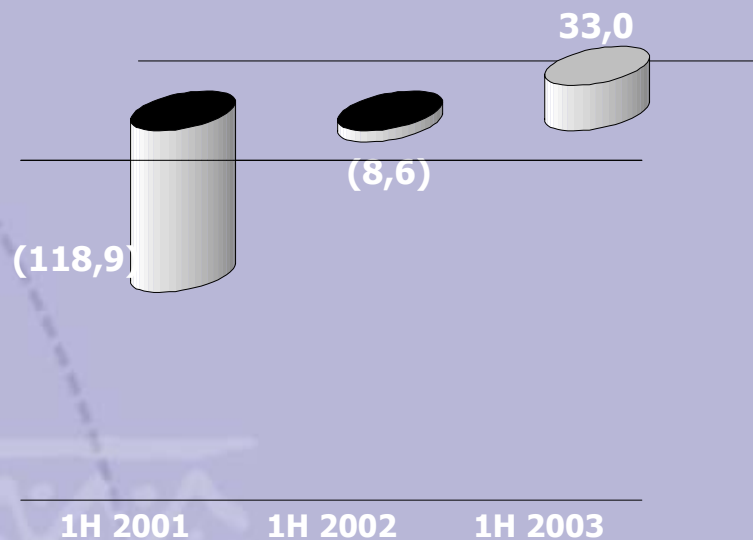
Gross margin by business line

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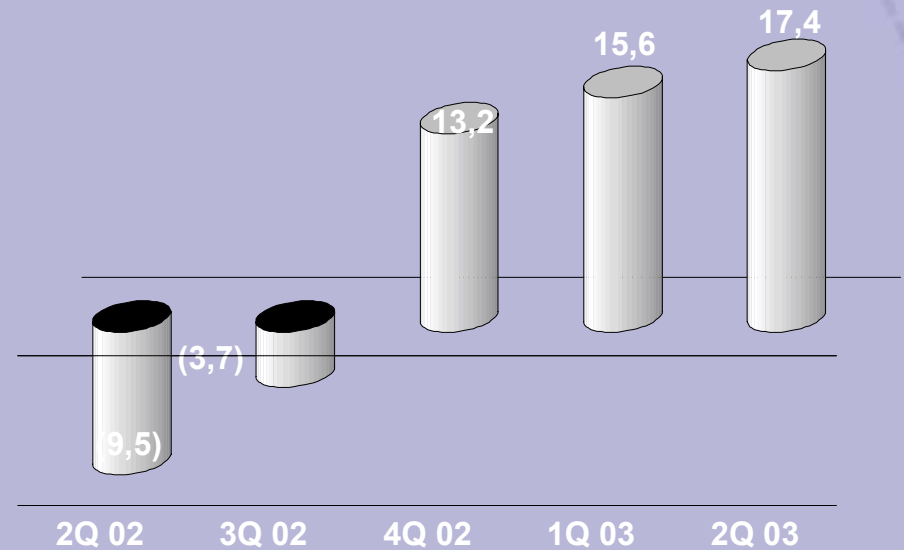


EBITDA (€ m)

Performance year-on-year



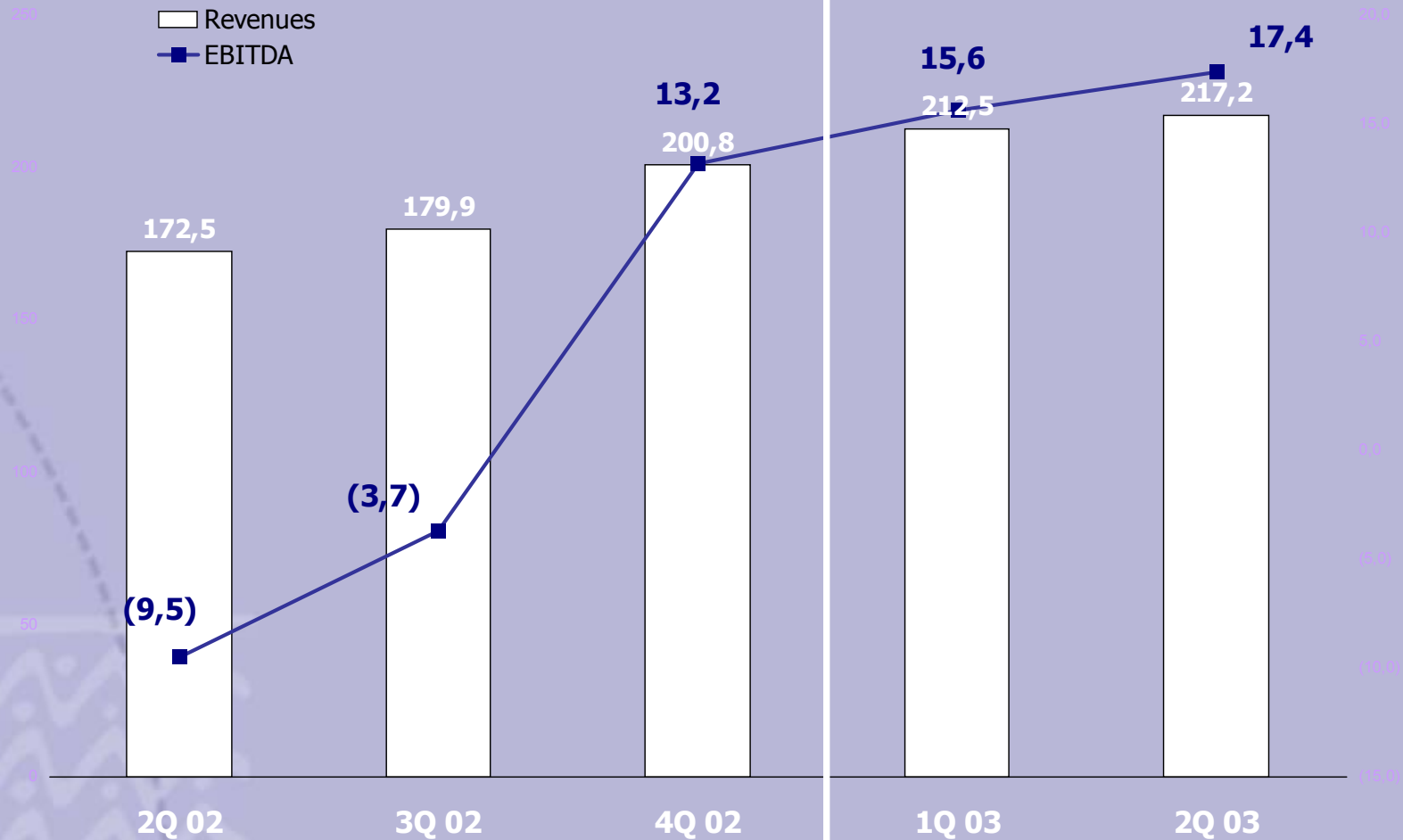
Performance quarter-on-quarter



➤ **Consolidating EBITDA growth, after last year's breakeven, taking advantage of rationalization process implemented in 2001 & 2002**

EBITDA margin increasing steadily

Revenues/EBITDA (€ m)



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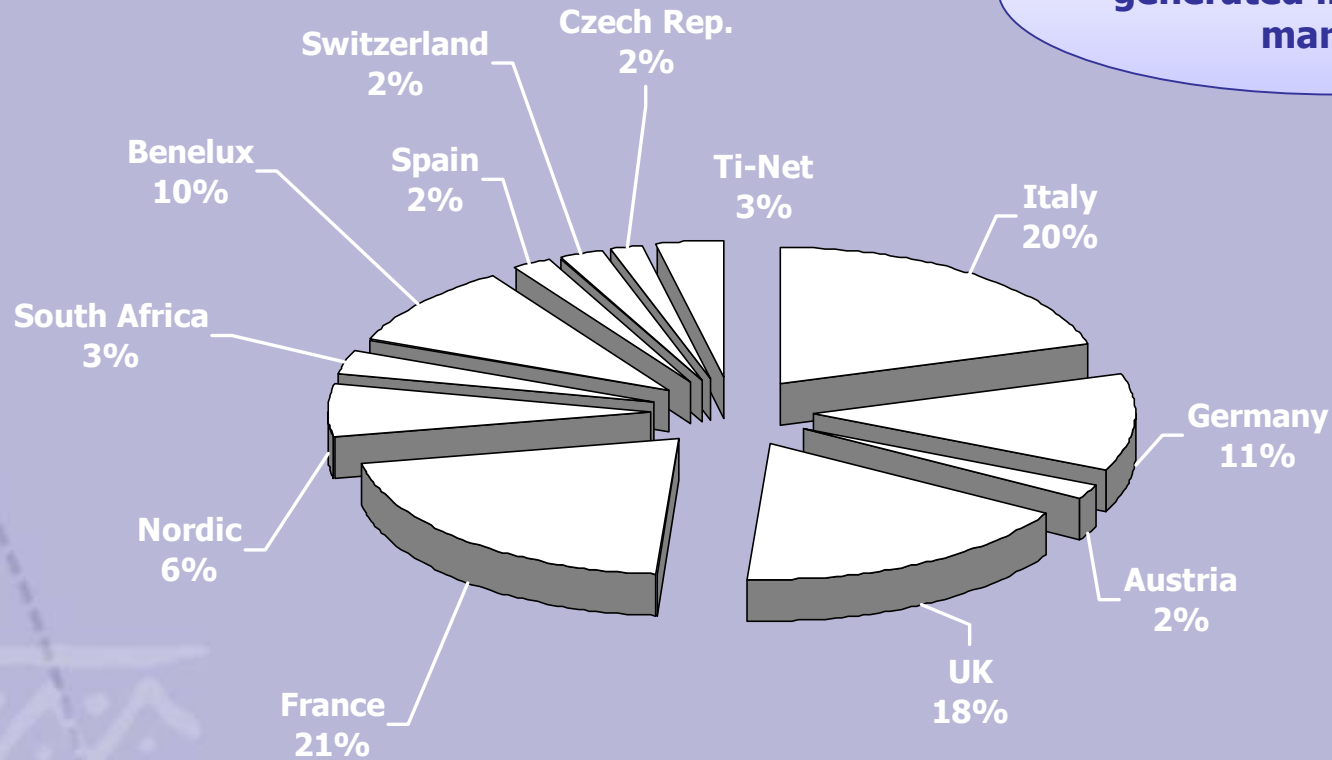
EBITDA margin: 6.5%

EBITDA margin: 7.3%

EBITDA margin: 8.0%



80% of revenues are generated in the 5 main markets

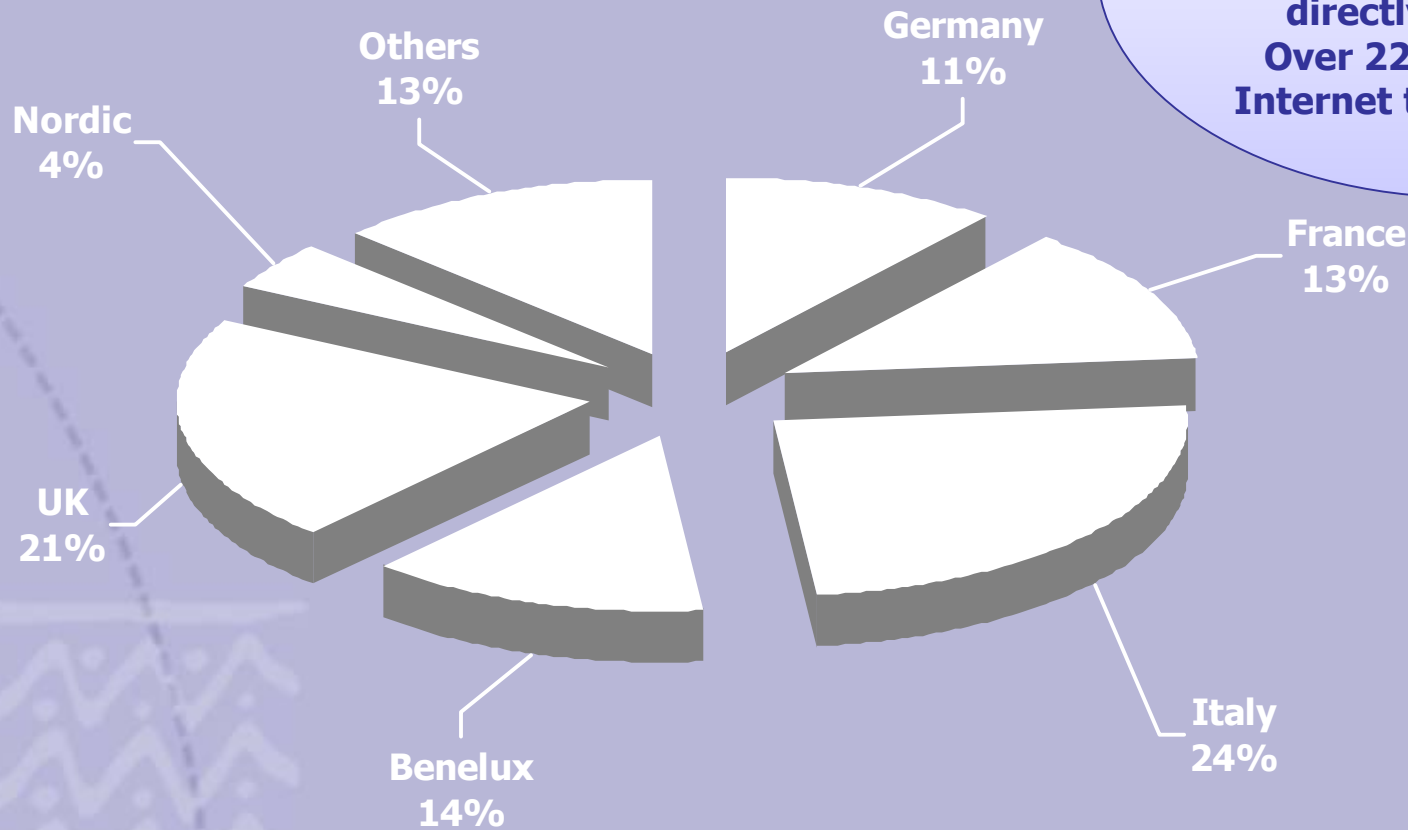


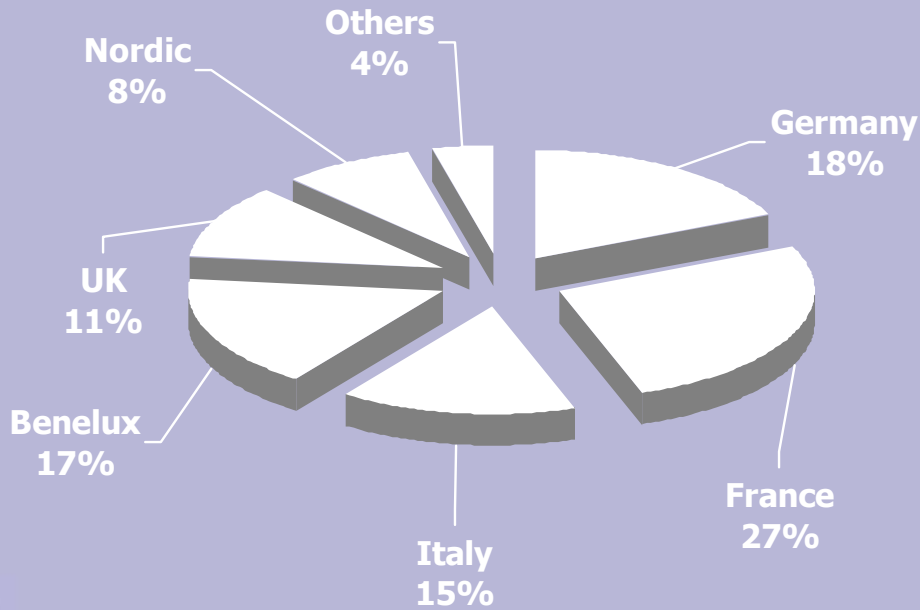
Active dial-up customers by country

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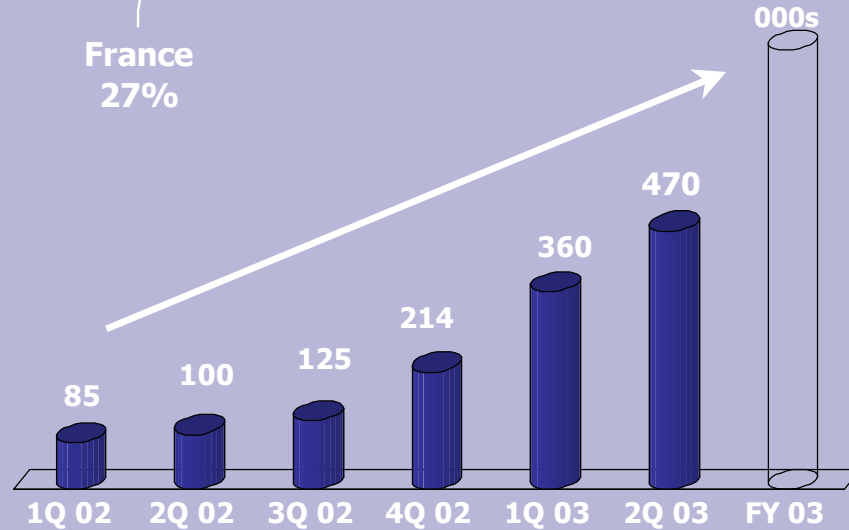


7.1ml dial-up active users.
More than 50% of customers are billed directly (incl ADSL)
Over 22bn minutes of Internet traffic in the 1H





470,000 ADSL customers

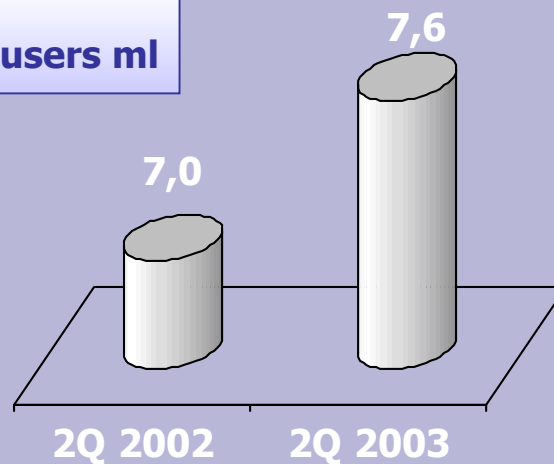


2Q 2003: key metrics YoY

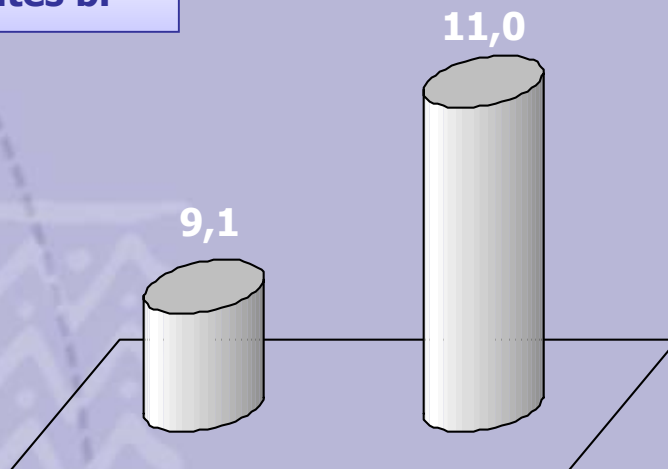
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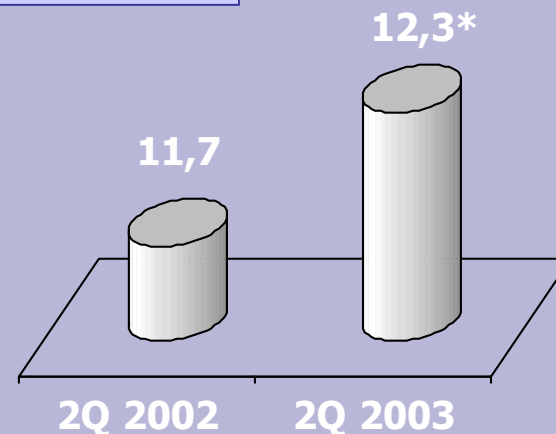
Active users ml



Minutes bl



Unique visitors ml



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* The figure refers to the 5 main European market (Italy, France, Germany, UK, Netherlands)

- **8,000 new customers per week, gaining significant market share: the ADSL market in 2003 is forecast to grow by over 40% in 2003*: Tiscali's ADSL subscribers in 2003 are set to increase over 3.5 times, more than doubling the market share compared to 2002**
- **Implementation of Bit Stream interconnection model in some European countries has allowed margin improvement**
- **ULL investments now profitable in areas with sufficient critical mass: France, the Netherlands, Italy, where Tiscali is already investing**
- **ADSL margin increasing, expected to be in line with dial-up margin**

** Source: Gartner*

- **Cable & Wireless France**
 - **€35 ml annualized revenues bring business services' revenues in France to €50ml**
 - **Over 800 customers**
 - **24 regional POPs, plus a metropolitan network in Paris**
 - **Price paid €5.6 million in cash in two tranches**
 - **Significant revenue and cost synergies with improvement in profitability**
 - **Implemented social plan for 130 employees in Tiscali France**
 - **To be consolidated from 3Q 2003**



- **More than 20% full-year revenues growth, mainly driven by growth in broadband access**
- **Over 750K ADSL customers by year-end**
- **FY 03 EBITDA margin at 8%**
- **Positive free cash flow in 4Q 03**
- **Capex at 6% of turnover**
- **2005 net profit, before any extraordinary items**

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