

tiscali.

## 1H2006 financial results

Milan, 14th September 2006

## Key 1H06 results

- **Solid growth of economic results:**

- 1H06 revenues at EUR 412.5 ml (+17% YoY)
- 1H06 Gross Operating Result (EBITDA) at EUR 63.8 ml (15% of revenues) +22% YoY

- **Reached over 2 ml ADSL customers:**

- 360,000 new ADSL adds in the semester, reaching over 2.07 ml ADSL customers, +21% vs 31.12.2005
- Total active customers (including dial-up) at 4.5 ml

- **LLU deployment and customer migration to direct access:**

- Over 500,000 LLU customers as of 30.06.06 of which over 120,000 customers subscribing to a Double-Play service
- Continues LLU network implementation in the UK and migration in Italy and UK

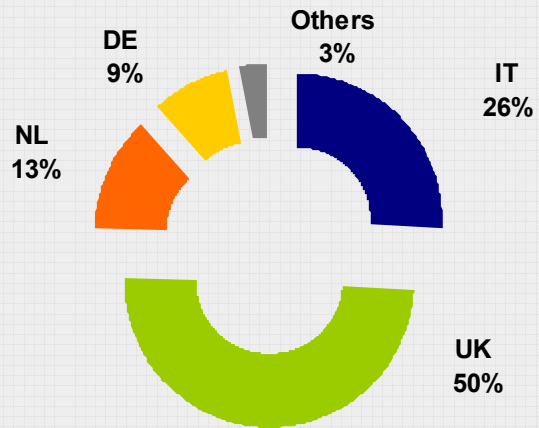
- **Free Cash Flow improvement:**

- FCF at EUR -44 ml in 1H06 improved vs EUR -65 ml 1H05.

- **Acquisition of Video Networks - Triple Play services accelerated in UK, Italy and The Netherlands**

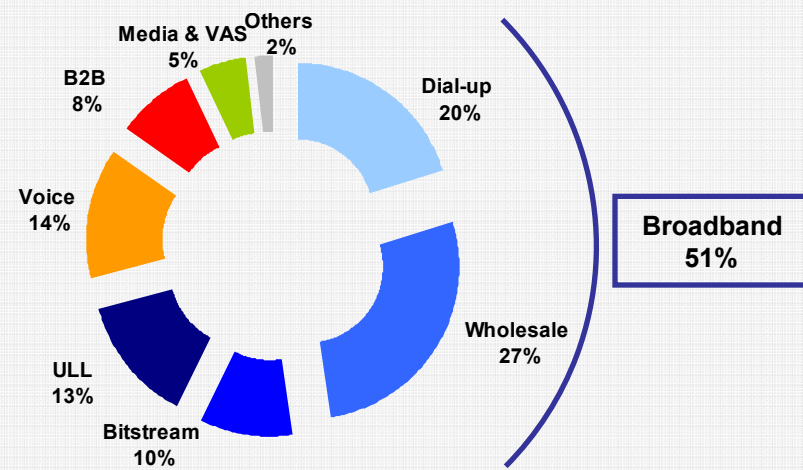
Operational breakdown and dynamics

Geographical breakdown of revenues – 1H06

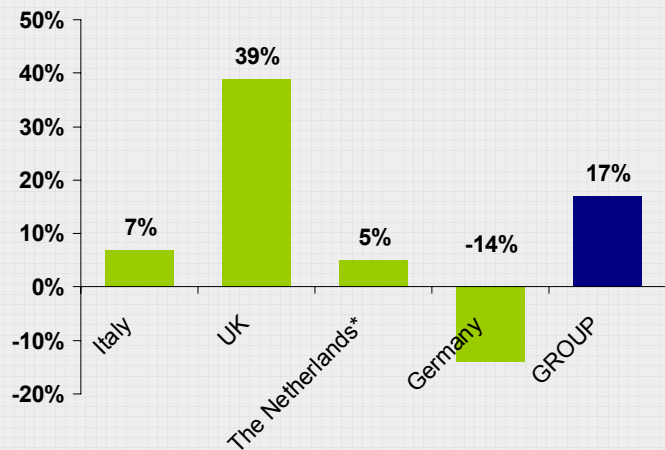


Note: Others includes Czech Republic, TiNet IP

Business line breakdown of revenues – 1H06

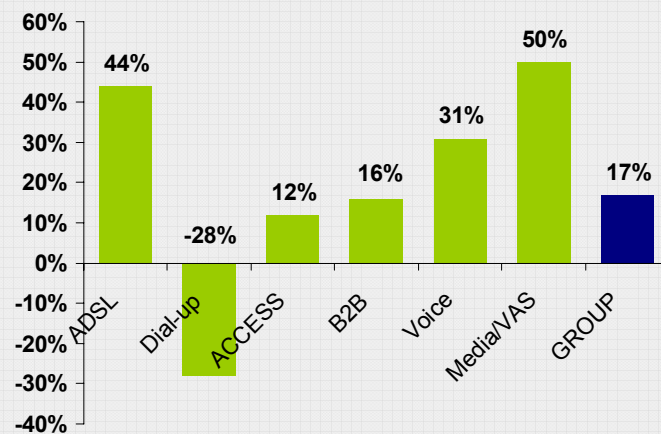


Revenue growth: contribution by country - YoY



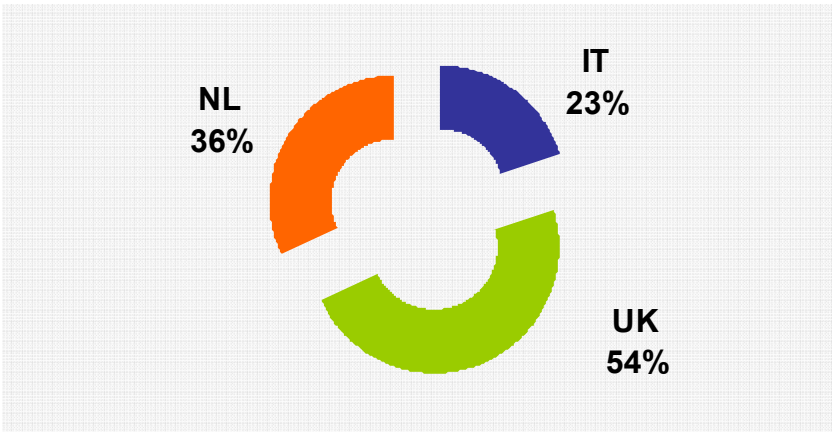
\* Net of the sale of 60K wholesale customers

Revenue growth: contribution by line of business - YoY

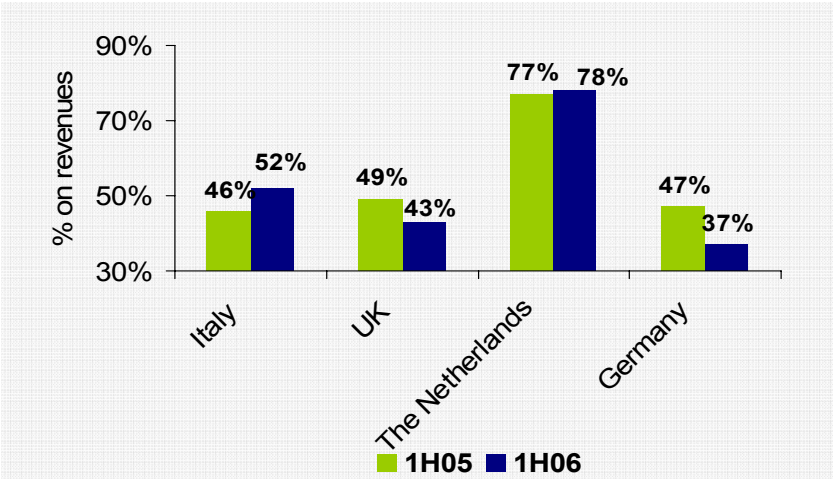


Analysis by country

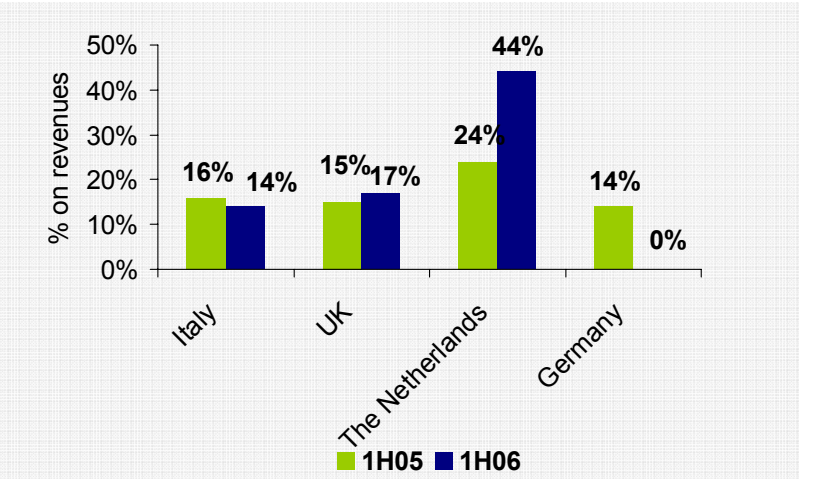
Geographical breakdown of EBITDA – 1H06



Gross Margin by country - YoY

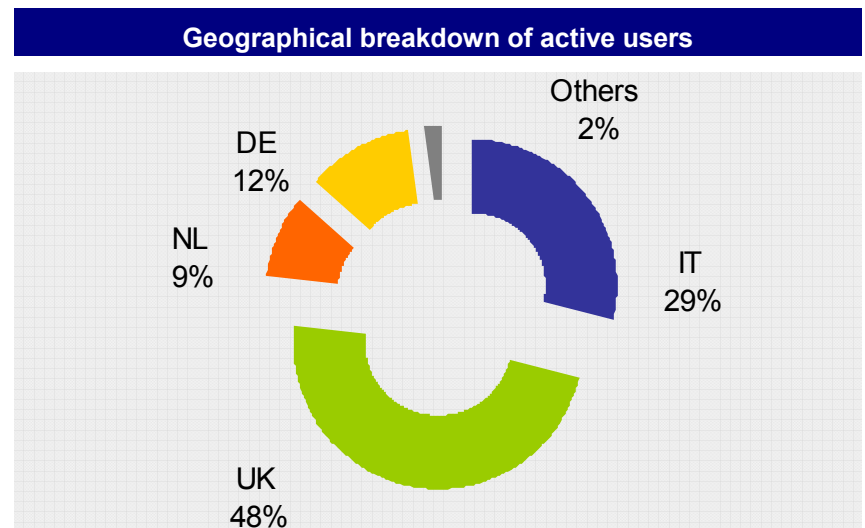
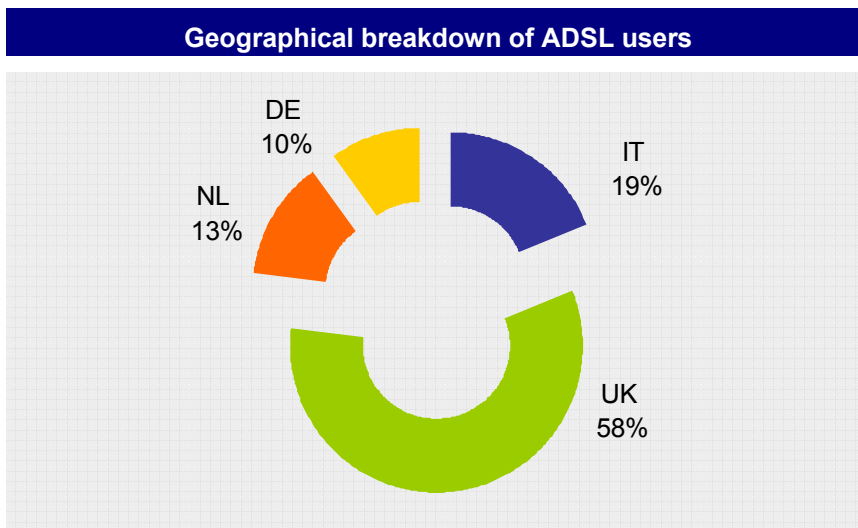
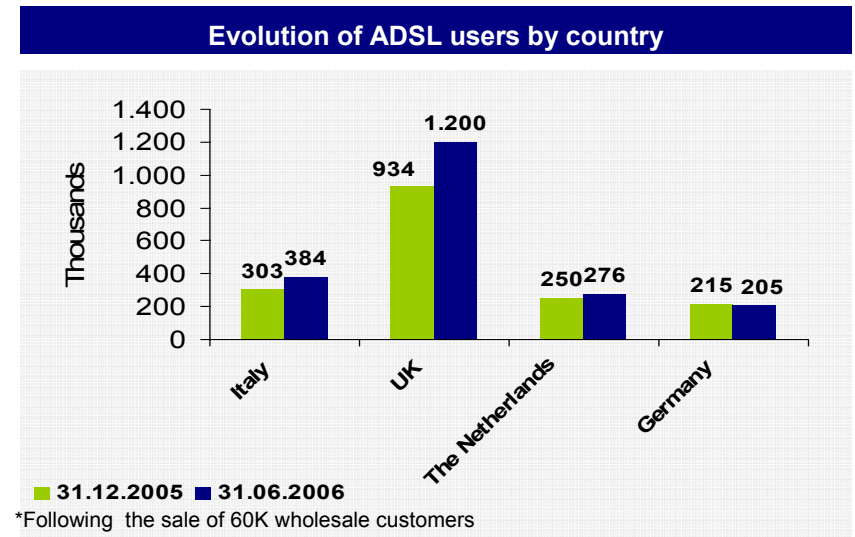
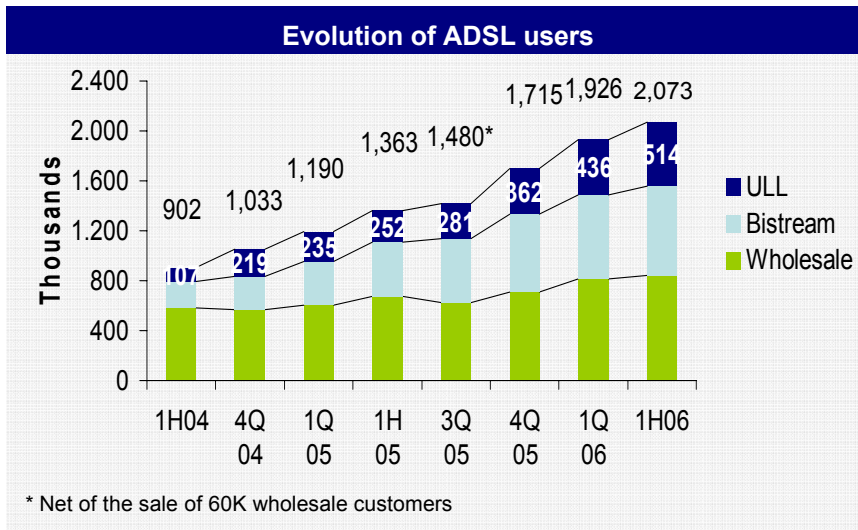


EBITDA by country - YoY



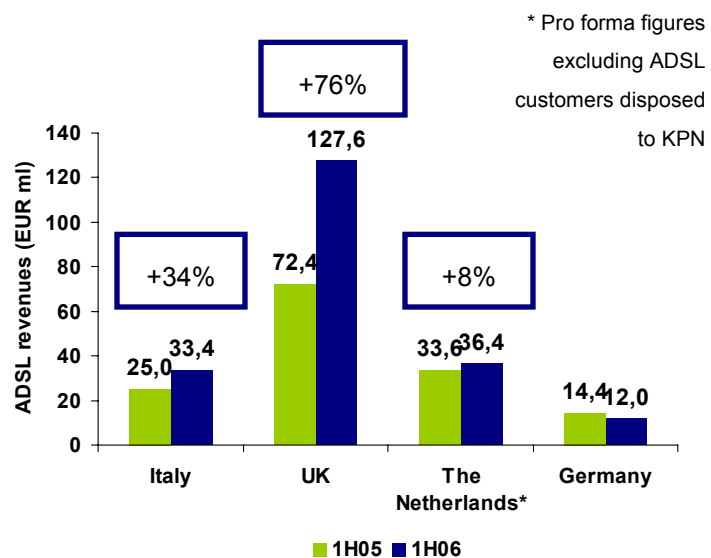
Note: Others includes Czech Republic, TNet IP. EBITDA by country does not include corporate costs

Active users as of 30.06.2006



DSL market dynamics

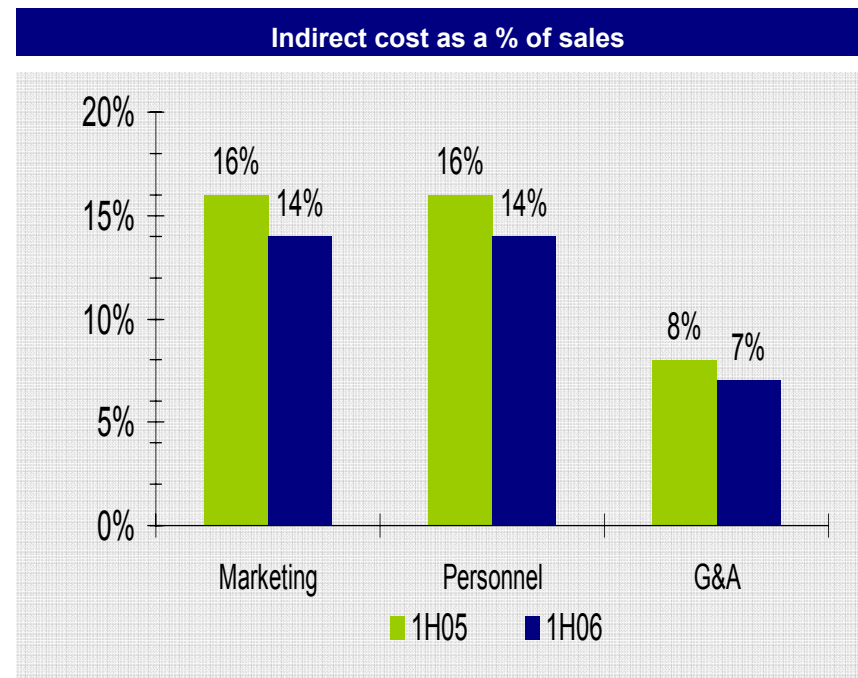
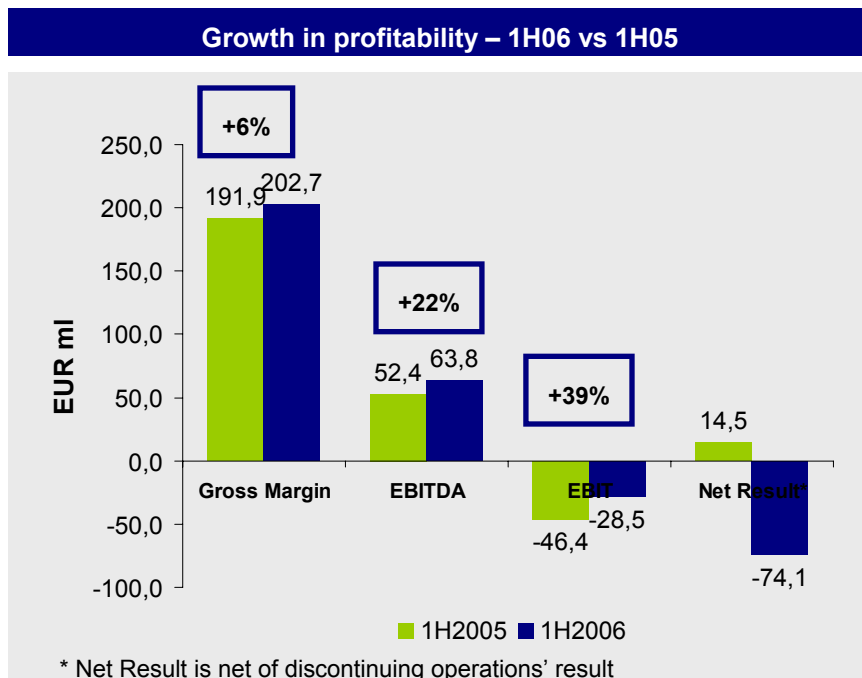
ADSL revenues by country



LLU network coverage and investments

	N. of Colocs		% of HH	
	1H06	4Q05	1H06	4Q05
<b>Italy</b>	440	367	40%	35%
<b>UK</b>	217	25	18%	3%
<b>The Netherlands</b>	250	250	60%	60%
<b>Germany</b>	Test in the Frankfurt area			

Sharp improvement in profitability and indirect cost reduction



- Indirect costs decrease by 6 percentage points over revenues YoY

## Financials 1H06 vs 1H05

€ ml	1H06	% of rev.	1H05	% of rev.	Delta 05/06
<b>Revenues</b>	<b>412.5</b>		<b>353.7</b>		<b>17%</b>
<i>Italy</i>	106.2	26%	99.1	28%	7%
<i>UK</i>	205.7	50%	148.4	42%	39%
<i>Netherlands</i>	52.2	13%	49.8	14%	5%
<i>Germany</i>	36.4	9%	42.1	12%	(14%)
<i>Others</i>	12.1	3%	14.3	4%	(16%)
<b>Gross Margin</b>	<b>202.7</b>	<b>49%</b>	<b>191.9</b>	<b>54%</b>	<b>6%</b>
<b>Operating costs</b>	<b>141.1</b>	<b>34%</b>	<b>140.0</b>	<b>40%</b>	<b>1%</b>
<i>Sales &amp; Marketing costs</i>	56.2	14%	55.9	16%	nm
<i>Personnel costs</i>	57.3	14%	56.3	16%	2%
<i>G&amp;A costs</i>	27.6	7%	27.8	8%	(1%)
<i>Other charges &amp; income</i>	(2.1)	nm	(0.5)	nm	nm
<b>Gross Operating Result (EBITDA)</b>	<b>63.8</b>	<b>15%</b>	<b>52.4</b>	<b>15%</b>	<b>22%</b>
<b>EBIT</b>	<b>(28.5)</b>	nm	<b>(46.4)</b>	nm	<b>39%</b>
<b>EBIT Net of goodwill non recurring write down</b>	<b>(58.5)</b>	Nm	<b>(46.4)</b>	Nm	<b>(26%)</b>
<b>EBT</b>	<b>(69.8)</b>	nm	<b>(66.1)</b>	Nm	<b>(5%)</b>

\* Others include Czech Republic, Tinet and Corporate consolidation entries.



## Financials 1H06 vs 1H05

€ ml	1H06	% of rev.	1H05	% of rev.	Delta 06/05
<b>Revenues</b>	<b>412.5</b>		<b>353.7</b>		<b>17%</b>
<i>Access</i>	293.5	71%	262.6	74%	12%
<i>Voice</i>	57.6	14%	44.0	12%	31%
<i>B2B</i>	33.1	8%	28.5	8%	16%
<i>Media and VAS</i>	22.0	5%	14.6	4%	50%
<i>Others</i>	6.3	2%	3.9	nm	61%
<b>Gross Margin</b>	<b>202.7</b>	<b>49%</b>	<b>191.9</b>	<b>54%</b>	<b>6%</b>
<b>Operating costs</b>	<b>141.1</b>	<b>34%</b>	<b>140.0</b>	<b>40%</b>	<b>1%</b>
<i>Sales &amp; Marketing costs</i>	56.2	14%	55.9	16%	nm
<i>Personnel costs</i>	57.3	14%	56.3	16%	2%
<i>G&amp;A costs</i>	27.6	7%	27.8	8%	(1%)
<i>Other charges &amp; income</i>	(2.1)	nm	(0.5)	nm	nm
<b>Gross Operating Result (EBITDA)</b>	<b>63.8</b>	<b>15%</b>	<b>52.4</b>	<b>15%</b>	<b>22%</b>
<b>EBIT</b>	<b>(28.5)</b>	<i>nm</i>	<b>(46.4)</b>	<i>nm</i>	<b>39%</b>
<b>EBIT Net of goodwill non recurring write down</b>	<b>(58.5)</b>	<i>Nm</i>	<b>(46.4)</b>	<i>Nm</i>	<b>(26%)</b>
<b>EBT</b>	<b>(69.8)</b>	<i>nm</i>	<b>(66.1)</b>	<i>Nm</i>	<b>(5%)</b>

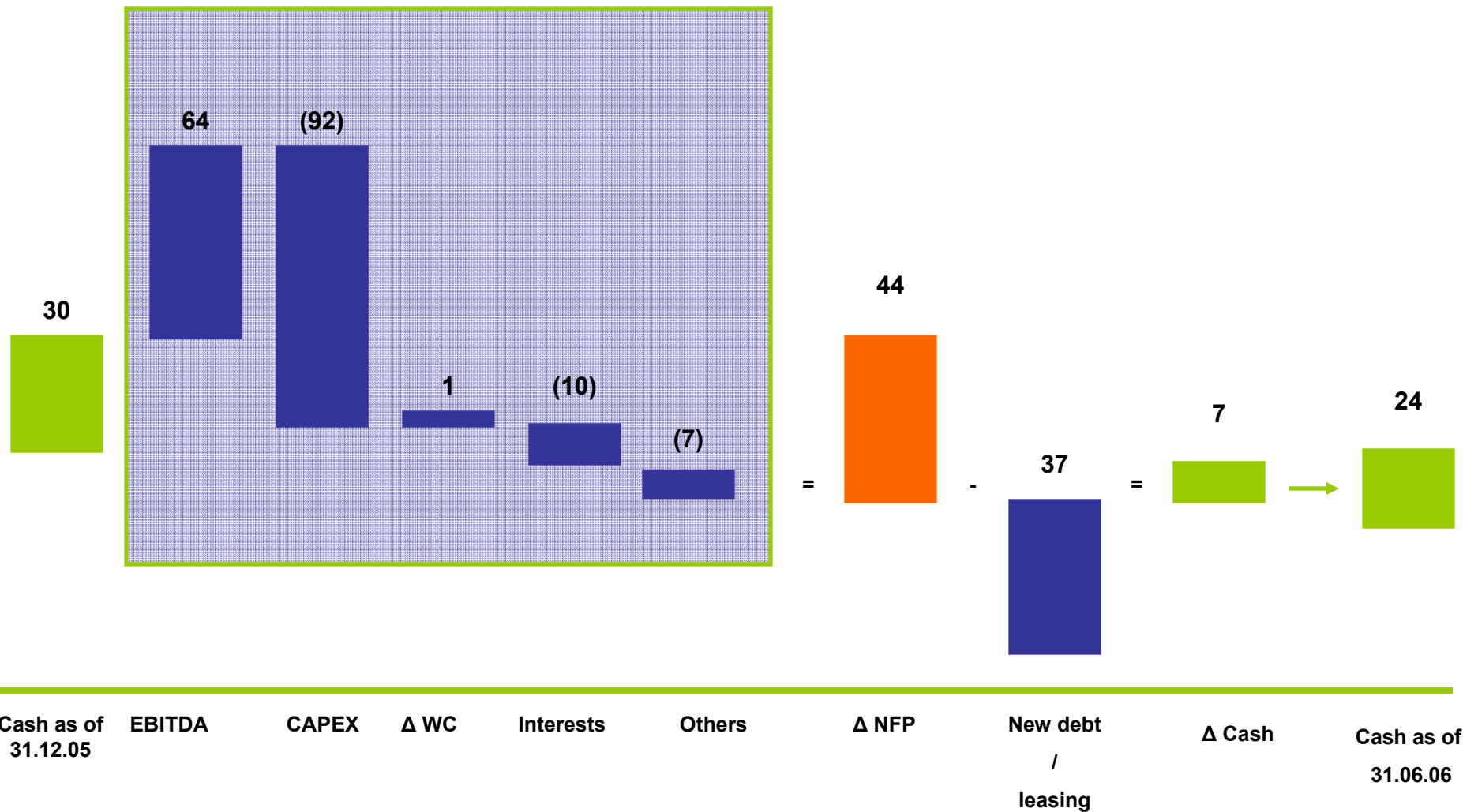
## Net indebtedness

€ ml	30 June 2006	31 December 2005
<b>Cash</b>	<b>23.5</b>	<b>30.0</b>
Other Financial Assets	28.4	34.3
<i>of which</i>		
Escrow accounts	12.0	18.0
Tax receivables and other assets	16.4	16.3
<b>Total cash and other financial assets</b>	<b>51.9</b>	<b>64.3</b>
Equity Linked 2006*	216.0	211.0
<b>Total Bonds</b>	<b>216.0</b>	<b>211.0</b>
Long term loans	101.1	89.2
Bank overdraft and short term lines	41.0	19.7
<b>Total Bank Debt</b>	<b>142.1</b>	<b>108.8</b>
Leasing	28.3	34.5
<b>Total Financial Debt**</b>	<b>386.3</b>	<b>354.4</b>
<b>Net Financial Debt</b>	<b>334.4</b>	<b>290.1</b>

\* Includes accrued interests

\*\*Does not include shareholders' loan

Cash-Flow & Net debt



## Developments

- **Reimbursement of Equity-Linked Bonds due 26th September 2006**
  - Capital increase resolution to issue 27.7 million new ordinary shares (ca €65 ml)
  - Cash top up through debt financing (Silver Point)
  
- **Acquisition of Video Networks Ltd in the UK market**
  - Consideration in new Tiscali UK shares (11.5% of fully diluted capital)
  - Immediately after acquisition:
    - 45,000 IPTV customers in the UK
    - 330 Colocations, over 220K customers connected
  - State of the art IPTV platform and content agreements with key majors (library of over 1,000 movies)
  - Possibility to accelerate launch of Triple Play services also in Italy and The Netherlands
  
- **Business plan**
  - To be presented to the market during the week of October 9th

## 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.**

**This presentation does not constitute an offer of Tiscali shares.**

**Not for release, publication or distribution, in whole or in part, in or into United States, Canada, Australia or Japan.**